Responsible Inclusive Finance Working Group, Convening #7
Hosted via WebEx
January 30, 2014, 8:30 a.m. – 11 a.m.

Participants
- Frank Ballard, Grameen Foundation
- JD Bergeron, Truelift
- Laura Foose, SPTF
- Anne Hastings, Microfinance CEO Working Group
- Katie Hoffmann, SPTF
- Cécile Lapenu, CERISE
- Aldo Moauro, MicroFinanza Rating
- Brigite Narciso, Planet Rating
- Kasia Pawlak, MFC (representing the SP Fund for Networks)
- Julie Peachey, Grameen Foundation
- Alex Rizzi, Smart Campaign
- Tony Sheldon, SPTF
- Sebastian von Stauffenberg, MicroRate

I.   Meeting Overview

The seventh convening of the Responsible Inclusive Finance (RIF) Working Group focused on three agenda items: (i) general updates from the group, including PPI Certification, CERISE SPI-4 and joint communications for the launch of SPI-4; (ii) a review of the joint RIF concept note on capacity building and (iii) a review of a co-funding facility, developed by the Smart Campaign and SPTF, in conjunction with the Microfinance CEO Working Group. The next RIF Working Group will convene in March 2013. The recording can be found here: https://sptf25.webex.com/sptf25/ldr.php?RCID=0e75b68f610e5eb11624f164adc7735f.

II.   Next Steps

The RIF Working Group identified the following action items:
- Katie Hoffmann will edit the joint RIF concept note to include the group's input and will send the revised note to the group. Group members will read the revised note and make edits.
- Katie Hoffmann will connect with J.D Bergeron and Micol Pistelli of MIX to have a conversation about how the RIF Working Group can use Salesforce to share contacts and calendars.

III.   Summary of Dialogue on Agenda Items

i.   Welcome Remarks
      Katie Hoffmann started with an introduction and overview of the agenda.

ii.   General Updates

PPI Certification
- Julie Peachey outlined changes to PPI Certification, which will re-launch in March 2014.
  - The Grameen Foundation previously used Bankers Without Borders volunteers to conduct certifications. Now, the four specialized microfinance raters – MicroFinanza Rating, MicroRate, M-CRIL and Planet Rating – will conduct the certifications, which can be an add-on to the social rating or a standalone service.
  - Previously, PPI Certification was free. Requesting MFIs will now have to pay a fee, but certification can be bundled with other rating products to reduce cost.
- Grameen Foundation also is introducing a PPI self-assessment tool to help MFIs prepare for certification. The tool will be made available in February.
- The PPI certification and self-assessment tool will be based on revised PPI Standards of Use:
  - Basic Standards are more difficult to meet.
  - Advanced Standards highlight exceptional integration of poverty measurement data into an organization's operations.
- Julie noted that the Standards of Use are not limited to MFIs. Rather, they are applicable to any organization that is using the PPI.

CERISE SPI-4
- Cécile Lapenu provided updates from CERISE SPI-4, which will be shared with the SPI-4 Expert Panel on Jan. 31. CERISE plans to share it more widely the week of Feb. 3.
- The group is trying to create one tool to assess the Universal Standards for Social Performance Management and the Client Protection Principles. There will be four basic reporting options:
  1. *Universal Standards for Social Performance Management*, which include the Client Protection Principles
  2. *Client Protection Principles*
  3. *SPI-4 dimensions* – This reporting option will make sure that those who are used to the old version of SPI can still access that format.
  4. *MIX social data* –MFIs who are filling out the SPI-4 can automatically report their social performance to the MIX.
- Cécile lso detailed four optional reporting options:
  1. *Green* – CERISE worked with a working group launched by e-MFP to create a dimension on microfinance and the environment. This lens is now the seventh dimension in the tool, following the six dimensions from the Universal Standards.
  2. *Gender* – CERISE integrated the Women's World Banking gender indicators, which are mostly focused on results, into a gender lens.
  3. *Poverty* – CERISE will work with Truelift and Grameen Foundation to create a poverty lens once the versions of PPI Certification and Truelift Assessment are finalized. CERISE is also working to integrate the PPI Standards of Use.
  4. *Rural* – CERISE has been working with ForoLac to create a rural lens. This still has to be pilot-tested in the field, so it has not yet been integrated into the SPI-4 tool.

- CERISE is aiming to have 25 MFIs, three networks and three investors beta test the tool.
  - MFIs:
    - Microfinance CEO Working Group, which is part of the SPI-4 Expert Panel
    - MFIs who have been using the SPI in the ProsperA Network
  - Networks and TA providers
    - PMN in Pakistan, RFR in Ecuador and CIF in West Africa, which have taken part in the SPI-4 Expert Panel
    - Good Return, Microfinance Centre, Entrepreneurs du Monde
  - Investors, donors, funders (specifically looking how the investors can use this tool for data collection during due diligence to simplify the work for MFIs)
    - Incofin and Grameen Credit Agricole, which are part of the Expert Panel
    - Proparco-AFD, Oikocredit
- CERISE will have regular exchanges with beta testers to collect feedback on the tool, which will be shared at the SPTF Annual Meeting in Dakar in June. After this meeting, CERISE may unveil SPI-4 version 1.1. It also will use the feedback to develop trainings materials on SPI-4.

Joint Communications for SPI-4
- Katie Hoffmann shared joint communication messages for the SPI-4 launch, which were developed with SPTF, CERISE and MIX. The three organizations worked with Hattaway Communications to develop the following joint messages:
  - "SPI-4 was *built together* with the main initiatives and the practitioners"
    - Greater efficiency on social data collection
    - Common language across resources and tools
  - "The tool is an *entry point* for implementation of the Universal Standards. There will be different assessments methodologies (from self-assessment to external audit), which will depend on the choice of the MFI."
  - "The objective to *simplify* the social reporting burden by harmonizing approaches in data collection."
  - Specifically for MIX's role:
    - MIX will include a subset of the Universal Standards indicators that provide benchmarks, are easy to validate, and are relevant to stakeholders
    - MIX channels will remain the same for reporting, and those who use the CERISE SPI-4 tool can use that to report to the MIX.
    - In 2015, collection will include a subset of the Universal Standards based on criteria that MIX uses to collect indicators: relevance for stakeholders, ease of validation and usefulness for benchmark analysis.

iii. **Joint RIF Concept Note on Capacity Building**
- Katie Hoffmann walked the group through the draft of a Joint RIF Concept Note, which followed last meeting's discussion about potential areas of coordination for capacity building.

- According to the draft, the proposed activities would support various stages of the responsible finance path: from *Learn* (through workshops) to *Assess* (through trainings and assessments) to *Plan* and *Implement* (through supporting TA providers).
    - *Support Learning*: Conduct introductory sessions on responsible inclusive finance.
    - *Support Self-Assessments:* Build out skills of trainers, particularly on SPI-4
    - *Support Transparency:* Fund MIX upgrades to house indicators collected by SPI-4
    - *Support Planning and Implementation*: Build out skills of assessors and TA providers
  - An administrator will run the capacity building training. The administrator, who will have experience across the responsible inclusive finance initiatives and tools, will:
    - Oversee a centralized consultant database, which will allow MFIs to search providers by region and skills, as well as make it more cost-effective to conduct trainings.
    - Oversee Responsible Inclusive Finance Officers, who will coordinate activities and train institutions on responsible inclusive finance in a given region.
- Tony Sheldon asked if MIX will upgrade the platform, whether or not the group is able to raise funds for the upgrades. Laura Foose said it's contingent on raising the funding. She also noted that if the group houses the data elsewhere, it would still have to raise money.
- Tony said the concept paper was quite broad, but then the MIX section was very specific. In general, the tone paints this big picture, but then the budget only looks at MIX.
- Discussion of the role of RIF Officer:
  - Cécile thinks the officers should be local, permanent staff. Laura agreed and said the group house a local person in a network. The officers would have to be trained on all RIF initiatives so they could handle all the requests in the region.
  - Alex Rizzi noted that the group should determine how they would choose officers and their priorities in the field. Laura agreed, and said one of the considerations for selection should be ease of travel. For example, many initiatives rely on the PMN, but if an Officer is housed in PMN, they may have difficulty obtaining visas to travel around the region.
  - Laura noted that the officers should create a priority list of networks in the region that need training, and, when the officers are not addressing demand-driven requests, they can work through the list one-by-one.
  - Cécile noted that it will be helpful to pilot test the concept of RIF Officers.
  - Kasia noted that it will be challenging to find the right depth and width of skills, as the group needs a person who knows all RIF initiatives but can also do specific trainings. She said the RIF Officer could refer more in-depth TA to local providers.
  - Laura thinks the RIF Officers can be housed by organizations, but they have to be paid by the RIF Working Group. Otherwise the network will take over their time.
- Discussion of the TA database:
  - Laura said she'd like to get the PPI certifiers and trainers into the TA database.
  - Laura noted that the raters can carry out a lot of these activities and should be added to the TA database. Aldo Moauro and Sebastian von Stauffenberg said there is no conflict if raters are giving advice to RIF Officers or networks. The conflict comes in giving training, advice or TA to a singular MFI.

- o Anne Hastings noted that the group should clarify the purpose of the database: Is it a tool for MFIs to access expertise they might need or is it supposed to be an evaluation of the capacity we have operating in the sector? Anne thinks there is a need for both. She also noted that the concept paper should not claim that the industry doesn't have the capacity it needs, unless it can back that up with data.
  - ▪ JD Bergeron thinks the database should serve both purposes, and consultants should be marked whether they can provide services directly to MFIs or not. Anne agreed, if the group can get the funding to do it.
  - o Anne also noted that the database and trainings could be a step toward creating an accreditation process for TA providers. She thinks it's something we should consider long-term, but should not put in the proposal right now.
- • Cécile noted that the final objective of this work is to build MFI capacity to integrate SPM (and do not need external TA after that). To that end, one of the goals should be to develop, test and disseminate material for SPM implementation.
  - o Kasia said that the group should try to integrate RIF issues into overall TA curricula.
  - o Laura noted that the group could create an advisory committee that would engage mainstream trainers on integrating RIF issues into TA. She said CGAP has updated general courses to incorporate a "client/SP/CPP" lens and that the ILO also was interested in integrating these issues into their curriculum.
- • Laura said potential fees for trainings would be based on money we raise. Ideally, the RIF awareness trainings would be free. If the network wants a specific training on the PPI or the CPPs, the RIF Officers could coordinate with the MFI on getting a consultant from the database. Cécile agreed, saying a fee structure would help make this work more sustainable.
  - o Kasia suggested that consultants pay a small entrance fee for being in the database.
  - o Cécile added that access to recording of trainings should be free
- • Discussion on the relationship between RIF Officers and the administrator:
  - o Kasia noted that the administrator will be more an expert than a manager, but there would still be a need for coordination with consultants and officers and the host institutions.
  - o Laura said the administrator should know the issues and train the RIF Officers, and then each RIF Officer would be in charge of developing the TA in their region. The other option would be for the administrator to train the consultants in the database, which would make the role of the RIF Officer more about information sharing.
  - o Kasia suggested the administrator also develop new technical tools.
- • Discussion on the relationship between the administrator and the RIF Working Group:
  - o Laura thinks the group can talk about issues on a higher level, while the administrator would work on a more detailed level. She thinks that, potentially, SPTF and Smart Campaign could turn over their implementation arms to this new structure, and then the organizations could focus more on creating and updating standards. Julie noted that Grameen has already decentralized, so its structure could help these efforts.
  - o JD said it will be difficult for one person to have seven bosses.

- The group decided that the next step would be to have Katie incorporate this input into a revised version and share it with the group for further edits.

iv. Co-Funding Facility
- Smart Campaign and SPTF, in conjunction with MCWG and MFC have developed a concept note for a 50% co-funding facility. Anne Hastings provided background on the facility.
    - She said the group originally aimed to have one proposal with capacity building and co-funding. However, investors' specific interests would make this difficult to fund, leading to two separate proposals. Anne said the group is close to finding core donors. Once the facility is operational, she thinks it could be expanded to include Truelift and others.
    - The main purpose of this proposal is to help MFIs move along the on-ramp of responsible microfinance. Between MFC (the 10 national networks they work with on SPM) and MCWG, there are close to 300 global MFIs. Furthermore, the MCWG have committed to having MFIs in their networks get on the on-ramp of responsible microfinance (specifically, this means complying with the Client Protection Principles, the Universal Standards and MF*Transparency,* in countries where it operates)
    - Under the proposal, a co-funding facility would fund 50 percent of the following activities:
        - Social Rating
        - Client Protection Certification
        - External assessments (a SPI-4 accompanied assessment or a Smart assessment)
        - Internal audit or assessment that ENDS with an action plan.
        - Implementation of one or more concrete items in an action plan.
        - Introductory training on client protection and social performance. Trainings would be conducted by and include participation from at least one Board member, one member of the top leadership team, an internal auditor, and the MFI's social performance manager.
    - Working with MCWG and MFC will allow for bulk applications, increasing efficiency. For example, the MCWG alone is covering about 43 million clients now. To be sure, all MFIs will be eligible to apply.
    - The group expects to allow, on average, $15,000 for each MFI. It expects to reach about 200 of the group of 300 MFIs in the next two to three years.
    - These funds will be limited in duration but will help kickstart the demand for these activities. Once the largest MFIs are recognized as responsible, others will follow.
    - The group is looking for two core donors to start the facility and to launch in 2014.
    - Targeted outcomes of the co-funding facility:
        - Improved awareness and deeper engagement by financial institutions in carrying out responsible practices
        - Increased number of MFIs assessing, improving and demonstrating practices in relation to responsible microfinance
- JD Bergeron asked why the proposal uses the term "responsible microfinance" instead of "responsible inclusive finance." He noted that one of the main purposes of the RIF Working Group was to not put the initiatives up as competitors, and he's worried that this facility,

which doesn't include all of the initiatives, will do that. JD thinks the concept is important but would like to see a proposal from the RIF Working Group.

- o Anne said she understands the problem, but that the facility is supposed to get MFIs on the on-ramp. She's trying to keep it simple because that's what donors are willing to fund right now. Once it's launched, we can expand it as necessary.
- o Anne also noted that Truelift could be included in some of the facility's activities. If an MFI wants to package Truelift and a Social Rating, they can pay for Truelift through their 50 percent co-funding. Also, Truelift is included in SPI-4.
- o Laura Foose asked for an update on the poverty module of SPI-4.
  - ▪ JD said the main concern is to get the input/output alternating views. The question is about the inclusion of the logic framework, not the inclusion of the indicators. He wants to make sure there's a Truelift input page, as well as an output page, but he understands that's not possible now.
- o Anne noted that Truelift is creating its own Assessment tool, which could be confusing because they're others being tested (PPI, Client Protection and SPI-4). That's four different beta testings, which could be burdensome and confusing for MFIs.
  - ▪ JD said all the initiatives share the same goal of help MFIs on the on-ramp. Each initiative has the responsibility to make sure that MFIs that find them first have all the information, and then they can sell the MFIs on the bigger picture.
  - ▪ Julie Peachey noted that the PPI self-assessment doesn't need to be beta testers. The standards are incorporated into the SPI-4 so the beta test will be through the SPI-4.
  - ▪ Anne suggested that when different tools do a beta test, they could say, "This isn't a beta test for a Truelift assessment tool, it's a beta test for a section of the SPI-4 tool." J.D. agreed that it's important to be clear and agrees that the message to MFIs will be that the eventual place to assess is the SPI-4.
- o Laura said all guidelines for SPI-4 should be written similarly to make it easier for MFIs.
- o Cécile Lapenu said the group shouldn't necessarily start with the largest MFIs. Rather, the group should start with the most committed MFIs. Anne said that these networks have already made a public commitment. She also noted that the driver isn't the size of the MFI; it's more about influencing other MFIs in the market to take action on similar activities.
- o Cécile thinks that other networks should also be included in the co-funding facility. Even if they are not used in the short run, it will be important to include other channels. Laura agreed, saying that ProsperA and Oikocredit could have their own proposals.
  - ▪ Anne said there's not consensus about Oikocredit, which could delay the proposal.

v. **Salesforce**

- • JD Bergeron gave a quick summary of how the group can use Salesforce to connect information. For example, it could indicate if another initiative recently worked with an organization or details about participation from organizations in various countries. Because of time constraints, the group decided to table the discussion until the next RIF Working Group meeting. J.D., Katie Hoffmann and Micol Pistelli will discuss the issue prior to the next call.