

Responsible Investment Initiatives in Microfinance

Accompanying description of initiatives, in alphabetical order

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Key

Title in green indicates an initiative focused on client protection, title in blue indicates an initiative focused on social performance (these typically also encompass client protection). Each initiative is accompanied by a table indicating where in the process the initiative sits:

- Stating commitment Tools for self-assessment Tools for implementation
 Demonstrating commitment Evaluations, Audit and Ratings Certification

CERISE Social Audit Tool for Microfinance Investment Intermediaries (CERISE Social Audit)

- Stating commitment
- Tools for self-assessment
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- Certification

What is it? The CERISE Social Audit Tool for Microfinance Investment Intermediaries (SAM) is designed to promote socially responsible investment in microfinance by assessing investment intermediaries' strategy, investee performance and social and environmental responsibility in a transparent, standardized way.

Who's it for? SAM can be administered at the level of a Fund. MIIs may wish to self-administer the tool or, alternatively, call on CERISE to guide the audit process.

What guidance and support is available? CERISE offers personalized assistance to MIIs wishing to reflect on responsible investment strategies and optimize social performance management tools and approaches, and social performance data collected from MFI partners.

How established is it? The first version of the tool was developed 2008-2010 in collaboration with 15 funds. Version 2, released March 2012, has been updated, in particularly drawing on the Principles for Investors in Inclusive Finance.

Who oversees its work? The Comité d'Echanges, de Réflexion et d'Information sur les Systèmes d'Épargne-crédit (CERISE) and its partner investors.

What does it require? It takes about 10-15 days. Sources for filling in the questionnaire include: interviews with the Managing Director of the MII and key staff; key strategic documents of the MII; and social performance data and reports.

How much does it cost? This depends on the size of the MII and expected outputs. 10-15 days of support by CERISE when it is an external assessment.

CERISE Social Audit Tool for MFIs (CERISE SPI-4)

- Stating commitment
- Tools for self-assessment
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- Evaluations, Audit and Ratings
- Certification

What is it? The CERISE Social Audit Tool for MFIs will give MFIs a simplified tool for self-assessment on different standards. Using the tool, MFIs will be able to produce specific reports on their performance of the Universal Standards for Social Performance Management, Smart Campaign Self Assessment and Truelift. CERISE will use a data collection tool to gather data for social and financial indicators, including pricing information. Such data collection will be aligned with the MIX, which will reduce the reporting burden for MFIs. It also will help MIX, CERISE, and the networks more easily provide investors with reliable information.

Who's it for? The SPI-4 tool will help MFIs assess their performance on different standards. The tool also will report reliable and comprehensive data to the MIX, which will reduce the reporting burden for MFIs and help improve transparency. Furthermore, reports produced also can be used for the investors in their due diligence.

What guidance and support is available? Networks are willing to play a role in data collection and data quality control. They have local knowledge and thus can provide reliable information. CERISE will continue building the capacity of networks and TA providers for data collection and verification.

How established is it? In October 2013, the organization will hold an expert panel with different initiatives, MFIs and networks to gather feedback on the tool. The SPI-4 will launch in January 2014.

Who oversees its work? The Comité d'Echanges, de Réflexion et d'Information sur les Systèmes d'Epargne-crédit (CERISE) and its partner investors.

What does it require? The SPI-4 will be an excel-based tool, which will be adaptable to local contexts.

How much does it cost? The SPI tool will be accessible for free.

Global Appeal for Responsible Microfinance (Global Appeal)

<input checked="" type="checkbox"/>	Stating commitment	<input type="checkbox"/>	Tools for self-assessment	<input type="checkbox"/>	Tools for implementation
<input type="checkbox"/>	Demonstrating commitment	<input type="checkbox"/>	Evaluations, Audit and Ratings	<input type="checkbox"/>	Certification

What is it? The Global Appeal reaffirms the role of microfinance as a development and inclusive finance tool. It aims to bring back ethical values and a social orientation that should inspire all stakeholders in the sector and offer to make self-regulation initiatives and rules converge towards a solid pedestal of principles. These rules will help define responsible microfinance and restore faith among the public.

Who's it for? The Global Appeal is part of a campaign of advocacy and action among all concerned actors: the general public, microfinance professionals and decision makers.

What guidance and support is available? www.appeldeparis.org has been launched to enable individuals and organizations to read, understand, endorse and link with the campaign.

How established is it? It was officially presented at the 4th annual Convergences 2015 Forum in May 2011 and has been the subject of a wide media campaign launched on the web and in several countries via media coverage and conferences.

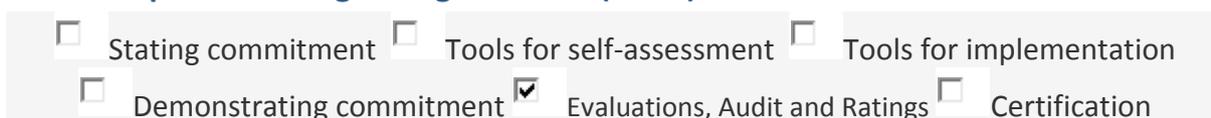
Who oversees its work? The Global Appeal is promoted by Convergences 2015. Launched in 2008, Paris-based Convergences 2015 is the first platform for thought in Europe that aims at building new

convergences between public, private, and solidarity-based actors to promote the Millennium Development Goals and to alleviate poverty and privation in developed and developing countries.

What does it require? It requires adhering to the principles and propositions stated within.

How much does it cost? The Global Appeal for Responsible Microfinance is not an audit, certification or rating. It is therefore free to endorse.

Global Impact Investing Rating Standard (GIIRS)



What is it? GIIRS Impact Ratings assess the social and environmental impact of companies and funds using a rating methodology that is comprehensive, comparable and verified. This information is then aggregated and verified via GIIRS Analytics (currently in development) to enable investors to analyse comparable data of GIIRS rated companies and funds.

Who's it for? Impact Ratings are provided for funds and companies, and can be used to raise capital or report on performance to mission-aligned investors. The data collected will also be available to investors, investment advisors and other intermediaries (social stock platforms, incubators and business competitions) via GIIRS Analytics.

What guidance and support is available? All companies and funds that get GIIRS rated have a dedicated Ratings Associate who helps them through the process and validates their data.

How established is it? GIIRS is a capital markets initiative of B Lab, a US-based non-profit that launched in 2007. GIIRS was launched at the Clinton Global Initiative in September 2011.

Who oversees its work? See <http://www.giirs.org/about-giirs/giirs-team>

What does it require? To become GIIRS rated, companies and funds must complete a GIIRS assessment via the online GIIRS platform, conduct an assessment review with a GIIRS Ratings Associate, and then complete a document review to verify responses provided on the assessment. This entire process takes between 4-7 hours in total, spread over the course of several days/weeks – the process is driven by the fund manager or entrepreneur. On an annual basis, 10% of GIIRS-rated companies are randomly selected for an on-site visit.

How much does it cost? See <http://giirs.org/for-funds/get-rated-funds>. The GIIRS assessment has definitions (IRIS compliant) and Best Practice guides that can be accessed and used free-of-charge via the GIIRS assessment platform.

Impact Reporting and Investment Standards (IRIS)

- Stating commitment
- Tools for self-assessment
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- Certification

What is it? IRIS is a set of standardized metrics that can be used to describe an organization's social, environmental and financial performance. Like financial accounting standards, IRIS provides a basis for performance reporting, and organizations need only use relevant metrics from the IRIS library.

Who's it for? IRIS is for investors in funds, direct investors, companies, and other groups such as network associations and ratings agencies.

What guidance and support is available? The staff of the Global Impact Investing Network (GIIN) – which is the institutional home for IRIS - offer IRIS clinics and webinars throughout the year. Users are encouraged to submit specific questions through the IRIS website (www.iris.thegiin.org).

How established is it? The IRIS initiative was launched in 2008 by the Acumen Fund, Rockefeller Foundation, and B Lab.

Who oversees its work? The IRIS initiative is a program of the GIIN with a small dedicated staff. The initiative additionally benefits from an advisory structure that has been designed to support the evolution of the standards, adoption efforts, and technology infrastructure.

What does it require? There are no pre-established requirements for using IRIS. However, most users find it valuable to develop a theory of change and/or investment impact thesis as well as related performance targets prior to selecting IRIS metrics for their impact measurement program.

How much does it cost? IRIS is a public good. The IRIS metrics library and related resources are free to browse and download and are available via the IRIS website.

LuxFLAG

- Stating commitment
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- Evaluations, Audit and Ratings
- Certification

What is it? The Luxembourg Fund Labelling Agency (LuxFLAG) is an independent, non-for-profit organization, which aims to promote the raising of capital for the microfinance sector by awarding a recognizable label to eligible Microfinance Investment Vehicles (MIVs). Its objective is to reassure investors that the labelled MIV actually invests, directly or indirectly, in the microfinance sector.

Who's it for? Open to any MIV domiciled in any jurisdiction which meets published eligibility criteria, available at www.luxflag.org

What guidance and support is available? Eligibility criteria and the procedure, including application forms, are available at www.luxflag.lu/MIV_labelProcedure.htm

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How established is it? LuxFLAG was launched in 2006 by seven founding charter Members:
www.luxflag.org/luxflag_aboutUs.htm

Who oversees its work? The agency is managed by the LuxFLAG team and is governed by the Board of Directors who represents the Charter Members of the agency.

What does it require? The prospect applicant funds are required to submit an application form along with supporting documents. The application will be reviewed by the LuxFLAG team and the Eligibility Committee (an independent body comprising of industry experts) which provides its recommendations to the Board of Directors for final approval and grant of the Label.

How much does it cost? Successful applicants are required to pay a fee of €3,000 per entity, and €1,500 for the second and all subsequent sub-funds.

MFTransparency (MFT)

<input checked="" type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input type="checkbox"/> Tools for implementation
<input checked="" type="checkbox"/> Demonstrating commitment	<input type="checkbox"/> Evaluations, Audit and Ratings	<input checked="" type="checkbox"/> Certification

What is it? The global industry vehicle for publishing true prices charged for microcredit, for educating on how to understand those prices and then to make appropriate decisions about pricing.

Who's it for? All materials are available to all stakeholders in microfinance, with materials tuned to the level of technical depth desired by different audiences.

What guidance and support is available? MFTransparency provides a broad range of tools and resources, in multiple languages, all available on its [website](#). This includes the Calculating Transparent Pricing Tool v.2.2 which can be used as a self-assessment tool by MFIs, or as an assessment tool by investors, clients, or any other stakeholders on pricing. All of the pricing data collected is available on the website, along with downloadable sample repayment schedules. MFTransparency also provides webinars and on-site training.

How established is it? MFT was launched in July 2008, with broad support from across the industry. It has worked with the microfinance industry in nearly 30 countries to transition toward transparent pricing. Since its founding, MFTransparency has established itself as a leader in pricing transparency in the microfinance industry and continues to be the only initiative of its type addressing this issue at depth. Over the past five years MFTransparency has collected, analyzed, and disclosed microloan pricing data from over 500 microfinance institutions around the world on loans going to more than 48 million clients.

Who oversees its work? MFTransparency is a US-based NGO with an international board of directors and a virtual office with international staff members. All of MFTransparency's pricing data is published on its website and is accessible for the general public.

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What does it require? MFIs provide data through an excel-based Data Collection Tool (DCT) allowing *MFTransparency* to collect and publish the true prices charged on the products sold by that MFI.

How much does it cost? There is no cost for MFIs to participate, nor for the analytical and educational materials provided. *MFTransparency* is funded by a variety of donors who support its various activities and functions.

Microfinance Institutional Rating (MIR)

<input type="checkbox"/>	Stating commitment	<input type="checkbox"/>	Tools for self-assessment	<input type="checkbox"/>	Tools for implementation
<input type="checkbox"/>	Demonstrating commitment	<input checked="" type="checkbox"/>	Evaluations, Audit and Ratings	<input type="checkbox"/>	Certification

What is it? MIR provides an opinion on long-term sustainability and creditworthiness through a comprehensive assessment of risks, performance, market position, and responsible practices.

Who's it for? Investors, lenders, MFIs, banks, and development finance institutions and multilaterals.

What guidance and support is available? Collectively, the four specialist microfinance rating agencies¹ have launched a rating guide to explain the key terms and processes associated with MIR. It is available at http://www.planetrating.com/userfiles/Rating_Guide_2012_EN.pdf

How established is it? It is currently in the pilot phase and will formally launch January 2013.

Who oversees its work? It is independently implemented by each rating agency, see www.ratinginitiative.org for more information.

What does it require? Payment of fee, provision of operational data and field visits.

How much does it cost? Fee is dependent on MFI size of operation as well as country.

MicroRate's Luminis Service

<input type="checkbox"/>	Stating commitment	<input type="checkbox"/>	Tools for self-assessment	<input type="checkbox"/>	Tools for implementation
<input checked="" type="checkbox"/>	Demonstrating commitment	<input checked="" type="checkbox"/>	Evaluations, Audit and Ratings	<input type="checkbox"/>	Certification

What is it? MicroRate's Luminis service is an online platform that provides data and analysis on microfinance investment funds.

Who's it for? Current and potential investors in microfinance funds as well as researchers and academics.

What guidance and support is available? Luminis was initially sponsored by LuxFLAG and the Luxembourg government.

¹ M-CRIL (www.m-cril.com), Microfinanza Rating (www.microfinanzarating.com), MicroRate (www.microrate.com) and Planet Rating (www.planetrating.com)

How established is it? MicroRate launched Luminis in 2010 and has developed a methodology that evaluates the performance, risk, social and management (PRSM) dimensions of each fund. Luminis is fully launched and is actively conducting fund evaluations and engaging with investors.

Who oversees its work? The Luminis team is managed and fully operated by MicroRate. The Luminis service is guided by its steering committee, which is made up of members from MicroRate, LuxFLAG and the Luxembourg government.

What does it require? For a basic profile on Luminis, funds must request and complete an online survey. For the Luminis evaluation funds must : 1) request and complete a data intake form; 2) participate in a follow- up interview between Luminis analysts and the fund’s portfolio manager(s); and 3) review a final draft report for factual accuracy prior to publication.

How much does it cost? There is no cost for MIVs to be evaluated by Luminis. Investors pay for analytical fund reports and to access detailed PRSM profiles through the Luminis web platform.

MIV Rating

<input type="checkbox"/> Stating commitment	<input type="checkbox"/> Tools for self-assessment	<input type="checkbox"/> Tools for implementation
<input type="checkbox"/> Demonstrating commitment	<input checked="" type="checkbox"/> Evaluations, Audit and Ratings	<input type="checkbox"/> Certification

What is it? The rating is a performance evaluation of MIVs on aspects such as governance, lending policies, social performance, investee monitoring and support plus financial performance.

Who’s it for? The rating is for MIVs. The information is also of use to high net worth individuals, investors and other stakeholders, such as industry bodies.

What guidance and support is available? There is a paper on MIV ratings available at www.m-cril.com which details the genesis, process and experience of MIV ratings.

How established is it? MIV ratings were undertaken by MicroRate in 2009 and M-CRIL in 2010. Further evaluations depend on market demand.

Who oversees its work? Each rating report is evaluated and finalised by a Rating Committee consisting of national and international experts.

How much does it cost? Rating fee is dependent on the MIV size and scale of operations. The range is from \$12,000 to \$20,000.

MIX

<input type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input type="checkbox"/> Tools for implementation
<input checked="" type="checkbox"/> Demonstrating commitment	<input type="checkbox"/> Evaluations, Audit and Ratings	<input checked="" type="checkbox"/> Certification

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What is it? MIX provides objective, qualified and relevant microfinance performance data and analysis on microfinance institutions (MFIs), funders, networks and service providers. It is committed to strengthening financial inclusion and the microfinance sector by promoting transparency.

Who's it for? MIX serves the business needs of all actors in the microfinance industry.

What guidance and support is available? MIX Market (www.mixmarket.org) provides instant access to financial and social performance information covering approximately 2,000 MFIs around the world. Its publications, MicroBanking Bulletin and MIX Microfinance World, feature thorough and timely analysis based on qualified data and research. MIX recognizes both the breadth and quality of social performance data submitted by MFIs.

How established is it? Incorporated in 2002, MIX is a non-profit organization headquartered in Washington, DC with regional offices in Azerbaijan, India, Peru and Senegal.

Who oversees its work? MIX

What does it require? MIX sources data from audits, internal financial statements, management reports, original policy documents or other documents and complements this data with questions directly to MFIs. MIX analysts and partners enter all data into MIX Market's database; all data is reviewed by MIX staff and validated against a set of business rules before publication.

Principles for Investors in Inclusive Finance (PIIF)

<input checked="" type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input checked="" type="checkbox"/> Tools for implementation
<input checked="" type="checkbox"/> Demonstrating commitment	<input type="checkbox"/> Evaluations, Audit and Ratings	<input type="checkbox"/> Certification

What is it? A framework for responsible investment in inclusive finance.

Who's it for? Institutional investors, both those who invest directly (i.e. manage funds or invest directly in retail providers) and indirectly (i.e. via investment managers or funds).

What guidance and support is available? The Principles are accompanied by a set of possible actions, to which additional guidance on avoiding overindebtedness and on setting reasonable covenants have been added. A Reporting Framework accompanies the Principles, with the aim of encouraging transparency and accountability. The Framework was piloted in 2012 and launched for all PIIF signatories in October 2013. Additional toolkits and resources are available from the PIIF website to help investors put the Principles into practice.

How established is it? The Principles launched in January 2011. Currently, 48 investors managing an aggregate US\$ 9bn (approximate) in microfinance have signed the PIIF. The full list of investor signatories is available at www.unpri.org/piif.

Who oversees its work? The Principles are housed within the PRI Association. The PRI Association provides the Secretariat for the UN-supported Principles for Responsible Investment (PRI). The PIIF are overseen by a steering committee comprising signatory representatives.

What does it require? For direct investors, a commitment to implementing the Principles. For indirect investors, a commitment to endorsing and encouraging investees' implementation of the Principles. For both, signatories are required to report against the annual Reporting Framework, which is based on the Principles. More information is available at www.unpri.org/reporting.

How much does it cost? The core text of the Principles, accompanying possible actions, Reporting Framework and some support materials are freely accessible at www.unpri.org/piif. Signatories to the Principles are required to pay the PRI annual fee, enabling them to access signatory-only materials and events and to take part in the reporting process. The fee is based on assets under management: www.unpri.org/faqs.

Smart Campaign, Client Protection Principles

<input checked="" type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input checked="" type="checkbox"/> Tools for implementation
<input type="checkbox"/> Demonstrating commitment	<input type="checkbox"/> Evaluations, Audit and Ratings	<input checked="" type="checkbox"/> Certification

What is it? The Smart Campaign is a global campaign committed to embedding client protection practices into the institutional culture and operations of the microfinance industry. The core of the Smart Campaign's work is the seven Client Protection Principles, (CPP) which are not concretized through the 30 Client Protection Certification standards.

Who's it for? Financial providers, international, regional and national networks, investors, and donors among others, can endorse the Smart Campaign and engage with its activities and materials.

What guidance and support is available? Various toolkits and resources are available direct from the site to help translate the Principles into practice. These include a self-assessment guide (Getting Started Questionnaire), more than 60 tools to help implement the CPPs, training materials for staff and instructional videos (<http://smartcampaign.org/tools-a-resources/41>). Tools are available in English, Spanish, French and Portuguese, among other languages. The Campaign periodically holds in-person trainings and webinars for deeper engagement with the CPPs.

How established is it? In 2008, Deutsche Bank brought together several dozen microfinance leaders in Pocantico, New York to discuss the future of microfinance and examine potential risks to its ongoing growth and success. Following the resultant Pocantico Declaration, CGAP began reaching out to investors and distilling existing codes of conduct from microfinance networks into the Client Protection Principles. The Center for Financial Inclusion, which was involved in the "Beyond Codes" action research project, was subsequently charged with forming a global and diverse coalition of stakeholders within the microfinance industry, now known as the Smart Campaign. It serves as an umbrella for all industry-wide efforts on client protection.

Who oversees its work? The Smart Campaign Secretariat is based in Washington, DC.

What does it require? There are many options and levels for organizations interested in integrating the CPPs into their work; resources required depend on the organisation's existing level of practice, commitment to improvement and resources available.

How much does it cost? There is no cost to endorse or use the tools or videos. Trainings are typically free or charge a nominal fee. Estimated cost of undergoing a Client Protection Certification ranges from \$8,000 to \$18,000, depending on the region.

SPTF's Universal Standards for Social Performance Management (SPM)

<input checked="" type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input checked="" type="checkbox"/> Tools for implementation
<input type="checkbox"/> Demonstrating commitment	<input type="checkbox"/> Evaluations, Audit and Ratings	<input type="checkbox"/> Certification

What is it? Developed through industry consultation, the Universal Standards for Social Performance Management are a set of management standards that apply to all microfinance institutions pursuing a double bottom line. Meeting the Standards signifies that an institution has “strong” social performance management practices.

Who's it for? The Standards are relevant for all double bottom line institutions and the industry stakeholders that support them, including investors, donors, social raters and auditors, and industry networks and associations.

What guidance and support is available? The Standards are designed to facilitate actionable management practices related to setting strategy, building employee buy-in, and putting the client first. The SPTF website provides a variety of tools and resources for guidance, including toolkits for MFIs and investors and case studies on social performance.

How established is it? The Standards were launched in June 2012.

Who oversees its work? The Social Performance Task Force (SPTF) will update the Standards on an annual basis.

What does it require? The Standards create a standard of achievement for institutions striving for strong SPM. Accordingly, implementation may be gradual for many institutions. Joining the SPTF is voluntary, and compliance with the Standards is not a condition of membership.

How much does it cost? Nothing – no certification is required.

Truelift, Pro-Poor Principles

<input checked="" type="checkbox"/> Stating commitment	<input checked="" type="checkbox"/> Tools for self-assessment	<input type="checkbox"/> Tools for implementation
<input checked="" type="checkbox"/> Demonstrating commitment	<input checked="" type="checkbox"/> Evaluations, Audit and Ratings	<input type="checkbox"/> Certification

What is it? Truelift is a trust mark in microfinance and beyond to signify a commitment to positive and lasting change for poor people. Further, Truelift aims to renew the pro-poor objective of microfinance by focusing on effective data collection and tracking progress over time. By focusing on what works, Truelift will build a community of practice to improve practices that serve people living in poverty.

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Who's it for? Truelift and the Pro-Poor Principles are intended for any organization that identifies with a poverty focus, whether practitioner, network, donor or otherwise. Meeting the Pro-Poor Principles demonstrates an institution's success in reaching poor clients, meeting their needs through product and service adaptations, and tracking progress over time.

What guidance and support is available? The Pro-Poor Principles form a roadmap toward effective microfinance in service of poor people. The Truelift Indicators Tool and its accompanying Guidance Wiki may be used as a self-assessment or for strategic planning purposes. The Truelift Secretariat is available to answer questions and provide support.

How established is it? Launched in October 2010. Truelift has begun its implementation phase as of June 2013.

Who oversees its work? The Truelift Steering Committee along with its Microfinance Technical Review Committee, both of which are made up of industry experts and representatives from different stakeholders and regions.

What does it require? Anyone can join the Poverty-focused Community of Practice, co-hosted with SPTF. Participation in the Truelift Milestones starts with a self-assessment (*Truelift Aspirant*), which must then be verified by a third party (*Truelift Emerging Practitioner*). The highest milestones (*Truelift Achiever* and *Truelift Leader*) require the independent validation of a participating rating agency.

How much does it cost? No monetary cost to complete a self-assessment or use the materials. The Truelift Assessment is a marginal cost added onto the social rating product. A standalone Truelift Assessment (without social rating) costs a bit more in order to cover the qualifying standards related to client protection and social performance management.