SocialPerformance TASK FORCE

THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG

InFiNe Inclusive Finance Network Luxembourg

SPTF Social Investor Working Group Meeting

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Meeting Minutes

Day 1

***Session*: Welcome and overview of key trends, opportunities, and challenges in responsible financial inclusion**

- Christophe Bochatay (Triple Jump) and Anna Kanze (Grassroots Capital), who serve as the chairmen of the Social Investor Working Group (SIWG), welcomed the participants to the meeting and thanked the hosts.
- Jurgen Hammer (Grameen Credit Agricole, SPTF Board chairman) noted that the main purpose of SPTF is to connect actors in the market. We coordinate, share learnings, and move the responsible financial inclusion agenda forward. The agenda for the group has been and should continue to be based on investor input. He asked participants for input on challenges and opportunities:
  - Olivier Edelman (European Investment Bank) said EIB thinks of FinTech as the main source of challenges and opportunities in the future.
    - He said FinTech will change the way EIB supports entrepreneurs. “The way it will be done is still a question mark. These new kids in town, will they be able to operate at the level we expect them to? Or at least at the level we expect of MFIs? It’s nice for it to be cheaper, but we’re all happy to take a flight for 15 euro until the day they tell you they won’t bring you back home.”
    - He said the SIWG will have to examine new market participants to see how they will behave and look at the standards that would apply to them. It should do the same for new products. “We want to ensure we’re not taking in the wrong business.”
  - Beatriz Morant (COFIDES) agreed that FinTech will be a challenge. She also said that environment is more of a challenge, now that COFIDES is investing in more SMEs. What will be feasible to measure with smallholder activity, which is a very vulnerable sector?
  - Lone Søndergaard (Nordic Microfinance Initiative) said NMI is debating responsible pricing. The challenge is comparing the prices and getting information about the full price of different products. MFIs have an increasingly broad product range.
  - Laura Foschi (ADA) said one of ADA’s biggest challenges is selecting the best operational partner, given the new actors in the market. She also said climate change is a challenge that can affect a large portfolio of its investees, particularly in agriculture.
  - Mitzi Perez Padilla (Oikocredit) said her institution has been trying to develop different ways of measuring impact and performance with SME finance. She said they’re struggling because they must consider what investors are expecting in terms of impact and the information that is feasible to gather.
  - Adysti Fitri (Triodos) said she agrees with concerns about FinTech as well as environmental and social assessment of SMEs. She said Triodos has a working group to promote refugee finance and mentioned that digital finance has a big opportunity to promote refugee finance. In many use cases, like the environment, digital finance is already maturing. But for other underserved sectors – like refugees and youth – why is it not picking up yet? She is interested to see how we can apply digital finance to make it work for refugees. If we can make it work to power up a solar panel, why not for refugees as well?

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  - Tim Crijns (Triodos) said that we need to develop good guidelines across the spectrum of different digital business models. We need to assess these risks carefully, but we also need to be agile enough because this market is moving very quickly.
  - Andres Van der Linden (Triple Jump) said that the industry does need to be flexible and agile to respond to risks. However, some coherence is needed to respond to social performance. There will always be new entrants. Even if there are new entrants, how can there be a framework that always stays true? It will be confusing if you have a new framework for each player.
- Jurgen asked the group if we have advanced on what investors expect in terms of impact. What should we report?
  - Cathrine Streeval (NMI) said it is difficult. NMI spent many years developing a framework that works for us. It's a huge challenge, especially in the private sector. They don't understand that it's not overnight. NMI collects data on a quarterly basis, and they say, 'Where's the change?' It's a slow change, it's not like a financial return. That requires a lot of explanation.
  - Adysti said that sometimes reporting on SDGs puts a lot of pressure on Triodos. Investors tell them to show they're advancing SDGs. Financial inclusion is indirectly affecting the SDGs. It becomes a checklist exercise sometime. Triodos hasn't gotten far enough to develop an impact report based on SDGs. She said some investors ask, "Which SDGs do you affect because I have to go back to my fund and tell them?"
    - Anna noted that there are tools in development that help communicate how financial inclusion contributes to SDGs
    - Andres noted that the fact that they're asking about something is good. Before, they weren't even asking about anything. It's about communicating that it's not about just checking the box.
    - Jurgen said this seems like it could be a good potential area to collaborate.
    - Pedro Fernandez (responsAbility) agreed that many investors asking about SDGs are just looking for people to tick the box. He said if you tell them that the UN has developed impact metrics, they don't understand. Behind the SDGs, there are targets from the UN. How can we as an industry move from a traditional approach (measuring outputs) to something that is more meaningful from an impact point of view? That's what countries are going to have to do. It's a difficult journey, and we don't have the capacity to go individually on this.
  - Viktoria Popova (Incofin) said one of its main challenges is measurement in agricultural finance. How do you align as much as possible, so you can aggregate information across projects?
    - Mitzi agreed, saying Oikocredit is trying to figure out how to quantify the improvement in farmers' lives. If you have a big portfolio, you can't do it for every coop. Oikocredit has been thinking of conducting a study on farmers' income.
- Pauline Angoso (Proparco) said aggregating impact or social performance data for investors is her organization's main challenge. It has started to build a new tool that could aggregate common indicators for all these sectors. Each sector would have specific indicators. It's working with CERISE to help build this tool.

***Session*: Update on current topics for the SPTF and Social Investor Working Group (SIWG)**

- Anna Kanze (Grassroots) said the SIWG is one of the most active working groups of the SPTF. It has more than 400 members from 133 organizations. It works together to advance responsible investment in inclusive finance by:
  - Raising awareness and creating ownership among investors of ongoing initiatives and developments in SPM

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  - Identifying areas of concern in responsible inclusive finance
  - Taking collective action in areas where it can help the market develop in a positive and unified direction.
- Christophe Bochatay (Triple Jump) outlined the current priorities of the SIWG. He asked participants to think about these during the meeting and note if any other topics come up during the meeting that should be added to this list.
  - Harmonizing SPM due diligence and monitoring through common tool of SPI4 ALINUS. He said we have gone a long way toward harmonizing, but there's still quite a bit of work to do, particularly in the sectors that go beyond microfinance.
  - Evaluating client protection risks and service adaption in FinTech investments (CDC-SPTF FinTech webinar series, CDC/IFC/Goodwell Guidelines for Investing in Responsible DFS)
  - Aligning efforts with broader impact investing sector (WEF, GIIN, IMP, UNPRI)
  - Assessing E&S performance of SME finance
  - Green finance
  - Other areas of priority: preventing OID (guidelines, MIMOSA), outcomes management (SPTF Outcomes Working Group), harmonizing covenants ("responsible covenants"), pricing transparency (data platform), and responsible exits.
- Anna recognized the investors who have become SPTF paying organizational members. Laura Foose (SPTF) noted that all of what SPTF does is a public good. Ford Foundation no longer does grants. With that changing landscape, SPTF began collecting membership dues this year. Investors that have become paying organizational members:
  - Alterfin
  - Deutsche Bank
  - European Investment Bank
  - Gawa Capital
  - Grassroots Capital Management
  - Fondation Grameen Credit Agricole
  - Global Partnerships
  - Nordic Microfinance Initiative
  - Oikocredit
  - Symbiotics
  - Triple Jump
- Laura also recognized SPTF's collaborating partners, which have provided funding for SPTF's infrastructure or projects, or have donated in-kind resources:
  - ADA
  - AFD
  - CDC
  - European Investment Bank
  - GIIN
  - InFiNe
  - International Labor Organization
  - Ministry of Foreign and European Affairs (Luxembourg)
  - SDC
  - UNHCR

***Session:* Updates on work with the Universal Standards and SPI4-ALINUS**

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- Cecile Lapenu (CERISE) gave an overview of the implementation of ALINUS, which is the common social data collection tool for ALigning INvestors' due diligence with the Universal Standards.
    - She said the objective of ALINUS was to make sure investors were talking in the same language and to reduce the reporting burden. Specifically:
        - Concentrate on what counts. Take time during due diligence to discuss key issues with investees instead of collecting data
        - Convince investees to work on the right issues
        - Compile data from investees
        - Compare and benchmark data
        - Communicate – investees, donors, and TA providers all talking in the same language.
    - Can download the SPI4 and SPI4 benchmarks on CERISE's website
    - Growing number of MIVs and DFIs using ALINUS or thinking of using ALINUS:
        - 15 full use (direct or aligned indicators)
        - 10 testing/strategic planning
        - 17 awareness raising: in contact with CERISE/SPTF for strategic discussions
    - International/national networks are more and more involved. There are economies of scale working with networks.
        - 15 networks using SPI4
        - 12 networks in training/awareness or using reduced network option
    - Use of SPI4 today
        - More than 500 SPI4 audits completed (from more than 320 MFIs)
        - 30% filled in the optional green index
        - 389 questionnaires in spi4 database
        - 67% are accompanied self-assessments (accompanied by qualified auditors)
        - Almost 1,000 people trained in the SPI4
        - 109 qualified SPI4 auditors
    - Feedback from the field (e-mfp) Action Group surveys
        - CERISE is still analyzing data and will do a brief for e-mfp week. It conducted surveys directly and online. It surveyed 12 investors, 8 networks, 22 financial service providers, and 80 SPI4 qualified auditors.
        - What do users like the most?
            - Common language, international recognition (credibility)
            - Role of national networks in raising awareness
            - Learning by doing (audit process)
            - Concrete resources, comprehensive framework
            - Benchmarks on Universal Standards
            - Funding facilities, targeted to most needed regions
        - What do users like the least?
            - Low awareness in some regions (E.g. SEA, except Cambodia, CAC and Brazil. Cecile said it's nice to see that SPTF's regional implementation facilities will help address the need in these locations.)
            - The tool is overwhelming for some levels (tool, implementation, small organizations) while it allows advanced FSPs to remain in their comfort zone
            - Standardization smooths specificities
            - Not seen as strategic by some boards or management teams
            - Quality of assessments

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- Call for action
  - Continuing awareness, support in implementation, quality control. Cecile noted the regional implementation facilities should help with part of this.
  - Engagement of regulators and investors (incentives for FSPs)
  - Information on facilities (and support extended)
  - Platform to share experience and practices. CERISE is developing a platform for auditors to share lessons learned.
  - Integrate with risk management and other key management issues (HR, product, MIS, etc.)
- New resources to support users (e-learning on ALINUS)
  - There is a new e-learning tool on ALINUS, which is a free, 30-minute online module on ALINUS. CERISE also has one on the SPI4 audit. It is working with Good Return, to develop these e-learning modules. All comments are welcome. It potentially will have the module in other languages.
  - CERISE updated the SPI4 Audit Guide last year. It provides guidance on the 160 indicators on the SPI4 and has a section specifically for ALINUS.
- Next steps for SPI4: go digital!
  - Cecile said the SPI4 will go digital because it must be in line with our time. The idea is to build a full-fledged data-based management system for SPI4 by putting it online. This will help users more easily access resources through links, as well as have a user-friendly web-app to guide FSPs as they conduct their assessments and define their social statements. CERISE will also then get the audits directly, as opposed to now, when FSPs must send the excel into CERISE. Not all FSPs do that, meaning some audits are lost.
  - The SPIWAPP will be a user-friendly online application
    - A web app as a one-stop tool for data collection related to SPM for field organizations
    - A powerful engine to store and explore the data on SPM for each FSP
    - Innovative data visualization to produce meaningful social dashboards
    - A web app development based on iterative and agile methodology to adapt to the needs of the FSPs and SPI4 users
    - An interface enabling foreseen in-house content development and minimum maintenance costs
    - Internet connection is challenge, so CERISE will make sure it's light enough for people to use it. People may still be able to download an excel sheet, but it will be much simpler because right now the macros does not always work on all computers.
  - This would have full complementarity with the data platform being developed by MicroFinanza Rating.
  - CERISE is looking for partners to support its digital transformation
- Practitioners provided testimonies on their use of the SPI4
  - Noémie Renier (EIF) said EIF is working with CERISE to develop a customized social scoring model. She said financial and social are really connected, and it's important to have a framework that allows them to assess both properly. "We need to demonstrate that there's a social balance," she said.
  - Key considerations:
    - Development of a pragmatic social performance measurement approach
    - Consistency with the current standards, i.e. USSPM, ALINUS, EU CGC

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- Endorsement and alignment with sector best practices ("do not reinvent the wheel")
    - Relevancy and calibration to the objective of the mandate and EIF strategy
    - Availability and accessibility of data: limiting unnecessary additional reporting burden
    - Objectivity of selected indicators, leaving limited room for subjectivity
    - Balance between qualitative and quantitative indicators (process vs. outcomes)
    - Self-assessment based: easy to collect and verify, hereby adding minimum additional work during the due diligence
    - Building internal know-how and expertise in terms of social performance management
    - Independence of the tool
  - First, EIF mapped the different indicators it had at the level of ALINUS and the European Code of good Conduct for microfinance providers. This includes SPM, risk management, and accounting standards.
  - That was the basis for the first workshop, where it brought participants from investment management, risk, and research together to define social risk appetite with respect to each dimension. It developed a first tool and recalibrated it. It received feedback from the sector that there was confusion because the European Code of Good Conduct also has an evaluation. After almost a year, it changed the model.
  - Another challenge: parallel workstreams with respect to SDGs. It's useful for common language in taking about social impact. It's a list of criteria that you can tick, and you can show how deep you're going. Social scoring is very helpful while SDGs is mostly a policy tool. This type of tool is much more about the likelihood of achieving the social objective we set.
- Laura Foschi (ADA) said promoting social performance is a goal that has been integrated in ADA's strategic and action plan. It uses ALINUS for the investment process and capacity building.
  - It started with a general training with CERISE and SPTF for the whole team on responsible microfinance investment. Some people were selected to become qualified auditors. Last year, ADA collaborated with CERISE to get an idea of the performance of partners.
  - It analyzed 32 partners that have completed an SPI4 and benchmarked with CERISE. The partners' average score was equal or higher than the CERISE database. This was particularly true for small MFIs.
  - After these results, it decided to use ALINUS for investment process. Each organization it selects must complete SPI4 ALINUS. If they don't have enough resources, it supports them.
  - ADA's challenges in using the tools:
    - ALINUS is an extensive tool to promote and raise awareness among MFIs.
    - High added value for investors to benchmark and communicate. When ADA benchmarks, it is benchmarking against its own database, which has higher scores than the CERISE database.
    - MFIs don't have enough information or time to spend in filling out the tool. They need support filling out the tool.
    - Some actors are not sharing results with all MFIs.
  - Cecile said using benchmarks can incentivize MFIs into improving. That should be the goal of having investees conduct an SPI4.
- Oliver Edelman (EIB) discussed how EIB is potentially going to use the ALINUS. EIB started to think it should use something specific to measure its microfinance projects that is recognized by

everyone. That was the starting point. It decided to think about applying the full ALINUS because it wants to protect against reputation risks. "We don't want to be doing things with MFIs that are doing things we can't support. And we wanted to be using standards that most people recognize and support."

- The challenge is that EIB already has existing standards. Putting ALINUS on top of that is a lot of work when doing due diligence. It does not know if it will use it or not. Colleagues are testing it to assess the incremental cost of time and money to do ALINUS on top of existing standards.
- It has three questions when thinking about implementation:
  - The first mover must pay for ALINUS. The first institution that will do the audit will support the costs and time related to that. The next institution will just use it. That might not be fair for all institutions. We looked at how many have been done so far and how many can fit into future pipeline. How can we share the costs for those who use the audits?
  - Thinking about having a step-by-step approach instead of a full analysis. Green, yellow, red. If it's a red light after a few select indicators, there is no need to go through with the rest of the details. We should try to go for a step-by-step approach, instead of a full analysis. Depending on the results, you might do a full ALINUS or not.

- Noémie noted that EIF changed the format of ALINUS to fit the European context, but the fundamentals and dimensions are still there. Because of that, it has more simplistic scoring and they miss out on having social dashboards. However, it wanted to focus on something that it would be able to implement.
  - Beatriz Morant (COFIDES) said if an organization adapts ALINUS for itself, then comparing with others is difficult.
  - Cecile noted that some organizations, such as Proparco and Oikocredit, have fully aligned with ALINUS but have their own tool, so they lose ability to benchmark against total database. EIF has drawn from ALINUS and produced a simplified scorecard, which has the same indicators but in a simplified format. So, they can't do the dashboard. But it's helpful in terms of reducing the reporting burden, and in terms of using common language.
- Jurgen Hammer (Grameen Credit Agricole) said his organization did its first assessment of the portfolio in 2016. It was the first mover in one-third of its portfolio and paid for the due diligence. One third of the portfolio had done ALINUS or some other scorecard. Last year, all the investees except one had been evaluated by someone. Now, 99% of the portfolio has been evaluated by the SPI4. He goes into due diligence with information that's already there and just does small testing/checks or goes deeper to assess how they can improve practice.
  - Noémie noted that in Europe, SPI4 isn't widespread. She said one of the challenges EIF has had is applying specific weight to dimensions that are more important to investors.
  - Jurgen said Grameen Credit Agricole kept the SPI4 as it is because benchmarking was important to checking portfolio performance. For example, its tier 1 investees were underperforming the benchmark, so it had adapted its strategy and focused on tier 1s that have strong social focus.

***Session*: Environment and social assessment of SME finance institutions**

- Lucia Spaggiari (MicroFinanza Rating) began the session by thanking the investors who provided feedback to the study, including CDC, BIO, Grassroots, ILO, Oikocredit, Proparco, responsAbility and Triple Jump.

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- CDC and e-MFP funded the study, which was designed to determine how investors can best best evaluate the E&S performance of SME finance institutions.
- Lucia noted that client protection is central to the E&S performance of SMEs. However, it's also important to look at the enterprise, not just the borrower. Investors need to assess the company, its employees, and the environment – its ESMS, or its environmental and social management system.
    - Lucia said despite the cumulative risks and impacts of multiple small/medium enterprises, E&S in SME financing is largely undermanaged.
        - Upscaling MFIs (small enterprises) rarely have an ESMS in place.
        - Downscaling banks (medium enterprises) often have an ESMS in place, sometimes on paper, sometimes in use. Usually SMEs are classified as low risk, without further assessment.
        - E&S regulation in SMEs: good and necessary starting point but not enforced enough in majority of emerging and developing countries.
    - Since SMEs fall between MFIs' borrowers and large borrowers, we need an approach that is-between both worlds. It's important to be pragmatic. The objective is to improve; we can't fix all at once. We need to promote ESMS commensurate to SMEs that support incremental improvement of SMEs E&S practices. It's not only about exclusion.
    - Principle 1: Modular
        - Modularity allows having a common ESMS framework applicable to FSPs financing very different types of SMEs.
            - Same: ESMS framework, logic and process.
            - Different: Definitions, depth of analysis.
            - E.g., E&S checklists will always be integrated in loan appraisals. However, the high risks checklist of an FSP financing small enterprises will be very basic compared to the one of an FSP financing medium enterprises.
        - There are certain things you can and can't do as a financial intermediary. For example, whether the financial service provider is providing debt equity will influence the leverage that FSP has on the SME borrower to improve. That's also important for an investor to remember.
    - SME finance institution: manage E&S (ESMS)
        - These are the elements you see in most cases. How to implement these commensurate to risk depends on the level of risk or tools used.
            - Determine ESMS approach (individual/cluster)
            - Define E&S policy
            - Classify loans by E&S category
            - Assess the SME risks and opportunities
            - Measures to improve SMEs E&S
            - Monitor SME E&S progress
            - Report, analyze E&S, review ESMS.
    - Investor: Process of assessing SME finance institutions' E&S
        - Identify SME
            - Options: You can stick to an international standard (e.g. IFC) and apply that definition in all your conditions.
            - Option 2: When there's a national definition of SME across the board or by sector – you apply that definition to your investments in that country.
            - Option 3: You ask your investee how they define SME and you take that approach.

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            - Option 4: Adopt the definition provided by the fund investor.
        - Identify SME finance institutions
            - Option 1: Adopt a common definition of SME finance institution (e.g.: >50% outstanding portfolio in SMEs) and of MFI with a SME component (e.g. >20%-30% outstanding portfolio in SMEs).
            - Option 2: Adopt the way investees define themselves
        - Classify SME finance institution by E&S category. Different risks may trigger different actions.
            - Option 1: Define E&S risk categories according to the % of the investee portfolio exposed to E&S risks, defined, for example, on high risk sector and larger loan size. High risk sectors can be adopted from international sectoral matrix (e.g. FMO, CDC, see annex 3) or adjusted based on the country.
            - Option 2: Define which E&S risk level will trigger an assessment of the SME finance institution ESMS.
            - This is an optional step, but it can help in managing the workload.
        - Assess the sustainable performance
            - Assess the ESMS
            - Assess the sustainable performance (ESMS and other 6 dimensions of the SPI4)
                - Lucia made a draft list of ALINUS indicators for the proposed SME module.
                - Lucia is proposing that the 6 dimensions of the SPI4 plus the optional green index would remain, with some changes in wording when necessary ("Sustainable" instead of "social.") Changes are at indicator level.
                - Additional tool would be assessing the ESMS, which is vital for SME finance. This would be split into indicators in Dimension 2 and Dimension 7 (which would be renamed the Environmental and Social Management System).
        - Promote the ESMS improvement
            - Agree on E&S action plans to improve the ESMS based on assessment
            - Investor leverage to promote improvements depends on type of financing (debt/equity; short/long term)
        - Monitor the ESMS improvement
    - Lucia said when an institution is lost in creating ESMS section, there are options to do something in house. If it's an upscaling MFI, the FMO toolkit is a good source. When it's a downscaling bank that doesn't regard SMEs as risk at all, then the CDC sectoral matrix would be best recognized and embraced.
- Pedro Fernandez (responsAbility) reviewed how his institutions manages ESG policies.
    - He said it's unrealistic to have a system like EIB. It's more than 200 pages. rA's process is one page. The approach is on impact:
        - Screening: Exclusion of harmful activities and sectors
        - Categorization: Clearly defined criteria
        - Evaluation: In-depth analysis of key potential ESG issues
        - Approval: Some will be approved on ESG management; others are not 100% ok, but are committed to improve
        - Management: ESG action plan in the investment proposal
        - Monitoring: Periodic review of ESG performance.

    - If institutions evolve from MFIs to SMEs, rA has created modular systems instead of re-doing ESG risk assessment.
    - ESG assessment at rA is a system based on international standards and is implemented by investment teams
    - ESG Guidelines:
        - Compliance with exclusion list and reputational check
        - Evaluate anti-money laundering and governance practices
        - Check on HR/labor practices.
        - Categorize counterpart on E&S risk. Doing an E&S assessment every time doesn't make sense. Think about resources you have.
            - High and medium E&S risk → then assess environmental and social practices
            - For all (high, medium, and low risk) → evaluate client protection
            - Pedro recommended investors define high, medium, and low E&S risk for themselves. Using someone else's definitions might not be effective.
            - rA uses four components to classify risk:
                - governance
                - client protection
                - social
                - environment
            - For high and medium risk, Pedro recommended looking at risks that are relevant for specific institutions and specific sectors. If an institution is high risk, then you could use the IFC requirements.
        - Define ESG action plan
        - Monitor ESG performance
    - Pedro emphasized that it's important to integrate this throughout the entire investment process, not just the very end. There are a lot of issues you could find in the early phases of the investment process that you could fix or could keep you from proceeding.
- Machal Karim (CDC) noted the distinction between ESMS, ESG practices and SME portfolio. She said CDC has a much stronger strategic focus on the growth of lending to SMEs.
    - About 25% of CDC's portfolio is in financial institutions, mostly commercial banks and MFIs. Moving forward will be more diversified to include insurance, FinTech and more banking platform types.
    - CDC's ESG function is elaborate. It's a part of CDC's approach to be a value-add investor. ESG starts with due diligence. "It's a large part of how we determine if the company is investable, if there are gaps, or what would need to be improved before we invest in them," Machal said.
    - For efficiency, CDC looks at portfolio from a loan book perspective. In a lot of cases, they do have ESMS systems in place. In others, they don't. CDC's toolkits are helpful because they help implement.
    - For example, with an institution in India, CDC realized that a large proportion of their lending to the SME sector was heavily in construction. This institution didn't have any nuance to the approach they were taking in terms of ESG criteria in assessments. CDC worked with them to develop a tailored approach just for that segment of that portfolio. It included a checklist for that segment of the portfolio and requirements that could be put into loan agreements.
    - CDC almost always sets up an ESG committee with investees, which they find to be an excellent accountability mechanism.

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- Lucia noted that these examples show how to make E&S assessment of SME finance institutions feasible.
- Lucia opened the session to audience questions.
    - Andres Van der Linden (Triple Jump) asked how the SME add-on module to SPI4 will reconcile with existing scores. Would it be comparable to existing scores?
        - Lucia said that decision could stay with the user. For some stakeholders, the preference will be to keep the data separate and benchmark MFIs and SME finance institutions separately. In some cases, you may sacrifice comparability.
        - Lucia said in practice, each organization is different. You'd always have margins of noncomparability. What is important is to recognize that and be transparent.
    - Beatriz Morant (COFIDES) said ESG is risk mode – do no harm. How does this match with social performance and microfinance, which is impact?
        - Lucia said she heard different opinions on calls. The opinion on doing no harm vs doing good was that there was a preference for being able to distinguish and reward those SME finance institutions that also had some component of doing good in their operations. Not necessarily in their missions, but that would still value job creation, youth, entrepreneurship, female entrepreneurship.
        - Some dimensions are clearly doing no harm. Client protection is one. ESMS is mainly about doing no harm. Even with green, there are opportunities (For example, energy efficiency leads to savings). Other dimensions, such as 1 and 2, have a do-good component. SME finance institutions are more likely to be single-bottom line than double-bottom line unless you slightly redefine double-bottom line and call it sustainable performance (Do no harm and add value – maintain jobs, participating in certain sectors of the economy).
    - Machal said CDC has two different but synchronized functions: E&S group (Risk) and development impact group. Throughout investment cycle, it makes sure from origination to exit it's working with countries to identify institutions that tend to do more impactful work. For example, A CDC investee in Pakistan said it would like to improve the scale of lending to the local SME market. At the same time, the Central Bank is saying that all banks must meet a gender target. CDC is working with the investee to hit two birds with one stone: increase lending to SMEs that are led by women.
    - Laura Foschi (ADA) noted that CERISE did an analysis of the SPI4s for FSPs with SMEs in their portfolio.
        - Lucia said that the CERISE analysis was taken as an input into this study. That was mainly MFIs upscaling. The study complemented that with banks downscaling. We don't have comparable databases yet. We'd have when people start using the SPI4 for SMEs.
    - Patricia Richter (ILO) noted that ESMS should cut across dimensions but is mostly in Dimension 7.
        - Lucia said she wanted to make minimum changes to the architecture of the SPI4. She included ESMS in Dimension 7, knowing that management commitment aspects would also be in Dimension 2.
        - Patricia said that gives the impression that you can separate it out. That's not the story we're telling. If you have it as the basis, the other dimensions would fall under that sustainability umbrella.
        - Lucia said sustainability is the key word. ESMS is mainly about the employees of the SMEs and the environmental impact of the SMEs. That's why ESMS is fundamental. But with SMEs, client protection is fundamental. ESMS doesn't necessarily cover that. That's why sustainability is the overarching concept, and one key component is ESMS. This should be something embedded.

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        - Isabelle Barres (Smart Campaign) said it's important to keep a structure that doesn't change often. We want this to be implemented. Maybe there's room to rethink the wording, but it's important not to change the structure every time you add something.
        - Lucia said she could change Dimension 7 not to say ESMS because it doesn't encompass all the ESMS.
    - Next steps: investors can provide feedback on the draft framework and indicators to Lucia (lucia.spaggiari@microfinanzarating.com) by July 10

Session: **Coordination with broader initiatives and linking to SDGs**

- Anna Kanze (Grassroots) said the concept of coordination on the SDGs has come up in several sessions. It's important to collaborate with non-financial inclusion initiatives to come up with a common framework. This will help us better link to the SDGs and communicate our work together to broader stakeholders.
    - For example, the World Economic Forum brought together the Impact Management Project, GIIN and SPTF to work on impact management.
    - For the UNPRI Market Map, SPTF led the financial inclusion theme.
- SPTF is coordinating efforts with these initiatives to help shape the tools and resources being developed on financial inclusion.
    - Share the experience of financial inclusion
        - Collaboration, working toward common objective
        - Development and implementation of standards, common audit and monitoring tools, advancement of outcomes management work, etc.
    - Financial inclusion is a large sector of impact investment and can help pave the way of less-mature sectors – seen as "example"
    - Ensure coordination with broader impact investment initiatives
    - Opportunity to shape frameworks and tools that can be used by asset owners and investors throughout the broader investments sector
    - Overview of Navigating Impact
        - Created by the GIIN to help investors select impact strategies and adopt metrics that indicate performance toward their goals
        - Developed in consultation with industry experts, impact investors, and standards setters
        - First three themes were developed in house: Affordable housing in developed markets; clean energy in emerging markets; smallholder agriculture in emerging markets
        - Partnership with SPTF to develop the financial inclusion theme recognizing the leadership and expertise of our members in this sector. There were five financial inclusion strategies identified:
            - Improve access and usage
            - Improve financial health
            - Job creation
            - Gender equality
            - Rural prosperity
        - There is connection to the SDGs (direct and indirect). It helps align your work and the metrics relevant to each SDG. It's also aligned with the IMP dimensions of impact.
- Stephanie Beatriz Garcia van Gool (BBVA MF) said her organization has been reporting on this for the last five years. For some reason, to date, impact assessment has been driven by investors

only. Not many MFIs are doing impact assessment or measurement. BBVA MF's interest is to give a more on-the-ground perspective of the indicators proposed. We're still a long way from where we should go.

- BBVA MF did a test. For 5 strategies for financial inclusion theme, it can basically prove all of them. As expected, one of the limitations is that you just have a picture of your portfolio. What do you do with that and how do you go forward?
- She said there is a need to align the universe of the information we have and put together criteria for client data we have. BBVA MF is proposing that we align criteria. You could infer or extrapolate the same impact that BBVA MF is proving. If someone proves something and I can prove that I have the same client base, I can also say I have the same impact. RCTs would argues we're not having impact. What can we do as an industry with the maturity and the knowledge we have to move forward, instead of doing different studies with different clients in different countries?
  - Andres Van der Linden (Triple Jump) questioned if she could prove they have the same client base. Isn't it circumstantial? Does it relieve you of the responsibility to do your own studies of your clients?
  - Stephani said this speaks to attribution, scale, and average. The real purpose we're doing this is not to *prove* impact but *improve* impact.

- Lone Søndergaard, Nordic Microfinance Initiative said the impact investing industry has a bigger hype than the microfinance industry.
  - The impact investing industry is good at communicating in a simple way to investors what they gain from making an impact investment. As a microfinance industry, we have to jump a little on that bandwagon and adapt not what we do but how we communicate. If can't communicate, we'll be left behind.
  - At the same time, the tools in the microfinance industry will help create some credibility. It's not just communications. It's substance and measurable.
  - Andres noted that it would also be helpful to show the "why" behind impact. For every study proving there's a link, there are two studies proving there are no links.
- Mitzi Perez Padilla (Oikocredit) said we want to make sure things are not misinterpreted. We want to make sure that people know that if you use these indicators, you're not necessarily going to have this impact.
  - Anna noted that this will be used to help refine IRIS taxonomy and those standards. Impact means different things to different people. The financial inclusion industry is at a different level. Microfinance won't say the word impact because it means a different thing.
  - Laura Foose (SPTF) agreed, saying we're way more rigorous on the financial inclusion vertical than other verticals. We can set an example. If you're an impact investor, there's a group called TONIIC that claims to be 100% impact investments. If someone says, "I really want to make a dent in SDG 2 and 4," and they want a diversified portfolio. They can look at the strategies that affect SDG 2 and 4, and they can work across verticals. That's why they call it Navigating Impact.
- Laura Foose asked if there are strategies in financial inclusion that we're missing.
  - Lone said she was frustrated that we had to merge access and usage. We had to do it because it's hard to prove that access has an impact. However, a lot of us invest in access as a starting point.
- Stephanie said she found it appalling that microfinance has become a second layer of impact. It's across almost all the SDGs. As financial intermediaries, we have access to a lot of data. We should share data and leverage partnerships in a good way.

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- For example, when the earthquake struck in Mexico, BBVA MF had real-time access to where clients were, so they were able to distribute emergency kits. "We have this data," she said. "We shouldn't be left behind in this story, even if we're never able to prove attribution."

- Matthew Soursourian (CGAP) said CGAP is planning on devoting more resources on questions of impact and evidence. He'll be working to build better communications between the impact research community and donors. SDGs are very relevant to this work.
- Anna asked if the Navigating Impact project was helpful.
  - Some investors said it was interesting but time-consuming. It involved long webinars. Are there other ways to get this work done that is less time-consuming?
  - Tanay Tatum-Edwards (MicroVest) said her organization will use this framework for reporting purposes.
- Nicole Pasricha (FinDev Canada) said her organization is putting together its impact framework. One thing it had tried to commit to is establishing framework with KPIs useful to investees. Are the indicators meant to drive performance within the FSPs themselves or are they uniquely for the investors?
  - Anna said we tried to select the metrics already being collected. They are largely driven by what we think the institutions can collect reliably.
  - Cecile said it is good to standardize and inspire the financial service provider to collect this information. It's aligning the language on what information from the clients can be valued by the investors and by FSP management.

***Session:* Over-indebtedness and the Lenders Guidelines in Cambodia**

- Daniel Rozas (MIMOSA, e-MFP) said MIMOSA's aim is to recognize when markets become oversaturated. The first market where it did a full study was Cambodia in 2015. It found data that was concerning, which generated a lot of concern among social investors.
  - Daniel said the history of self-regulation for this issue is not encouraging. In India in 2010, they started a strict Code of Conduct, which specified the number of loans that an FSP could give to a client. Most FSPs ignored the CoC, and the market crashed. There was no effort to abide by what they agreed to and no monitoring.
  - The Cambodia Microfinance Association (CMA) asked MIMOSA to help them address the over indebtedness (OID) issues. That led to the development of the Lenders Guidelines. It's structured around the question, "If we're worried about an overheated market, and we want to limit risky lending, how do we do that?"
    - MIMOSA identified multiple borrowing, refinancing early, and loan-to-income ratio as measures to assess potential OID. It partnered with the Cambodian credit bureau to monitor those, and it developed a dashboard of indicators.
    - From there, it formalized limits. If you're going to have multiple loans, what's ok and what's not ok? How much of what kind of refinancing is ok? He said the limits are percentages that are somewhat acceptable to the market. "My goal of this project was slowing it down," he said. "Can you look at aggressive lending and start putting controls on it."
    - The dashboard gets created every month by every MFI. Investors ask for it. MFIs are also aware that the Central Bank of Cambodia (CBC) is watching as well. The CBC receives a copy of each MFI's dashboard every quarter. The MFIs are aware they're watching.
    - Smart Campaign said any Smart certified institution in Cambodia must follow the guidelines. There are 8 certified institutions in the market.
  - Next stages:

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- Monitor. Daniel has heard some stories of MFIs finding ways around the indicators. The project is trying to develop a secondary, internal report to assess this
  - Work with a rating agency for field validation.
  - Further in the future, he would like to go back in the field and examine the clients that have fallen to these high-risk categories –What's their profile? Are there additional categories we should be adding to the guidelines?
  - Research that makes the case for institutions that it's in their interest to do this. He noted that MFIs don't have to do anything to report on the guidelines in Cambodia. It's all from data they're required to give to CBC. It's whether they want to abide by the limits that's the issue.
- The dashboard is created by the credit bureau. Most credit bureaus could do this, but some are too weak.
- Isabelle Barres (Smart Campaign) said Cambodia has been a bit of a perfect storm country for this. AFD has supported sector by 1) strengthening practices through assessments and certifications 2) strengthening the credit bureau and 3) strengthening the association. Ten MFIs cover 80-90% of the market.

- Isabelle provided background on the Smart Campaign OID tool for India.
  - She said that even if you're a responsible provider, if your client goes to another irresponsible provider, they're OID. It requires a multi-prong approach.
  - Smart Campaign helped Sa-Dhan develop a system to monitor OID:
    - Market level: Identify high risk areas, "hotspots" at state/district level
    - Institutional level: In high risk areas, identify providers with high exposures and weak policies and procedures to prevent OID
    - Client level: In high risk areas, survey clients to identify reasons for OID and priority issues
  - Developed market level rules, which are similar to what MIMOSA looks at. It didn't use MIMOSA as is because it wanted to look at district level. Each rule is assessed by 3-4 criteria with benchmarks.
  - For each institution, its percentage of branches in hotspot districts mandates how many indicators it must pass in each rule category. If they have more branches that are in hotspot districts and they don't pass, then they'll be flagged as institutions that need to be looked at more carefully.
  - It's easy to change the parameters of this tool, so it could easily be used by others if interested.
  - Smart is also conducting a survey in the field to understand drivers of OID.
  - Next steps:
    - Roll-out and usage
    - Improvement of the tool. Identify priority areas. Refinancing is seen as one of the issues that really highlights OID. After using the tool, we'll be able to see, at least in the case of India, if it makes sense to focus on refinancing.
- Isabelle noted the need to collaborate. She asked investors if there are other countries that are high on their radar.
  - Jurgen Hammer (Grameen Credit Agricole) said Sri Lanka composes about 10% of portfolio. It realized PAR increased across country. Partners said it was weather related. Looked more closely, and it seemed to be coming from a stressed market. It conducted analysis on the market.
    - The feedback was alarming. There were aggressive lending practices and multiple loans for many clients. There is no public data available, and it's a market that's seen a lot of new actors arriving. Regulation is insufficient, and a

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        - lot of actors are not covered by it. The network excludes a large part of the sector because they're informal. In a market with an insufficient association or regulator, it's going to be a difficult task to get MFIs to slow growth rates.
        - Next steps: coordination with other actors. There's a project working on a national financing inclusion strategy.
        - Cecile said it may be a role for investors to guide the associations about OID.
        - Jurgen said we have a learning curve. Hopefully, we demonstrate a capacity of leaning and improved reaction to get those early signs and react.
    - Other investors mentioned Egypt and Lebanon as concerning countries for OID. In Egypt, most FSPs aren't reporting to credit bureau. In Lebanon, the largest MFI isn't.
    - Daniel said it can be effective to put raw data in front of MFIs that show the risk of OID to their business.
    - Jurgen mentioned it's important for investors to recognize OID. In the Morocco crisis, Enda in Tunisia spent much of its time pushing off investors, saying it couldn't place the money responsibly. "The Moroccan MFIs didn't grow without us pushing money into Morocco," Jurgen said.
        - Olivier Edelman (EIB) said self-regulation by investors is important but not enough. There's a strong need for significant regulations.
        - Jurgen noted that GIZ does a lot of work to support the microfinance legal framework.
        - Daniel said the role of investors is to guide regulators through TA but also to encourage them to apply this to banks as well as MFIs. Many MFIs in Cambodia questioned why they would agree to abide by limits while banks don't. Some of them compete with banks, so they're worried this isn't sustainable. If it's successful, investors can encourage regulators to apply to other financial service providers.

***Session*: Joint session with InFiNe members on Green Finance**

- Catalina von Hildebrand (NpM) moderated the panel. She posed a question to the panel: What is your approach to green inclusive finance, and what are the ways you measure or label it?
    - Corinne Molitor (Innpact) said her organization is a consultancy in financial services dedicated to impact finance.
        - In 2009, it moved into designing green funds. Green inclusive finance has a broad definition. It could mean the finance for green services that would be provided to vulnerable populations, people living in remote areas, or people excluded from traditional finance sector. She defines it as the intersection between microfinance and green finance.
        - Before defining how to measure, you need to know your strategy and what impact you want to achieve. Do you want a positive effect on climate change, or do you want to target inclusiveness? Of course, you can combine these impact targets in your investment, but you need to have an overall strategy of what is first targeted. Then, what's a specific strategy for a given sector? Then according to that, what's the impact you want to reach? Then you define your TOC and KPIs. This pre-investment strategy and impact management is important before directly discussing measurement.
    - Sachin Vakalas (LuxFLAG) said LuxFLAG offers labels for investment funds active in responsible investment sectors.
        - He said climate change has a direct impact on portfolios. What do MFIs do as risk management?

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        - Climate change agreements provide investment opportunities for funds. For MFIs, there is a clear link between offering products that meet climate change needs but at the same time are financial service products.
    - Adysti Raissa Ritri (Triodos) defines green inclusive finance as investment in financial institutions that are promoting positive environmental impact or reducing negative environmental impact.
        - It is investing in financial institutions that finance entrepreneurs or activities that create benefit to the environment or reduce harmful impact to the environment.
        - It participates in the NpM Green Inclusive Finance working group. The group defines green inclusive finance as extending finances to entrepreneurs and low-income people to improve environmental impact.
        - It provides in-kind assistance to investees and organizes workshops on green finance.
        - She said investees are asking for help with green finance. They're saying, "Our investors are trying to push money for green lending, but we don't have the knowledge to structure it."
    - Sachin said they all agree that the traditional MFI client is the most vulnerable to climate change. These are the people in most need of these products, which creates a huge opportunity for MFIs
- Catalina posed another question to the panel: What are challenges you encounter in this sector, and what are your needs?
    - Corinne said the lack of expertise of MFIs in green finance is a challenge. TA is important. The loan officer must have an idea of the technical solution and the viability of that particular solution for that particular client in that particular context. There is a strong need for a TA facility.
    - Corinne said Finance in Motion is managing a global climate partnership fund. Different investors go into an eco business fund, which provides dedicated financing to local financing institutions, who in turn finance target groups in various fields of green finance. (e.g., sustainable fishery, sustainable forestry).
    - Sachin said that MFIs might not have the expertise to provide loans to producer of these products, but offering distribution network to green product producers would be a good place to start.
    - Adysti said there is a lack of capacity and knowledge in the market itself. Triodos can arrange calls and meetings, but when it comes time to implementing a product, it's an intensive consultation that it cannot fund.
    - Adysti said Triodos is working on case studies they expect to publish this year. Focus on three elements of green: internal risk; managing eternal risk (ESMS); and pursuing green opportunities. Planning to collect 20-25 case studies.
    - She said another challenge is aligning language for indicators and how we communicate green.
- Catalina asked if anyone measures green outcome indicators.
    - Corinne said Innpact does not measure outcome indicators. It provides advice on the pre-investment strategy and management up to definition of KPIs but not to measurement part. It's important that the investment manager oversees measuring KPIs. Otherwise, he or she won't embrace the impact strategy.
    - Sachin mentioned that some studies say about 300 MFIs are reporting on certain green indicators on MIX.
    - Catherine Streeval (Nordic Microfinance Initiative) said NMI encourages sanitation loans and those types of things but does not think of it as "green finance." They just think of it as a social good, so they don't really measure it.

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- Adysti said the environment is always in the conversation with investees. It's a conversation you need to bring to MFIs continuously. When you aggregate, a large portfolio of MFIs could do harm.
- Sachin said investors need to promote green finance as an opportunity as opposed to another factor where they'd like to have MFI reporting. There are many changes needed by 2020 and 2030, and the ultimate beneficiary is the same client as MFI. Also, whether you create green products or not, climate change is going to impact your portfolio.
- Adysti noted that she does not think environmental impact comes at the expense of others. The approach is different from MFIs and SMEs. MFIs are facing basic daily challenges (access to food, electricity). We can help them with cleaner alternatives. It needs a concerted effort from all sectors.

Day 2

***Session*: Investing in responsible digital financial services**

- Lory Camba Opem (IFC) said the work of the IFC/Goodwell/CDC Guidelines (the Guidelines for Investing in Responsible DFS) builds on work the SIWG has done. This was an effort to bring awareness with a broader pool of investors, who all have different goals. Really, this is just the beginning. They're seeking everyone's participation to contribute to the guidelines.
    - The guidelines:
        - Promote responsible investment in digital finance
        - Manage risks comprehensively with growth of digital inclusion
        - Foster a proportionate legal and regulatory framework
        - Facilitate interoperability and infrastructure for DFS ecosystems
        - Promote fair and transparent pricing
        - Improve disclosure of terms and conditions for customers
        - Enhance customer services for problem resolution and product innovation
        - Prevent over-indebtedness, strengthen digital literacy and financial awareness
        - Track progress to mitigate risks and expand DFS opportunities
    - The guidelines are anchored in the G20 principles.
- Machal Karim (CDC) said it is important to note how quickly the environment has changed and how difficult it is to keep up with it. Everyone was looking for a basic set of language, and we weren't mobilizing quickly enough to get it out there. This is not the Ten Commandments for the industry. It's the idea that we must start somewhere with some language and standards to work toward.
- Lory said the guidelines have 54 signatories representing impact investors, IFIs, DFIs, family foundations, PE funds, venture capitalists and banks. About 31 are investors and 24 are financial service providers. List of signatories will be released at the June 20 event in Amsterdam and published on the Responsible Finance Forum website.
- Lory said IFC has rejected several hundred FinTech applicants for funding. When we come into this space, it's a different type of dialogue and time horizon. The handful that have raised their hands and jumped into this initiative want to think about these things. They know they can go under if the technology over-indebts their own customers.
    - Daniel Rozas (e-MFP) noted that speed is the essence of FinTech, but on the other hand, speed is a problem. The end result is that people are making decisions too quickly.
    - Isabelle Barres (Smart Campaign) said Smart Campaign created a FinTech Community of Practice to respond to demand from FinTechs who wants to come to this discussion. The group is starting with digital lenders. This is a good example of a situation in which

an organization doesn't have much incentive to slow down the pace unless there's a proactive desire to do so.
    - Machal noted that the guidelines are product agnostics – the entire world of FinTech. Some are riskier than others, but they didn't want to focus on one product. There's an overarching framework for the market.
- Andres Van der Linden (Triple Jump) questioned the ethics of AI learning in DFS.
    - Lory said there are no solutions yet. It's important to remind users to check their data settings and how data will be used. Machal said the whole industry is having an awakening that it's not about good business vs data. It's a shift in terms of how you approach the problem.
- Jurgen Hammer (Grameen Credit Agricole) said regulators often enforce transparency. Have there been exchanges with regulators on these issues?
    - Lory said that's why the guidelines are anchored in the G20 principles. In that sense, they have engaged regulators. More needs to happen.
    - Isabelle said it's ok if the guidelines don't answer all the needs of all the stakeholders. Everyone should be aligned. The investor community should be aligned with industry and what regulators come up with. There are many ways in which regulatory efforts can be influenced by other guidelines. What's important is that there is alignment.
    - Machal said some of the DFI signatories could help work with regulators.
    - Anup said there are other eco system players that are equally important, such as a competition authority. A lot is being left at self-regulation. These macro-actors matter a lot. He said that in India and Tanzania, once the macro-actors were involved, the digital financial inclusion grew leaps and bounds.
- Cecile Lapenu (CERISE) asked if the guidelines could be a roadmap for FinTech and ultimately an implementation guide? Or is it more broad advice?
    - Lory said these are voluntary and not prescriptive. Underneath the 10 guidelines, there are a few bullet points for each of them. Those are examples investors, and other stakeholders can take. It's more to adapt these existing industry standards and benchmarks and implement them as investors with investees. They would like to continue to refine the guidelines and the underlying actions, based on the evidence in markets, projects and investments.
    - IFC shared a draft due diligence. This is work in progress, but they want to get everyone into a basic common denominator. Everyone is asked to go out of their comfort zone. We must behave like FinTechs and be agile, Lory said.
    - Machal agreed, saying the focus is not to be prescriptive but to be adaptive. Going forward they want to house it somewhere and develop a set of resources for people to be able to access as reference points. You don't want to tell them how to do their business.
    - Lory emphasized that this needs to be owned by every single investor. Let's meet up, get together, see what you're doing, and learn quickly. Nobody has a complete answer. It's so different in every market. You can't create cookie cutters.
- Jurgen said that microfinance made big steps forward through crises. We needed the crises to be aware of what OID meant. We will have a FinTech crisis that will damage reputation, and it's going to be through crisis that this kind of work will move forward. Can we integrate that into our planning?
    - Lory said FinTech people would say we don't want to be "microfinance-ized." They don't want the principles of microfinance to drive their business. They don't want to be told this is how it should be done because microfinance did it that way. They want to innovate. We will still push and say, "This is what happened in the microfinance sector. We need to learn."

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- Laura Foose (SPTF) mentioned that SPTF and CDC are hosting a webinar series on how investors can assess SPM risks in DFS investments.
- Lucia Spaggiari noted that Smart Campaign is adapting the standards of client protection certification to see how it could be applied to digital financial institutions.

Session: **Digital transformation of MFIs**

- Anup Singh (MicroSave) said there was an article that said 500,000 people are blacklisted in Kenya. According to MicroSave's analysis, in March 2017 that number was 2.7 million. In May 2018, that number grew to 3.7 million (out of 8.2 million total borrowers).
    - 1 million are listed for loans less than $10. At the end of May 2017, each borrower had 2 loans on average. Now it's increased to 5 loans.
    - The sector is showing less than 10% NPLs, but it sounds like one-third are negatively listed. Because most are unregulated, they can write it off.
- Conventional vs digital credit: Digital Credit is growing rapidly and is democratizing credit with instant, automated, and remote processes; meeting short-term liquidity needs of low- and middle-income populations
- Several FinTechs are operating with SMEs. In Kenya, only Kopo is looking at it.
- Key concerns in digital credit
    - Non-performing loans
    - Adverse selection. Most of time digital credit lenders are lending to people they shouldn't be lending to.
    - High interest rates. We haven't seen any rate cuts that have come. In December, M-Shwari said they would now have rate cuts based on how good the customer's repayment history is.
    - Consumer protection, data security, and privacy.
    - OID and negative listing.
    - Limited focus on building strong algorithmic checks and balances. Most digital credit lenders say they use 10,000 data points. Branch is accessing everything – contacts, SMS, etc. – on a mobile phone. All of that is being done, and there are still issues of people not repaying on time.
    - Limited avenues for digital footprint aggregation.
    - Gaming the system. University students game the system by organizing the names in the phone. Delete anything that has an adverse impact on their phone (messages about water/electricity bill in default). Go from $30 to $150 loan sizes in three months.
    - Limited data sharing about providers
- Why is digital credit so popular for customers?
    - Strong correlation between digital credit in Kenya and growth of sports borrowing. It's a lot of impulsive borrowing that's happening.
    - Predatory marketing. "If you don't take this offer now, you're going to miss a golden chance."
    - How much of it is meaningful, inclusive finance? That's something we need to think about. A lot of FinTech models are driven by investor models. We saw this in India in 2010 with microfinance, where it was driven by demand expectations. For example, Branch managed to get 1 million customers in 11 months.
- Increasingly digital loans in Kenya are used for business. This is an opportunity for all the digital credit lenders right now.
    - How can digital lenders know the loan is for a business case? That's the difficult part to assess. Surveys can have a positive bias. Can look at location, understand the profile, know how money is moving in and out of phone.

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- Machal asked what the point is of disaggregating to this extent? Does it matter? (related to fungibility of credit)
    - Anup said we want to at least understand how people are reporting. A lot of it is going to day-to-day needs. This $35 loan size is not enough for any business. Maybe it's contributing to the household, but maybe it could be scaled up for SMEs.
    - Lory said most digital lenders' hypotheses is that the consumption smoothing story is out the door in the case of digital credit, particularly in Kenya.
    - Matthew Soursourian (CGAP) said it's not that this is showing it's not being used for consumption smoothing. These are elements of consumption smoothing, but it's not for a huge shock. That's still valuable in some cases, but it implies a lot of risk.
- Anup said there are three main digital credit borrowers' persona: repayer (30%); juggler (40%); defaulter (30%). Juggler and defaulters are growing significantly. A juggler is defined as someone who borrows from one source to pay another.
  - Repaying is tied to a high-touch model. "If a credit officer visits my home, that's the first one I repay." When M-Shwari started, it had severe NPL problems. Now, it's below 2%. It realized that at the time of repayment, clients need high touch. It has a call center to remind people about payments.
  - Jurgen asked: What is the effect on pricing of repayer vs juggler vs defaulter? Anup said that in Kenya, the rates aren't going down at a sectoral level. On an individual basis, rates go down after good history with an institution.
- Digital credit providers will cream off the high value customers, leaving the lower value, less profitable customers in more rural locations with the MFIs.
  - Jurgen said MFIs have less presence in rural locations. Why do you expect rural locations to stay with MFIs? Laura said digital credit has the advantage in rural, but it's not profitable so it's not going there. Anup agreed, saying digital credit providers are going after the low-hanging fruit. Why should I make a USSD connection for rural population? Half of them would not have a big enough digital footprint to analyze.
- Equity Bank in Kenya (became bank in 2004) has already begun to leverage digital banking to serve mass market.
  - They were facing problem of crowding in the branches. Customers think of themselves as members, not customers. They wanted people to go out and bank with agents. When they pushed people out of the branch, people increasingly started using mobile for transactions.
  - Next frontier is the e-banking. This is the facility they've started for SMEs and corporates. They're still considered a microfinance bank, but a digital microfinance bank.
  - Mobile-based product is 100% digital – on-boarding, credit assessment, disbursement, repayment.
- Digital transformations for MFIs
  - Facts: disruption and hyper competition.
  - Disruption: People (millennials, digital natives), culture, technology; demographics; economy
- 8 key strategies for digital transformation. The financial institution of the future:
  - Does not say digital. If you are just doing repayment and disbursement through mobile, it's not digital. It has to be embedded throughout.
  - Has to manage people's expectations (customers and staff)
  - Has to deliver innovative solutions within time and space transitions. MFIs may have an edge here because they have relationship data, innate customer awareness, and local

understanding. It's not just high-tech/low-touch or low-tech/high-touch. There can be a hybrid.
    - Should be driven by user experience
    - Must reinvent its culture
    - Must be prepared to take on hyper competition
    - Has to manage institutional and client risks
    - Is digital AND analogue. Has to have data analytics, mobility, cloud computing, artificial intelligence and machine learning. But also has to have relationship, trust, empath, and advisory.
- How can investors help?
    - Push the reboot. A full strategy review of future focus, and a digital migration.
    - Learn the lingo. Teach yourself the essence of the key technologies that are looming: cloud computing, big data, mobility. Enhance the collective Digital Quotient.
    - Support the transition. Optimize the current; burn (some of) the old; midwife the new
    - Prepare to experiment and burn some money. Try little bets on alternative futures.
    - Support institutions to rethink about their people. Which world are they recruiting for?
- Time for an Innovations Lab for microfinance?
    - This would support MFIs digital transformation.
        - Provide experts, products/ solutions, policies, processes, practices, risk management, and partnerships to MFIs to transform.
        - Use a cascaded-approach as an efficient and effective method to transfer skills to build capacities to transform:
            - Provide initial support to a select number of MFIs to set up systems.
            - Select staff from the MFI to provide expert services as Transformation Advisors (thoroughly trained, with hands-on experience, and certified)
    - This would nurture FinTechs to support MFIs' digital quest
        - Select promising ideas and FinTech deployments that have the potential to resolve the constraints identified based on the digital readiness assessment of MFIs. As of now, FinTechs are solutions looking for problems. Mostly created by tech evangelists that have an idea. Can we create a structure where we accelerate FinTechs that develop solutions for financial inclusion?
        - Incubate such ideas to develop scalable solutions to support MFIs transform.
        - Such FinTechs also are potential investments as they have a readily available client base (MFIs) and have been built grounds-up from the support of the investors (thus investors have innate knowledge of the promise of the FinTech)
        - Drive social and responsible design of financial solutions by FinTechs
        - MicroSave has three incubation labs for FinTech: India, Vietnam and Bangladesh. These are funded by foundation money focused on helping FinTechs create solutions that are required
    - It would share best practices learned
        - Common identity, purpose and value for digital transformation in the microfinance sector.
        - Community of practice for common learning, knowledge management and continuous improvement.
- Lory said Boulder has a training that began with governance of own portfolio. In last years, have had CEOS and board members participate to discuss risk around digital transformation and governance. She said this is great because you're deliberately partnering the FinTech solution with MFIs. She said she would take this forward within her institution

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- Isabelle also said she supports this. It links MFIs and makes the point that MFIs aren't obsolete. We have a huge opportunity of rethinking microfinance. Trust is also going to be key. MFIs have a sweet spot there, given the relationship they have built with their clients.
- Stephanie said BBVA is undergoing significant digital transformation in the commercial bank. It's taking a lot of effort and time. They're trying to replicate some of those things in her group, but her type of client is completely different. You need to start by understanding the client better.

Session: **Investor's experience with outcomes**

- Christophe Bochatay (Triple Jump) said that when we first started talking about outcomes years ago, nobody knew what we were talking about. Now there is a lot more awareness. But we still see few concrete examples of MFIs or investors showing outcomes data
- Safeya Zeitoun (Symbiotics) said they've been working to measure outcomes for microfinance clients. Have four dimensions to measure and manage social performance
    - Stories
        - Beneficiaries (micro clients, SMEs, etc)
        - Practitioners. What type of innovations are they doing to improve social performance?
        - Endorsers
    - Intentions
        - Mission of each institution
        - Norms of institution
        - Practices. What are the policies that are in place?
    - Outreach
        - Markets
        - Investees
        - End-clients (rural/urban)
        - Outcome
    - Outcome
        - Financial security
        - HH consumption
        - Employment and entrepreneurship – more the SME portion.
    - SME finance outcomes measurement
        - Measuring outcomes of the SME end clients of the Loans for Growth Fund
        - Focusing on employment and business growth in frontier markets.
        - Sample of 500+ SMEs in 12 countries
        - To be tracked annually for four years
    - Methodology: survey design, sampling, hiring third-party consultants, consultants conduct face-to-face interviews (highest cost of the survey), data validation and analysis, sharing results with investors and investees.
    - What do we measure?
        - 150+ qualitative and quantitative indicators. Took 45 minutes to conduct the questionnaire. Focusing on employment and business growth.
            - Characteristics of the business and business owner – Do they own other businesses? What's the level of their education?
            - Accounting and business practices
            - Business assets
            - Loans and access to credit
            - Employment (seasonal workers, do they WANT to hire more people, are they trying to grow employees)

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        - Business expenditures, income and profits
        - Business challenges
    - Outcomes are aligned to SDGs (SDG 1,5, 8, and 9), which was requested by the investors. It's an easy way to communicate results.
- Stephanie Garcia Van Gool (BBVA MF) said her organization uses the MIS. It's aggregate data that's comparable across countries.
    - Why do we measure social performance? It's easy to get stranded in a lot of data and lose focus on why we're doing this. We want to make sure we're balanced between sustainability and social mission.
    - She said they have a target for their institutions and every country to acquire a certain number of poor clients and vulnerable clients. It's not only client acquisition, but vulnerable clients to make sure they're not going away from our mission. You're putting pressure on institutions to scale, and now you're putting pressure on your institutions to go deeper.
    - BBVA MF started linking segmentation to product offering. If they want to solve poverty, it will never end because it's complex and there are a lot of issues involved. They're trying to understand how clients are behaving over time. They only give productive loans.
        - Segment by extreme poverty line, poverty line and 3x poverty line
        - Clients that have net incomes of business above 3x tend to be in a less vulnerable situation. If you're below threshold, the likelihood to become vulnerable is high.
            - The 2016 report analyzed different client segments over time.
            - The 2017 report analyzed the volatility of clients
            - The 2018 report will look at assets and its relation to client decision making.
    - BBVA MF has seen progress relative to the poverty line.
    - Three characteristics determine BBVA MF's client base:
        - Rural performs better than urban.
        - Clients that initially have a higher asset level perform better over time.
        - The services sector performs best. Even if they're poor at the outset, if they're in the service sector (hairdresser, etc.), they perform better. That goes to the point of value chain. They're not dependent on factors in a value chain.
- Nellie Moore (IPA) said IPA is using quantitative metrics for measuring financial health. This is something that could be used in evaluations and nationally represented services.
    - Financial health is when someone has access to safe, convenient and affordable financial services; exhibit that they have control over fin services; have ability to match liquidity needs with consumption needs (when they have a shock or liquidity, they are able to access it from somewhere)
    - Financial health is a welfare outcome in and of itself. It's also an intermediate indicator of welfare. As an endpoint, it should influence poverty. It's a compelling concept for FSPs because as an intermediate outcome, it's closely linked with products and services, while poverty is on the far end of the scale. Financial services can cause a larger change on financial health than on poverty.
- Christophe said there's often a debate on outcomes. Should we measure outcomes if we're not able to prove causality? The research community is often adamant/concerned by the fact that investors will try to assume causality. Is that the role of investors? Should we measure outcomes, and if so, what are the conductions under which that would be done correctly?
    - Nellie said investors should consider whether outcomes measurement matches learning goals. It's more complex than outputs and outcomes. There are a lot of questions to ask

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yourself about what type of data to collect. She's not saying never collect outcome data, but attribution is a real change. Using outcomes data for decision marking over time without a proper counterfactual can lead to poor decision making.
    - Safeya said the objective of outcomes measurement was to see if the fund was meeting the objectives of job creation and business growth. They're not going to say that if there are more jobs, it's because we gave them more loans; rather, they'll use that information to see a more detailed picture. She knows they can't attribute causality. But the idea is to make sure investors and investees are informed of what's happening to the clients. It's a matter of accountability and not a matter of impact evaluation.
    - Safeya also said FSPs were happy to receive granular data about end clients, which they hadn't been systematically gathering in the past.
- Andres Van der Linden (Triple Jump) asked about the potential for client feedback in filling the attribution gap.
    - Nellie said IPA thinks there's value in individual subjective perception, and it often measures subjective concepts in surveys. However, she said it is not sufficient in filling the attribution gap. You could have biased data. They might think their responses to you affect your decision to give loans to them.
- Daniel Rozas said that with RCTs done in other spheres, there's the assumption that if you're testing bed nets, nobody else is going to provide you with bed nets. With finance, a client may go to another financial institution to get a loan. How can you attribute something to any particular institution when you're in a market?
    - Nellie said they do it through random assignment. In an example study, somebody might come to an institution to receive a product, they would be randomly assigned to different options based on the research question.
    - A key assumption is that people in the treatment group get the treatment and people in the control group don't get the treatment. They take this risk into consideration.
- Nicole Pasricha (FinDev Canada) asked which of these three approaches corresponds to what level of ambition? On financial health, is that a tool that can be used in any of those circumstances? On SMEs and MFIs, is there anything in outcomes data pointing to formality/informality?
    - Safeya said the methodology depends on your objectives and resources. There are varying levels of cost. Her study was possible because the cost of data collection was born by the fund. The investees didn't have to bear the cost of the study. Gathering data for a sample instead of whole portfolio is a lot cheaper, but you run into a lot of problems in terms of what the sample represents. It's not always preferable to have all the data in the world if you can somehow insure your sample is representative.

***Breakout session:* FinTech**

- Anup Singh (MicroSave) posed two questions to the group:
    - What is potential of FinTech to disrupt the microfinance sector?
    - What are the challenges faced by FinTech?
- What is the potential of FinTech to disrupt the microfinance sector?
    - Isabelle Barres (Smart Campaign) said when we think about disruption, we should think about bad and good disruption. If FinTechs offer the same value chain, it may be more threatening for microfinance.
    - Laura Foose (SPTF) said part of the bad disruption could be FinTechs taking the good customers and leaving the harder to reach, more expensive customers for MFIs. Unless MFIs adapt and start offering some sort of digital, it's going to be bad for MFIs.

- Lone Søndergaard (Nordic Microfinance Initiative) said it could be a happy marriage. The MFIs have some data upfront and some sort of trust and loyal customers that the FinTechs don't necessarily have.
- Lory Camba Opem (IFC) said IFC recently reviewed its portfolio of clients in the microfinance sector and banking sector about their digital readiness. There's a normal curve: One extreme of clients are very advanced with AI, machine learning, etc. On the other extreme, heads are still buried in the soil. The majority understand that they have to do something, but a big chunk of it is understanding the strategy. What kinds of partnerships should we be forming? Whom do we collaborate with? How can we remain competitive and still have strategic partnerships with FinTechs? Depending on marketing, regulation and business model, you don't always know who's the best technology partner in that market.
- Lory said investors want to learn about the algorithm and machine learning. How can we take those lessons in China and replicate them in Africa, if they're replicable?

- What are challenges faced by FinTechs?
  - Isabelle asked if we're talking about FinTechs for inclusion. Anup said less than 1% of FinTechs are thinking about the low- and middle-income population. They come from entirely different backgrounds. Investor drive is also toward getting more numbers.
  - Isabelle said depending on the goal of the FinTech, there are different challenges.
    - For all of them, huge competition and thin margins are huge challenges.
    - For FinTech for inclusion, the challenge is true understanding of clients; having a good understanding of the tech but not the finance. They're good at creating solutions for technology, but they don't have the capacity to do financial services, like underwrite credit. An algorithm is a proxy, but it doesn't give you a repayment capacity analysis.
  - Anup said investors are thinking of profit. They enter 10 FinTechs knowing they'll exit 9 but still make money.
    - Machal said those investors are driving up the multiples to the point where they can't get in. If they can't get in, they can't influence them to become more responsible. Our industry could do a better job of understanding what a good investment is. Jumo is not an investable business. There are hardly any FinTechs that are post-profit, but their multiples are totally inflated.
    - Tim Crijns (Triodos) said you could wait to see who does well responsibly and with profit, but by that time it's too expensive to enter.
    - Lory noted that the Catalyst Fund provides seed funding to FinTech companies. Part of their investment is advice. Machal said Venture Lab also does that well, but they make small investments.
- Anup asked if FinTechs are starting with a solution and looking for a problem. He said it could be helpful to look at common areas where everyone has a problem and then create a common structure that can be tweaked for every MFI.
- Daniel noted that in the early 2000s, all MFIs were transforming from NGO to commercial. There was a roadmap that was effective. We could try to replicate that approach.
  - Anup said the lesson we learned there is that the cascaded approach works. BRAC and Grameen used to send people to India, Uganda, etc. where they would serve for 8 months as transformation advisor.
  - Lone said MFIs might not be willing to share. They have a social mission, but they're not in the mindset of "We're all in this together." Anup said transformation advisors would be in a region, not a country.

- Isabelle said how you organize the conversation and whom you bring into the room is important. You can have a representative sample of likeminded institutions that are not competitors. There's a lot to build on in terms of the current platform that already exists for this conversation. The Smart Campaign started its FinTech Community of Practice with digital credit providers.
    - Tim said we should also start thinking about what we want to tell them. With a lot of issues, we don't have answers ourselves yet: pricing, OID, etc. FinTechs say APR doesn't apply. Then what's the metric? How can we measure if what they do is responsible or not?
    - Isabelle said APR is not the metric for very short-term loans, but you can still have a conversation about what's responsible and what's not. Some of the conversations Smart has had is that prices should go down at some point with the algorithms. They're not seeing that. If you put the right people around the table – the ones who are really wanting to define responsible pricing – then it's best to have industry players involved. You want to have something they're going to buy into and implement after.
- Anup said FINCA Uganda is partnering with Wala on a digital wallet. It's telco agnostic. Wala works on blockchain and crypto, and all their transactions are free. Wala feels their role is not to make money from transactions; it's to make money from being a financial intermediary. They don't charge the bank until the time they're able to take deposits from them.
    - Machal said Wala's business model is very pre-profit. It's very customer focused. But when investors walk in, they say, "We can't invest in you. I can't see the business model that I'm supposed to back." If you partner them with FINCA, that makes the process less viable because there's an NGO stream. We find solutions that make sense from a social sense, but it makes it harder from a commercial sense.
- Machal said FinTechs in general are going at 64x multiple. You don't look at them as cap ex businesses. You look at them as asset light. It's hard to judge the viability of the business.
- Machal said for CDC, it's an open discussion that it's ok to go upmarket if it means you can use the returns for other social stuff.
- Laura asked, if we had a working group on this, what segments would people be interested in?
    - Tim said Triodos is examining it by subsectors. Starting with online lending, then payments and remittances. We need to segment FinTechs for discussion.
    - Lone said she things a roadmap for MFIs' digital transformation would be helpful.
    - Investors want to increase the capacity of MFIs, but also of themselves. They want to better understand what it means to have a responsible DFS investment.
        - Laura noted that the CDC-SPTF webinar series on responsible DFS investments aims to have investors and FinTech speakers.
        - The group suggested the Smart's FinTech Community of Practice could talk to Social Investor Working Group.
- Isabelle said Smart Campaign has had discussion with regulators about the standards revision and integrating these concepts into the model legal framework. She doesn't want it to be too prescriptive. It's meant to generate conversation among regulators, not to copy and paste it. Kinga Dabrowska (MFC) noted that regulators are struggling with the same thing. They don't have examples, knowledge about DFS.
- Anup also provided the example of R2, which provides: process automation and credit scoring. It reduces data entry time for partners. Origination costs have gone down by almost 6 percent. We should be focused on helping FinTechs make responsible social solutions for MFIs; we need a credit scoring solution, we need a workflow management solution, etc. Once we have a list of the issues, let's work with FinTechs to address them.

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- Laura said this conversation is about saving MFIs for the sake of MFIs. Everyone here is talking about the client. Zoona said they were not planning to lower the interest rate. MFIs are at least trying, if the mission is strong enough, to lower their prices.

***Breakout session:* Outcomes**

- Nellie Moore (IPA) said data are separated into 3 groups – (i) Output, (ii) Intermediate Outcomes, (iii) Longer-term Outcomes
  - ***Output:*** A lot of information available; it might make sense to start with what's there. Every responsible organization should assess business income or repayment capacity. Poverty might be available for MFIs but not for other sectors (e.g., renewable energy).
    - Data won't be perfect; perfection is enemy of good
    - Isn't it good to just look at these if it's related to your mission? Greater impact world doesn't care about "impact" definition, but financial inclusion is much more cautious. May get by on outsized claims based on anecdotal limited data but in long term won't work to collect data without rigor (e.g., counterfactual).
    - Ability to complain and collection of subjective feedback is valuable even if it doesn't give ability to measure "impact"
    - Challenges: difficult to get follow-up data, even from vigilant MFIs – will measure baseline but can have client turnover or clients won't follow up on questions; more snapshot, data used for risk assessment but would be nice to know that people are not dramatically worse off
    - Challenge: Data aggregation across countries, sectors, etc.
  - ***Intermediate Outcome***: input into longer-term outcomes, e.g., financial health, growth in business revenues. Investees need information related to business practices (revenue growth) so it makes sense even more than the investor level; good sign of financial health of MFI. Business revenues should be available to loan officers while shocks and resilience would not as it's subjective, but you can go with "reported ability" since you can't actually observe. Proxies, like PPI – difficult to give accurate information about change or tradeoffs; some factors are exogenous. PPI is updating methodology and selecting questions based on longevity and factors' independence and how predictive the questions are about poverty levels and that they're not culturally insensitive
  - ***Long term Outcomes***: is the growth in business revenues sustained over time. Investees would be interested in long term outcome data to tailor their products or target certain customer segments according to needs; investors would use to inform decisions across portfolios
    - Challenge: Need time for things to happen – hard to measure with staff and client turnover
    - Challenge: client dropout is big challenge
    - BBVA analysis of dropout: 30% other institution, 30% left formal financial system, 30% bad borrowers => a lot of incentives for informal lending; short term much easier to collect and can give you better information based on which to make decisions
- Ideas (from Goldilocks Challenge, [10 Reasons not to mention impact and what to do instead](), on SSIR). Framework on 4 things to think about:
  - **C**redible – collecting impact data without counterfactual is not credible; financial health tool and trustworthiness of responses, set up data collection in ways that data are credible (might need 3rd party)

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- **A**ctionable – should be used for specific purpose; intermediate outcomes can be useful for strategy or investees' activities but data without counterfactual can be misused and misinterpreted. Nicole: any examples of how this has been done well? Safeya: to avoid misperceptions and over-selling (private investors fundraising for mandate), knowledge sharing about what we're doing and how we're doing it and what it means.
  - Instead of collecting outcome data, garner information from investees about how you're learning and rate them on how they use data to improve their product offerings.
  - Impact Matters (IPA sister org) does "impact audits": looks at how organizations collect and use data, extrapolate from research that exists already to make estimates about what impact is
- **R**esponsible – collecting data you aren't going to use wastes money. Once you've answered question, stop collecting it. BBVA: Trying to prove that you're a social enterprise, wouldn't be enough to stop.
  - Instead of trying to prove you're achieving impact collect data to show how you're working towards impact
  - Data need identified by investor that doesn't serve need for investee, allocate additional resource for that. If data exists already, external validity is an issue, but consider not studying if situation is similar enough to what was studied already
- **T**ransportable – data that you collect should be data that others can learn from. **Follow up on question from** Nicole: anything about data sharing and how to do it? Donor data needs differ from recipient data needs which can be relevant to investors
  - Management buy-in is essential – need to be seen as valuable by MFI or won't get quality, continuity.
  - If you're investee thinks trend over time will influence your investment vs an institution that is innovating and doing something new, consider encouraging risk-taking behavior in reporting requirements (see fintech discussion)
  - If you have to pay for it because MFI doesn't collect it, then there could be lack of strategic fit with your investee, or the MFI doesn't have a use for that data
  - Oikocredit does workshop to capacity build and show investees what they're already collecting
- Nicole: Goldilocks toolkit applicable to private sector consumer goods, services? More about social enterprises
- Safeya: Expectations are unrealistic – banks that do SME lending or 5% MF lending shouldn't have poverty alleviation expectation
- Stephanie: Doing microfinance is hard, and costs a lot; FSP-level – think about how to encourage to measure; as investor, you're investing in institution that makes decision to go into certain region and access certain segment that means sacrificing returns, leading to trade off which is why expectations need to be managed

- Suggestions or ideas?
  - Nicole: Work done on SROI like national capital protocol – assigning value to outcome (value associated with job creation)? Safeya: Reductive to lump all together
  - SPTF piloting outcomes measurement in Peru
  - If CART is compelling and want to think about how to apply ideas to own strategies, there is Right-Fit Evidence unit trying to come up with solutions and Nellie can put in touch with investors

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Social Performance TASK FORCE

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OF THE GRAND DUCHY OF LUXEMBOURG

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