

Responsible Inclusive Finance Working Group
Hosted via WebEx
July 21, 2016 9 a.m. – 11 a.m. EDT

Participants

- Kinga Dabrowska, MFC
- Pamela Gomez, MicroRate
- Katie Hoffmann, SPTF
- Jacqueline Foelster, MIX
- Laura Foose, SPTF
- Julie Peachey, Innovations for Poverty Action
- Alex Rizzi, Smart Campaign
- Tom Shaw, CRS
- Tony Sheldon, SPTF

I. Meeting Overview

The July 2016 meeting of the Responsible Inclusive Finance (RIF) Working Group focused on three main agenda items: 1) Discussion of the change in the RIF Working Group structure; 2) Sharing and discussion of initiative updates and 3) Discussion of topics for future calls. A recording of the meeting can be found here: <https://sptf25.webex.com/sptf25/ldr.php?RCID=a396f83e7ec3486db30863e10f6bea6e>

II. Summary of Dialogue on Agenda Items

i. Discussion of the change in the RIF Working Group structure

- Katie Hoffmann noted that we will be changing the structure of the RIF Working Group. After talking with several RIF members, it seemed that RIF members found the January call – when each initiative shared updates – very productive. At the same time, each of our initiatives is busy, and participants were having difficulty scheduling long calls every other month. To that end:
 - *We will have group calls once a quarter, where each initiative comes prepared to share updates and priorities for the coming quarter.*
 - *In between these calls, we will facilitate smaller calls on specific topics as necessary.*

ii. Sharing and discussion of initiative updates

- Kinga Dabrowska shared updates for **MFC** and the **SP Fund**:
 - Since January, MFC has been implementing the SP fund in collaboration with CERISE. This is ongoing, and it will take place this year and next year.
 - In late September, the SP Fund will have another call for proposals for networks interested in developing social performance country reports. Grants will be \$10,000. Any association can apply except for those from Africa, which need special agreements.
 - The SP Fund is continuously looking for MFIs interested in conducting the SPI4+. Co-funding is available, and there will be an official call for proposals in the autumn. So far, the fund has financed 10 MFIs.
 - Two webinars for autumn:
 - How MFIs can use SPI4 to improve practices. The webinar will be in English, Spanish and Russian
 - Green microfinance, based on interest from MFIs.

- In the ECA region, MFC will the organize Borrow Wisely Campaign, a financial education campaign for MFIs and networks. It will take place in October.
- MFC continues to work with Habitat for Humanity on product development for housing. This is also mostly in ECA.
- MFC is helping Smart Campaign and CERISE translate the Standards and the SPI4 into Russian.
- Tom Shaw asked if the Palestinian network would be eligible for a grant through the SP Fund. Kinga said it could apply, but MFC will have to get final approval from the Ford Foundation. She also noted that if anyone has funding through the RMF, they are not eligible. Katie confirmed that the Palestinian network had not received RMF funding.
 - Kinga will make sure to copy Tom on the call for proposals.
 - Laura noted that RMF had an applicant from Haiti, which is outside the scope of RMF work. She will make sure that RMF connects the applicant to the SP Fund.
- Tom Shaw provided an update for **CRS**:
 - CRS is working with the Palestinian network to organize a conference in November or December.
 - In Madagascar, CRS has been working with savings group on Codes of Conduct. In the coming weeks, there will be a national registration of savings groups promoters focused on client protection issues. If the model works in Madagascar, CRS would consider rolling out similar groups elsewhere.
 - Tom will send details of this project to Amelia Greenberg (ameliagreenberg@sptf.info) and to Alex Rizzi (arizzi@accion.org).
- Cecile Lapenu was not able to join the call, but she provided updates for **CERISE** via email
 - SPI4 2.0, which is fully aligned with the updated Universal Standards and Smart Certification Standards, is online as a beta version. Everyone is encouraged to test it. After that is finalized, CERISE will update translations and resources.
 - Collaborate closely with Smart and SPTF on joint communications around the updated SPI4.
 - Help MFIs focus on next steps after audit in terms of implementation.
 - Link with SPTF on implementation of the Standards.
 - Using the work CERISE is currently doing with REGMIFA in Africa, find examples where MFIs go from gap analysis to changing practices.
 - Build local capacities and share strategies on implementation.
 - Work with raters to make sure there is the SPI4 and ALINUS option to verify data when they do ratings.
 - Currently have a database up and running with 100 SPI4s. For 2016,
 - Want to keep filling in the database with benchmarks for the Universal Standards
 - Make sure database is compatible from SPI4 1.0 to SPI4 2.0
 - Conduct correlation analysis at the end of the year, possibly with raters.
 - Tom asked if CERISE had finalized the French terminology. Alex noted that CERISE had done an audit of Smart's translation and Smart took all its recommendations. The aligned version is on the SPI4 beta.
 - Cecile will confirm with Tom that everything is finalized with the translation.
 - Laura said CERISE, Smart and SPTF are in the process of updating materials to reflect 2.0.
 - For SPTF, a large part of this will be updating the Universal Standards Implementation Guide, which gives guidance on how to implement each Essential Practice.
 - The first version of the Guide was more general guidance. SPTF wants to update with more detailed information. SPTF will reach out to all the RIF initiatives to make sure

- As of this week, PPI is now housed at Innovations for Poverty Action (IPA). Julie has also made the switch as well to IPA from Grameen Foundation. Her new email address is jpeachey@poverty-action.org.
- IPA plans to make the announcement in the next few weeks.
- Julie is now focused on getting the steering committee of member organizations together, and prioritizing the scorecard development based on the steering committee member priorities.
 - Members: Grameen Foundation, Opportunity International, VisionFund (and broader World Vision), CRS, MasterCard Foundation, IFC, DFID Impact Program and one more that is still being finalized, who will also be an anchor funder for the next year. Cisco Foundation is a member and a foundational partner.
- Countries completed: Cambodia, Haiti, India, Ethiopia, Rwanda, and Mongolia. Guatemala is missing one piece of information. Sri Lanka, Tanzania, did not get done prior to the transition, so they will have to be prioritized in this next year.
- Alex asked if there will be a technical research relationship with IPA. Julie said they will integrate the PPI into more of what IPA does. There is strong interest in using the PPI more for targeting, but no specific discussions have taken place on how IPA will use it in its research work.
- Tony asked what role Mark Shriner will play. Julie said they will probably be using Mark for some short-term work, but then IPA will be developing its own internal technical expertise and scorecard development. Julie said they will ensure that the scorecards that are developed will be compatible with existing ones. They'll also take the opportunity to see how to make it easier for users who are collecting data via digital means.
- Laura added that PPI worked with Bridges Impact Plus to do an assessment of value of PPI in the market and also to find it a new institutional home. This is relevant, given that SPTF and Smart are considering using Bridges for an upcoming RIF infrastructure study.
 - Laura said it's an important time to reflect on what value different initiatives have for the industry, particularly in light of the fact that Planet Rating and MFT are no longer around. As donors move on to other newer frontier issues, what happens to the infrastructure of financial inclusion?
 - To address this, SPTF and Smart proposed to Greta Bull at CGAP to do a follow-on assessment of the broader SP infrastructure. It needs to come from a neutral party. CGAP said they were willing to work on the project, but they couldn't fund it. A consortium of donors now is talking about funding it.
 - Laura asked Julie to reflect on her work with Bridges, given that it is an organization SPTF considered asking to develop the study.
 - Julie said she had a positive experience with Bridges. They do impact investing, but they also have an advisory business on the side. They brought a lot of value to the table for the PPI. Most of the people are aware of the various industry initiatives and were involved in the setup of GIIN and BLab. One of the leaders was Clara Barbie, and she had been at Acumen.
 - Laura noted that Emilie Goodall is also on the Bridges team, and she ran formerly ran the PIIF at UNPRI and was part of the RIF Working Group. She did a mapping of all the different initiatives that affect the investors.
- Pamela Gomez shared updates for **MicroRate**
 - MicroRate has been talking with its clients about the Social Rating. MicroRate wants make sure that they are finding value for that product.

- Laura said there was a proposal for a joint subscription platform where a user could go and download any of the subscriptions from the same place. There was a stall on that. Pamela did not have any further information on that, but she said Laura could email adriana@microrate.com for information.
- Alex Rizzi shared updates for the **Smart Campaign**:
 - Fundraising
 - MasterCard postponed the approval of Smart's three-year core funding grant from Q2 to Q3. Smart is confident that it will receive the MasterCard funding, but as a result of that, Q3 is not as busy as planned at the beginning of the year.
 - Smart has had other promising fundraising projects:
 - A project with Deutsche Bank was just approved to help build out the value proposition for certified institutions. That will be a very communications heavy project – talking to those who have been certified, giving them a toolkit to promote their certified status, improving that part of the website and overall doing more to reward those institutions who have invested heavily in improving their policies and procedures.
 - An opportunity with the IFC to help build out Sa-Dhan's SRO status in India
 - Smart is in the final stages of project design to do some research on consumer lending to move beyond standards 2.0 and think about evolving risks and standards in the future.
 - Partnership with SPTF on the RMF continues to move forward well.
 - Smart concluded the DFS project in India, where it did modified Smart Assessments for two agent network managers. It did a workshop in Mumbai in May to present results and get feedback on the identified risks. It was also testing the waters to see if stakeholders were interested in responsible agent management and what that could mean.
 - Completed ADB trainings.
 - CMA support (AFD grant) – Four institutions are certified in Cambodia of the 9 that were part of the program. The others are undergoing certifications or are actively preparing.
 - Last week Smart was represented at a workshop on overindebtedness, and one of the drivers of the workshop was the MIMOSA report. Smart is planning to do a blog post about the workshop, as well as potentially develop an additional tool tailored to the Cambodia market that would help with repayment capacity analysis.
 - 2016-2018: Key strategic areas, planned objectives and activities (*to be supported by MasterCard, so most haven't moved forward. Current activities in italics.*)
 - Foster action among key actors
 - Facilitate market level dialogues on urgent consumer protection issues.
 - Support self-regulatory efforts by leveraging global learning.
 - Support market infrastructure.
 - Give Clients a Stronger Voice
 - Empower clients to raise their voices
 - Client feedback and recourse systems.
 - Client-driven database on FI reputation.
 - Use client input to evaluate the effectiveness of our work
 - *Smart is planning to do a large dissemination event of the Client Voices project in Peru. The event had been delayed because of elections. The SBS will be doing activities in response to the findings, including a client campaign on how the credit bureaus work.*
 - Deepen regulatory know-how and build the value of certification

- Develop and adapt tools for regulators and supervisors.
- Build the value of certification.
- *Alex said that most of Smart's work in the next couple of months will be in this area.*
 - *It will work with existing certifiers as they do the first missions under standard 2.0., making sure all tools and processes have been adjusted for 2.0.*
 - *Smart is also planning to increase the number of certifiers. There is a pretty rigorous process of vetting them, but it thinks there will be a couple more online by the end of the year.*
 - *There is a new project in India to work with Sa-Dhan, similar to its project with MFIN last year. This will be a year-and-a-half long project along alignment with the Code of Conduct Assessments and also helping them build out grievance redressal mechanisms at the network level, which is one of its responsibilities as an SRO.*
- Advance consumer protection standards for financial inclusion
 - Pricing transparency.
 - Mobile financial services.
 - Agent banking.
 - Consumer and digital credit.
 - Agricultural credit.
 - Savings groups.
 - *Alex said Smart is moving beyond microfinance and is hoping to do a research project on consumer lending.*
 - *Smart has been approached by a number of institutions (at least 6 or 7 in the last year) outside microfinance and typical financial institutions – FinTech, online lenders -- to get certified. While Smart's certification program isn't equipped to certify such organizations, it has responded to a few of them and proposed doing pilots with a modified version of certification. They can't call it certification, because it's not the same. At the same time, organizations really don't like the word pilot because they're investing a lot of time and money in the exercise. Smart is trying to determine a better process for responding to those requests, and it would like to incentivize other entities outside the FI model to engage with it.*
- Maintain and expand stakeholder engagement
 - Maintain resource base for FI capacity building.
 - Ongoing support to investors.
 - Keep stakeholders engaged and active.
 - Expand knowledge about client protection progress, benefits, and challenges.
- Laura asked if Alex had responded to the Arab Monetary Fund. Alex said Smart responded, but she hasn't heard any response. They asked if Smart had a tool to help them assess their supervisory capacity from a client protection lens. I don't think that has advanced that much.
 - Laura said that she and Beth Rhyne had met with Yasir in Abu Dhabi, and he was interested in having someone come to do a training at their quarterly meeting. There was real interest, and it's a way to reach out to multiple countries at once. Alex said she will check in with Dan to see if there any updates.
- Alex also noted two other regulatory efforts for Smart:
 - Pablo is in Bolivia doing a training for regulators, which is going a bit beyond the model legal framework. The training is on how they could go in-depth for a few specific principles.

- Smart is also coordinating conversations with the BCEAO as it prepares for its October meeting. Then, more will be revealed in terms of the funding mechanism to implement the BCEAO's financial inclusion strategy, one of which is around consumer protection.
 - Smart is brainstorming what it will pitch for that meeting and also what it should talk to the presumed major funder, AFD, about.
 - Smart is also talking to other projects at CFI because there could be some application of their work. For example, the Africa Board Fellowship focuses on improved governance for financial institutions in Africa. CFI also recently did a project on financial capability. Isabelle wants to align internally on what Smart would like to pitch and then talk to SPTF about that, with the assumption that we could get on the same page before the October meeting.
 - Laura asked if we could get the date on the October meeting and the background materials. There was a proposal nine months ago to be working on more of a practical tool for implementation and supervision of some of the issues that are in their law, a type of SPI BCEAO tool. AFD wants a joint proposal.
 - Alex asked if AFD would definitely be managing it, given that it would be a consortium of donors that would be supporting it. Laura doesn't know.
- Laura Foose provided an update for **SPTF**:
 - SPTF revised the Universal Standards via the Technical Review Committee and launched new Universal Standards 2.0 in June 2016.
 - Working with Smart Campaign and CERISE to coordinate communications
 - Updating corresponding resources and tools, including the Implementation Guide.
 - Support and participate in study of RIF infrastructure, to be run by a neutral party. Given that donor initial support and grant funding is moving in new directions, SPTF believes it is the right time to review the RIF infrastructure's value offer, organizational set up and efficiency in providing the services that market stakeholders need.
 - Continue managing Responsible Microfinance Facility.
 - Jointly running it with Smart Campaign and great collaboration with CERISE as well. The RMF Steering Committee is made up of a lot of actors, and it's almost like RIF for a specific region.
 - SPTF is engaging with potential funders (particularly in MENA) who could supplement the facility, as well as explore other markets where an RMF-type model could help SPM implementation.
 - The Philippines also loves the RMF and they have been pitching it to the ADB. We have been encouraged to pitch this to other places in SE Asia.
 - In India, ACCESS was doing an assessment on the feasibility of a RMF-type structure in India, but that seems to have stalled. They may be focused more on deepening with client protection and agents.
 - Launched interactive TA database in March. This allows stakeholders to more easily find the appropriate provider for their needs. SPTF will use the TA database as a channel through which to assess, as well build capacity, through trainings and webinars.
 - If anyone knows TA providers who are not listed in the database but should be, please reach out to Katie.
 - Continue to manage the Outcomes Working Group, including:
 - Developed outcome indicators for economic poverty, business and resilience.
 - They been vetted by several forum, and now SPTF will test the indicators with an on-the-ground pilot in Peru. SPTF is trying to coordinate as much as

- possible with the IBR project with MIX, and also which FSPs were involved with Smart's Client Voice project.
- To select organizations for the pilot, SPTF has been charting out who has been using the PPI. It's relevant for tracking the poverty, as well as segmenting the information collected.
 - SPTF is exploring having a regional meeting in Peru next year, where it could talk about this outcomes pilot. It could also talk about the regulatory work in the meeting, as well as what Smart and MIX are doing. At the very least, SPTF will have a meeting on outcomes. Whether or not it would turn into a broader meeting on SPM is unclear.
 - Developing two sets of guidelines for reporting on outcomes: one for investors and one for FSPs. SPTF is coordinating with e-MFP on guidelines for investors.
 - SPTF will send Jacqueline concept note for Outcomes Working Group.
- Continue work with UNHCR on developing guidelines that incorporate social performance for FSPs serving refugee populations:
 - Guidelines completed.
 - Case study completed on Al Majmoua in Lebanon
 - SPTF conducting a ToT in Brussels in September on how to incorporate the guidelines into TA for FSPs who serve refugee populations.
 - At e-MFP in November, SPTF will be coordinating with UNHCR and EIB on a session and will distribute guidelines.
 - Increase outreach to investors - particularly with asset owners and investment advisors
 - Fund managers can be as committed to social performance as possible, but unless the asset owners want and demand that information, nothing happens. SPTF needs to better educate asset owners about what they should ask for from their funds.
 - SPTF developed a proposal for the MacArthur Foundation to deepen outreach in the vertical of financial inclusion, particularly through developing outcomes and performance indicators for looking at impact investments. Some of the other verticals are not as well developed as the financial inclusion space. SPTF is arguing that MacArthur should strengthen the vertical of financial inclusion so that it can be an example for other sectors on how to report on impact.
 - SPTF is increasingly invited by other sectors to share the SPTF experience on how standards were developed and how it could take that model to develop other verticals. However, this is taking a lot of time. SPTF is at a point now where it can't continue to do this work unless it has funding.
 - Coordinating with investors on the SPI4 -ALINUS as common due diligence and monitoring tool.
 - SPTF is reaching out to GIIN, IRIS and GIIRS, which are all tools used by the broader impact investing space. We've done a mapping of how our indicators align with IRIS indicators and how the ALINUS indicators map with GIIRS.
 - Now that SPI4 has been updated, GIIRS is asking for a new mapping. Laura said CERISE will have to do this mapping because it's a pretty big job.
 - Engage with regulators:
 - SPTF used the RIF regulatory frameworks developed by this group as the background materials for the regulatory workshop in Morocco. There was widespread participation from various countries. The workshop was a full day, and regulators only got through a few sections of the Universal Standards because there was so much discussion. Regulators want to continue the discussion with trainings.

- Laura will ask Kate McKee to see if AFI will further these discussions more in their meetings and include SPTF. The AFI platform hasn't created the same amount of depth, and there is interest from regulators in going into a greater level of detail.
 - Continue to improve communication through social media, the monthly SPTF Newsletter and the monthly SPTF Spotlight. The newsletter is shares updates and events that are coming up, and the Spotlight highlights resources, tools and webinars that have taken place.
 - Anyone who wants to include announcements, new resources, events or job openings, should send them to Gihane Askar at gihaneaskar@sptf.info.
- Lucia Spaggiari was not able to be on the call, but she emailed updates for **Microfinanza Rating**
 - SPI4: promote SPI4 dissemination by offering SPI4 combined to social ratings for a marginal level of effort.
 - Social roadmap: offer guidance services as a follow-up of social ratings:
 - Social action plan, with tailored recommendations, or
 - Social action guide, with quick indications.
 - Client outcome:
 - Collect feedback on the possibility to offer a client outcome service combined to social ratings, involving the analysis of data already collected by the FI, or of new data collected with a survey on clients.
 - Deliverable: indicators of the change in client lives in the areas of income, assets, financial access, well-being, ability to cope with shocks and other areas relevant for the mission of the financial institution.
 - Data Platform: Designing the best solution in coordination with industry stakeholders to establish a viable, collaborative and user-friendly Data Platform, including granular and high quality data for sound analysis and benchmarking of the pricing, social and green performance of financial institutions. In addition to MicroFinanza Rating, Cerise, MIMOSA, other rating agencies, investors, FIs, networks and other organizations will be encouraged to provide data to a common database, accessible for subscribers.
 - Regulators:
 - Complete the on-going assignments for regulators and further explore ways to meet their needs.
 - Analyse the new social audit regulation in Nicaragua and plan next steps.
 - Monitor regulation evolution in the MENA region.
 - Propose services aimed at strengthening regulator capacity to ensure the stability of the financial system and to properly oversee the financial institutions' compliance to the regulation and international best practices of client protection, risk management, and responsible finance.
 - On-going and recent assignments: Development of a system to monitor the level of effective interest rates in the Democratic Republic of Congo for the Banque Centrale du Congo Direction de Surveillance des Intermédiaires Financiers, National Bank of Tajikistan, etc.
 - Research on the determinants of the prices offered by microfinance institutions and banks in Madagascar based on quantitative and qualitative information collected on the field on pricing, financial institutions' costs and risks.
 - Smart Certification: roll-out implementation of standards 2.0 and continue the discussion on solutions for a better assessment of responsible pricing.
 - EaSI-EIB:

- Execute the project tailored to the EU context, including institutional assessment and Microfinance Institutional Rating to microcredit providers selected by the European Investment Bank.
- Follow-up on the verification of compliance to the European Code of Good Conduct
- Regmifa: Improving Social Performance Management (SPM) and Consumer Protection (CP): Gap Analysis, Work Plan and Capacity Building for Board members, Key Management and Middle Management Staff, finalize REGMIFA project and follow-up on lessons learned.
- Due diligence and country studies for DFIs: Complete on-going assignments and monitor new ways to meet the demand. Current assignments: due diligence for KFW Financial Sector Program Value Chain Agro Finance in Kyrgyzstan, Zimbabwe industry review for FAO.
- Finalize the e-MFP-SPTF Investor guidelines for social outcome management, with feedback received.

iii. Discussion of topics for future calls

- The group brainstormed ideas for focused, shorter calls:
 - MIX tutorial on the new website
 - Country-specific calls: coordination on Peru, coordination on Cambodia