

SPTF Social Investor Working Group Update Call

Thursday October 18, 2018

Agenda

- Introduction
- Overview of the SIWG meeting in Luxembourg
- Update on SPI4 uptake
- Coordinating with the Impact Management Project
- Managing work on SDGs
- Update on CDC-SPTF FinTech webinar series
- Update on the ReDi Lab
- Upcoming meetings

Update from SIWG mid-year meeting – *Christophe Bochatay (Triple Jump, SPTF board member)*

- The SPTF Social Investor Working Group (SIWG) held its mid-year meeting in Luxembourg in June, which was hosted by the Ministry of Foreign and European Affairs of Luxembourg in partnership with the Inclusive Finance Network Luxembourg. More than 60 investors attended.
- The meeting was two days:
 - The first day had discussions involving the social performance of SME lenders; coordination with impact entities such as GIIN and UNPRI; green inclusive finance; and lenders' guidelines for investing abroad and how these strategies can be applied to various countries.
 - The second day was dedicated to FinTech and digital transformation of MFIs. In the morning, investors discussed digital financial services, as well as the *Guidelines for Investing in Responsible Digital Financial Services*, which launched later that week in Amsterdam. In the afternoon, investors broke out into small groups to further discuss social performance for SME finance, digital transformation of MFIs, and managing outcomes.
- Christophe outlined three new priorities for the SIWG that came from the meeting:
 - Recognition that we must do a better job reporting on outcomes and impact for each sector, especially with the SDGs and how we can utilize and report on them.
 - FinTech is changing the sector and the associated rules, so we must enhance our understanding of what it means to have a responsible FinTech investment.
 - Investors want to understand how to better support microfinance institutions in their digital transformations.
- The meeting presentations, pre-reading materials, detailed minutes, and summary brief can be found on the SIWG [webpage](#).

Overview of SPI4/ALINUS uptake – *Cecile Lapenu (CERISE, SPTF board member)*

- Cecile provided an update on the latest involvements with SPI4 and ALINUS. She said that 15 MIVS/DFIs are fully using ALINUS, while another 10 are testing it or thinking about incorporating it into strategic planning. She noted that there has been continued strong commitment from investors using ALINUS, which helps everyone can use the same language when talking with financial service providers. There has been recent work by groups using ALINUS to redesign general policies for financial guidance while establishing more responsible

practices with international partners. A European investment bank may start using ALINUS for coordination and training of staff, partners, and investment teams.

- Additionally 15 international/national networks are using the SPI4/ALINUS, and an additional 12 networks are using it in training or are using a reduced network option.
- There continues to be increased use in the SPI4 (570 audits completed), and CERISE is hoping to conduct a database analysis on the correlation of social and financial performance by the end of the year.
- The SPI4 online tool has launched, with support from DWS and SIDA. CERISE still needs support to develop functionalities next year – such as automatic benchmarking, imports/exports, etc. – which will help users further improve its processes.
- For more information on using the SPI4 or the ALINUS, email Cecile at c.lapenu@cerise-microfinance.org.

Coordinating with the Impact Management Project – Anna Kanze (*Grassroots Capita Management, SPTF board member*) and Cecile Lapenu (*CERISE, SPTF board member*)

- Anna gave a brief overview of how the SIWG has been coordinating with emerging impact investing initiatives to help shape the tools and resources being developed on financial inclusion. Such alignment and coordination have repeatedly been a priority for SIWG members in previous meetings.
- Anna described one such initiative – the Impact Management Project, which has developed an impact matrix for investors.
 - The Impact Management Project (IMP) is a global effort to establish impact-management norms with more than 2,000 impact investors already involved. “Since all business has an effect in some way on the planet, managing the impact is a way to determine which effects matter,” Anna said.
 - The matrix developed by IMP categorizes an impact on a three-part scale: Acts to avoid harm, Benefits stakeholders, or Contributes to solutions. By doing this, the matrix helps investors break down their portfolios and classify steps needed to create lasting impacts in any sector.
 - If investors are interested in learning more, IMP holds webinars with in-depth framework guides. SIWG also may hold a webinar focused on this subject matter in the future. Anna stressed the importance of involving more financial inclusion investors be represented in the online map developments that will take place later in the year.
 - Anna mentioned that IMP is launching a new network to convene leading organizations to provide rules and regulations for impact management. The aim is to develop standards of practice that would be adopted globally. If stakeholders across the value chain can understand and report on performance using a standardized approach, it could help them coordinate, communicate, and develop a common set of goals together, similar to the SDGs.
- Cecile presented CERISE’s Checklist for Responsible Investor Strategy and Practices (CRISP), which is meant to help impact investors turn intention into impact. The tool was co-developed with impact investors so that they could identify strengths and weaknesses while defining necessary improvement steps and strategies.
 - CRISP will be translated from French to English this week. It is an Excel tool with various dimensions that can be shared with upon request.

- Cecile added that they may take the opportunity at the end of the month at the GIIN Investor Forum in Paris to assess whether adding a mapping component to the Matrix would provide a concrete aspect to self-assess the practices of the investors. A two-page summary of the approach will be developed and shared soon.
- For more information on SIWG's work with the Impact Management Project, email Anna at Akanze@grassrootscap.com. For more information on the CRISP, email Cecile at c.lapenu@cerise-microfinance.org.

Managing work on SDGs – *Jurgen Hammer (SPTF board member), Leticia Emme (GIIN), Cecile Lapenu (CERISE, SPTF board member)*

- Jurgen began by providing some brief thoughts on the market as it relates to the SDGs. He noted that we see a lot of mapping of SDGS, but we do not see practical examples of how to really implement them. He encouraged investors to reach out to him if they have any thoughts or suggestions on how the SIWG could further engage with the SDGs.
- Leticia reviewed the Global Impact Investing Network (GIIN)'s work related to the SDGs, which includes the IRIS metrics, strategic partnerships, and examining issues from a practitioner lens.
 - IRIS Metrics. Many investors mentioned that it would be helpful to have this global classification system be oriented to a specific SDG target level, because they are very specific and already standardized. This system is being developed and will be ready for public comment by the end of the year. GIIN is also revising IRIS into an IRIS+ system, which will offer Core Metrics Sets aligned to the SDGs.
 - Strategic Partnerships. GIIN is part of WBA Allies Group to coordinate across stakeholders with players such as investors, corporations, field builders). It has ongoing coordination with the UNPRI, UNDP, UNEPFI, and other actors
 - Practitioner-lens. Leticia noted GIIN's IMM position paper, investor case studies, and peer group to collaborate on the intersection between IMP and the SDGs.
- Cecile said it is working with partners to propose a simple framework (called MetODD-SDG) for use and measurement of contributions toward the SDGs. The idea is to have a core set of indicators, aligned with IRIS, for investors and social enterprises so they can measure contributions to the SDGs. A set of 15-20 indicators is available on CERISE's social business website in French and English.
- For more information or suggestions on the SIWG's work with the SDGs, contact Jurgen at jurgen.paris@yahoo.com. For more information on GIIN's work with the SDGs, contact Leticia at lemme@thegiin.org. For more information on CERISE's MetODD-SDG, contact Cecile at c.lapenu@cerise-microfinance.org.

Update on CDC-FinTech Webinar Series – *Katie Hoffmann (SPTF Secretariat)*

- Katie provided a brief update of the CDC-SPTF FinTech webinar series, which is designed to help investors better evaluate SPM risks and value for clients during due diligence and monitoring of FinTech investments.
- Previous webinars, which are for investors only, included an overview of evaluating risks and value to clients, evaluating repayment capacity analysis, evaluating risks with agent network management, evaluating pricing and pricing transparency, and evaluating technology risks and opportunities. Upcoming webinars will include evaluating pay-as-you-go models and evaluating how FinTechs serve lower income and oral customers.
- Recordings, presentations, and briefs can be found for each webinar on the series [webpage](#).

- Email Katie at katiehoffmann@sptf.info for more information on the series or suggestions for future webinar topics.

Update on the Responsible Digital Transformation Lab – *Laura Foose (SPTF Executive Director)*

- Laura said that one of the main discussions at the SIWG meeting in Luxembourg centered around how to support MFIs in their digital transformation, including potentially developing an Innovations Lab for microfinance. Since then, that lab has been renamed the Responsible Digital Transformation Lab (or ReDi Lab), given that investors expressed an interest in stressing the responsibility angle of DFS.
- Since Luxembourg, the SIWG has held two webinars with investors to discuss details about the Lab. Interested investors shared their Africa portfolios, to see if they had any overlapping MFI investees that could be good pilot testers for the Lab. Listen to the recordings, view the PowerPoints or read the minutes from those meetings [here](#).
- The Lab, which would be co-led by MicroSave, would serve three main functions:
 - Support MFIs in their digital transformation
 - Nurture FinTechs that provide B2B solutions for the financial inclusion sector
 - Establish a community of practice to share lessons learned.
- Laura also noted that the SPTF's regional responsible implementation facilities (for [Africa and the Middle East](#), for [Southeast Asia](#), and for the [Central America and the Caribbean](#)) provide co-funding for digital readiness trainings, assessments, and upgrade projects.
- Laura stressed that these are excellent investment opportunities for everyone to reach low-income and excluded communities and join efforts to support the MFIs in everyone's portfolios.
- To learn more about what the SIWG is doing with these topics, contact Katie at katiehoffmann@sptf.info.

2019 SIWG Meetings (tentative) – *Laura Foose (SPTF Executive Director)*

- SIWG will potentially hold its next investor-only in February 2019 in either Washington, D.C. or New York. SPTF will share more details as soon as they are finalized.
- Building on the ReDi Lab and FinTech Webinar Series, SPTF will potentially host a practical digital transformation workshop in the second half of June 2019 in Nairobi.
- In September 2019, SPTF will be partnering with ADA for African Microfinance Week in Burkina Faso. The conference will focus on outcomes.
- Laura noted that the June and September events will replace the usual SPTF Annual Meeting. Instead, SPTF will have focused workshops regarding priority issues.

Conclusion

- The next SIWG call will take place in early December 2018. Stay tuned for more details, or email Katie at katiehoffmann@sptf.info for questions.
- Everyone is encouraged to join the new SIWG LinkedIn Group, where members can share relevant publications, ask questions, and discuss priorities.