

CERISE

ANNUAL  
REPORT

2013

CERISE

14 passage Dubail,  
75010 Paris  
France

+33 (0)1 40 36 92 92

site : [www.cerise-microfinance.org](http://www.cerise-microfinance.org)

# ACKNOWLEDGEMENT

## Our Founding Members



## Our Main funders & Partners



# TABLE OF CONTENTS

<b>FOREWORD</b>	<b>1</b>
MISSION	2
TEAM	2
<b>1. FROM SOCIAL PERFORMANCE ASSESSMENT TO MANAGEMENT</b>	<b>3</b>
1.1 CONCRETE & RELEVANT ASSESSMENT TOOLS FOR PRACTITIONERS	3
1.2 SOCIAL PERFORMANCE MANAGEMENT NOW AT THE CENTER OF MFIS' OPERATIONS	4
<b>2. DIALOGUING WITH INVESTORS</b>	<b>5</b>
2.1 EVALUATION A PERFORMANCE-BASED PROGRAM WITH IFC	5
2.2 SOCIAL AUDIT FOR MICROFINANCE INVESTMENT INTERMEDIARIES (SAM)	6
2.3 SOCIAL AND ENVIRONMENTAL POLICIES FOR INVESTMENT AND TECHNICAL ASSISTANCE	7
<b>3. PROGRESS ON THE INTERNATIONAL SCENE</b>	<b>7</b>
3.1 ACTIVE PARTICIPATION IN STANDARD-SETTING BODIES	7
3.2 SOCIAL BUSINESS AND IMPACT MEASUREMENT	7
3.3 ENVIRONMENTAL STANDARDS IN MICROFINANCE	8
<b>4. RESEARCH AND DEVELOPMENT: DEFINITION, GOVERNANCE, AND ASSESSMENT OF SOCIAL BUSINESS</b>	<b>9</b>
<b>LOOKING FORWARD</b>	<b>10</b>
<b>PUBLICATIONS</b>	<b>11</b>

# FOREWORD

Dear Friends and Colleagues,

The year 2013 was marked by a major milestone for CERISE. After several years of collaboration and dialogue, efforts to coordinate the different initiatives in social performance came to fruition during the Social Performance Task Force meeting in June, in Panama, with the harmonization of tools and approaches around the Universal Standards for Social Performance Management. Sector commitment took a step further in October, with the creation of an Expert Panel to guide the creation of the SPI4, a universal social performance assessment tool fully aligned with the Universal Standards.

We will launch SPI4 in January 2014, with a year of testing, refining and dissemination planned. With the SPI4, MFIs and their partners will be better equipped to carry out social assessment and reporting. We believe the SPI4 will offer to a more efficient and constructive approach for MFIs to measure, and above all improve their social performance. We have worked and refined our approaches to support MFIs in being more client-focused and develop adapted products for their target population.

CERISE also continued to diversify its activities in 2013. Among the highlights: considerable progress in the area of social business. Working closely with our members and partners, CERISE facilitated a working group in view of defining an analytical framework for this emerging sector, and participating in the Social Business initiative of the European Commission.

This report offers a glimpse into what kept us busy in 2013, and where we plan to go in 2014. The activities accomplished this year, as always, could not have been possible without the collective efforts of our committed partners and members. We thank you for your continued support!

Cécile Lapenu  
Executive Director

# ACTIVITIES

CERISE is a **knowledge exchange network for microfinance practitioners**. CERISE was founded in 1998 by five of the leading French organizations supporting microfinance around the world: CIDR, GRET, IRAM, IRC/SupAgro, and CIRAD.

CERISE is richly diverse, bringing together a variety of practitioners, researchers, donors and investors from the North and South.

## MISSION

*CERISE aims to foster the development, in Europe and in the South, of ethical and responsible finance, by developing social assessment tools for financial institutions and their partners, to help them improve their social performance in view of contributing to the social and economic well-being of the populations they serve.*

## TEAM

CECILE LAPENU	FLORENT BEDECARRATS	BONNIE BRUSKY	MARIE ANNA BENARD	CAMILLE MALHERBET
EXECUTIVE DIRECTOR	PROGRAMME MANAGER	PROGRAMME MANAGER	PROJECT MANAGER	PROJECT OFFICER
				

CERISE emerged out of its founding members' desire to share and learn from each other. Over time, the network's activities have evolved and currently focus on four areas:

- 1. Impact and social performance**
- 2. Agricultural and rural finance**
- 3. Governance and social viability**
- 4. Microfinance intervention methods**

In each of these areas, CERISE's members and partners have pooled their individual experiences to draw lessons and design operational tools. This process of capitalizing on each other's know-how has created synergies throughout the microfinance sector. Coordinating this network of alliances has become a key element of CERISE's work.

# ACTIVITIES

Since 2012, CERISE is registered as a not-for-profit association. The association is managed by its Executive Director Cécile Lapenu and a committed Board of Directors, composed of four of its founding members, represented as organizations (CIDR, GRET, IRAM) or as individuals (Betty Wampfler from IRC, President of CERISE).

## 1. FROM SOCIAL PERFORMANCE ASSESSMENT TO MANAGEMENT

### 1.1 Concrete & relevant assessment tools for practitioners

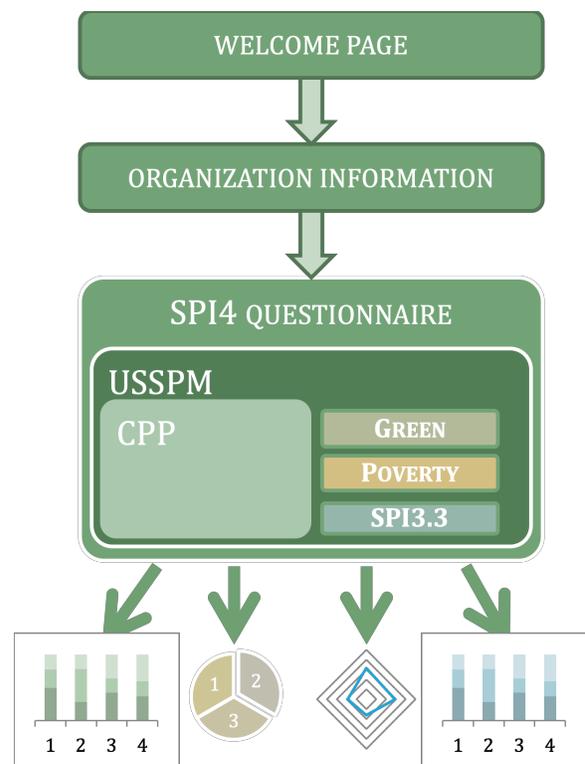
In 2013, CERISE continued efforts to promote the convergence of frameworks for social performance assessment.

These efforts culminated in the SPI4, a universal social performance assessment tool that integrates emerging industry social performance standards.

In design phase during 2013, the SPI4 draws on the experience of the CERISE SPI, one of the most widely used social assessment tools. Since 2003, MFIs have used the SPI—updated regularly to include sector developments and user feedback—to help assess and improve their practices.

SPI4 will allow users to evaluate their level of implementation of the Universal Standards for Social Performance Management, including the Smart Campaign Client Protection Principles. It also offers users with a specific mission focus—green, poverty, rural, gender—to assess their practices, thanks to optional indicators that reflect the latest industry thinking in these areas. The goal is to streamline social performance assessment and decrease the reporting burden on MFIs.

Today, microfinance institutions prepare their financial statements. With SPI4, they can now produce their **social statements**, making it easier to manage their social performance, dialogue with partners and meet social reporting obligations.



# ACTIVITIES

- **Comprehensive.** SPI4 unites various tools under one framework. The result is a unifying vision of social performance management.
- **User-friendly.** SPI4 is a user-friendly Excel file. Available for free on the SPI [Wiki in 2014](#).
- **Compatible.** Fully aligned with the MixMarket reporting format, SPI4 is also designed to be able to integrate investors' scorecards so that ultimately it will be the single social data collection tool for MFIs.
- **Personalized reporting.** Users can personalize data analysis and reporting. Currently, users can choose to visualize results for the six dimensions of the Universal Standards for Social Performance, the seven Client Protection Principles, the four CERISE dimensions of the CERISE-SPI or three standards for Green microfinance. Additional personalized reports (for investor scorecards, poverty-focused institutions) will be developed in the near future.

## 1.2 Social Performance Management now at the center of MFIs' operations

### SPM Mentoring: supporting client-focused management

**Oikocredit** has developed a mentoring process to build local capacity and support the improvement of social performance management in MFIs. Oikocredit's approach seeks to analyze MFIs in relation to the Universal Standards for Social Performance Management and identify practical 'quick-wins' to improve performance: procedures for complaints management for a better care of the clients, analysis of clients' profile for a better adaptation of services to their needs, trainings of loan officers to avoid over-indebtedness or better target excluded clients— women in particular, etc. The overall objective of the project is to ensure that Oikocredit's partner MFIs have better impact and become more effective by better tailoring their products and services to the needs of their clients and improving their systems to ensure that their products are delivered consistently with quality.

In this project, CERISE is involved in the follow-up and support of the SPM mentoring programme in Peru and Paraguay. Support is also provided to Humo & Partners in Tajikistan. Last December, we held a workshop in Peru with 3 of Oikocredit's partner MFI—**ProEmpresa**, **San Salvador**, **T'ikariy**—to support the action planning phase of the programme,. The main objective was to support Oikocredit's local team and mentors in the prioritization/identification of quick wins: visits to MFIs and meetings with mentors and SPM champions to review and discuss the action plans, provide specific materials/tools to support the implementation of corrective measures.

### Peer learning among West African MFIs: a network involved in SPM

CERISE continues to support **CIF** (Confederation of West African Financial Institutions) to help its members improve and institutionalize social performance management.

CIF is composed by the largest financial cooperatives in WAEMU zone (2.95 millions of members): **Kafo Jiginew**, **Nyesigiso**, **Pamecas**, **RCPB**, **FECECAM** and **FUCEC**.

# ACTIVITIES

In late 2008, CIF initiated a process to assess the social performance of its network affiliates, setting up a Reference Group composed of a dozen managers (HR and training). This process, facilitated by CERISE, took the form of peer reviews based on the SPI tool. The entire process lasted a full year and involved the participation of all stakeholders, from elected representatives at the branch level to senior management. The findings were summarized in a report presented to the CIF governing body in October 2009 and led to the development of strategic guidelines and a three-year action plan.

In 2011, the Reference Group and CIF management decided to focus efforts on two areas in need of improvement: financial services for rural development and family farms, and client protection. In early 2012, the six cooperatives applied the Smart Campaign's self-assessment tool, to identify strengths and weaknesses in client protection practices. The next step was to conduct more in-depth assessments of each CIF member by an evaluation team composed of two of its CIF peers. This unique "peer-review" methodology aimed to foster learning across CIF members and build capacity. After a training in the Smart assessment methodology facilitated by CERISE, the first peer-reviewed client protection assessment was with **FECECAM Benin** in Nov. 2012, with support from CERISE. The remaining 5 assessments will be conducted in 2013-2014. A workshop was organized in April 2013 to follow up on the FECECAM assessment and set action plans for the 6 CIF members.

## 2. DIALOGUING WITH INVESTORS

### 2.1 Evaluation a performance-based program with IFC

In 2013, CERISE and its members were chosen by **IFC** (International Finance Corporation) to conduct a mid-term performance evaluation of the Access to Finance Performance Based Grants Initiatives (PBGI) program. The PBGI program is designed to accompany, incentivize, and reward institutions which develop strategies that go beyond their traditional comfort zone to further reach underserved segments. PBGI aims to support innovation (new clients, new geographic areas, new products).

The mid-term evaluation assessed PBGI's objectives and the effectiveness of using performance-based structures.

The evaluation involved a comprehensive desk review to define a typology of the PBGI programs.

The desk review gave a general picture and identified key issues to be analyzed more deeply during field visits conducted in August and September 2013 with nine institutions in India, Sri Lanka, China, Senegal and Albania.

The evaluation will be used to inform program direction and help design a methodology for post-completion end-beneficiary analysis and evaluation.



Woman beneficiary of Fides Microfinance Senegal and her child

# ACTIVITIES

## 2.2 Social Audit for Microfinance investment intermediaries (SAM)

CERISE was selected by **FEFISOL** (Fonds européen de financement solidaire pour l'Afrique) to conduct a social audit of this unique social investment Fund. FEFISOL is the fruit of a tripartite partnership between investment funds Alterfin (Belgium), Etimos (Italy) and SIDI (France). The Fund leverages the three founders' deep expertise in microfinance, smallholder producers' organizations (POs) and rural SMEs, to help grow Tier 2 and Tier 3 rural-focused MFIs and POs in Africa.

The methodology used to conduct the assessment is based on CERISE's Social Audit tool for Microfinance Investment Intermediaries (SAM). Structured around four dimensions, SAM analyzes Microfinance Investment Intermediaries' capacity to:

1. Target MFIs that most need external funding
2. Adapt services to the needs of MFI investees
3. Build capacity of MFI investees and
4. Demonstrate social responsibility to the microfinance sector, and to the environment.

SAM draws on the Principles for Investors in Inclusive Finance (PIIFs), the concepts of socially responsible investment – Environment, Social, Governance (ESG), CGAP's work on aid effectiveness and CERISE's own Social Performance Indicators (SPI) tool for MFIs.

The overall objective of the social audit was to take stock of FEFISOL's social practices in view of identifying strengths to build on and areas to improve.

In March, the results of the SAM were presented to the Board of Directors of the **Grameen-Credit Agricole Microfinance Foundation**. The SAM audit confirmed that the investment policy is primarily geared towards the poorest countries in Africa and South Asia, towards the medium or small-sized MFIs, heavily involved in a social-oriented mission directed to the poorest and women, and that it gives priority to agricultural and rural-based MFIs. The Foundation's partner MFI portfolio has been favorably compared to CERISE's SPI (Social Performance Indicators) database, although some MFI partners, especially in Central Asia, have a more commercial profile. CERISE has recommended that the Foundation draw up a business plan fully integrating its social objectives and that it also develop its technical assistance, integrating SPM.



(From left to right) Professor Muhammad Yunus, Raphaël Appert, Jean-Luc Perron, Cécile Lapenu. Luxembourg, March 2013.

# ACTIVITIES

## 2.3 Social and environmental policies for investment and technical assistance

The **Fund for Financial Inclusion (FPM)** in the Democratic Republic of Congo has called on CERISE's expertise to design an Environment and Social (E&S) policy adapted to the fund and its socio-economic context. The objective was to help the Fund to set the minimum E&S requirements for partners and define a framework for technical support to promote financial responsibility among partners.

A Forum on Responsible Finance was organized in April 2013 with CERISE, FPM, UNCDF, PNUD, and the Central Bank to share and discuss with MFIs, cooperatives and banks the content, legal requirements and advantages of implementing of responsible finance practices.

As a result of CERISE's support, FPM's teams are now equipped with a General Policy on Responsible Finance that guides their due diligence, investment choices and technical assistance. The Policy ensures that FPM takes into account compliance with environment and social standards as well as client protection.

## 3. PROGRESS ON THE INTERNATIONAL SCENE

### 3.1 Active participation in standard-setting bodies

The **Social Performance Task Force** is a standard-setting body for social performance in microfinance.

The **SPTF** and its members adopted the Universal Standard for Social Performance Management in June 2012. At the annual SPTF meeting in June 2013, members reached a consensus on the need to formalize and standardize approaches to SPM, and define an assessment tool in line with the Universal Standards. In close collaboration with the SPTF and the **Smart Campaign** (the platform that promotes the Client Protection Principles, included in the Universal Standards), CERISE set out to produce a new version of its SPI tool, aligned with the Universal Standards. SPI4 aims to streamline social performance assessment and reduce reporting constraints on MFIs.



Woman beneficiary of an Indian microfinance institution

An Expert Panel on SPI4 was held in Paris, from October 7 to October 9, gathering several experts from stakeholder organizations (SPTF Secretariat, Smart Campaign, MIX, MFI, networks, investors, support organizations) in order to present and discuss the SPI4 tool concept and to agree upon a framework.

Four online meetings with the Panel were also held in 2013 following the meeting in Paris, to discuss the conception of the tool and support CERISE in its development.

### 3.2 Social business and impact measurement

The **European Commission** wants to “develop a methodology to measure the socio-economic benefits created by social enterprises. The development of rigorous and systematic measurements of social

# ACTIVITIES

enterprises' impact on the community...is essential to demonstrate that the money invested in social enterprises yields high savings and income". The GECES working group (Expert group of the European Commission on Social Business) was set up in October 2012 to agree upon a European methodology which could be applied across the European social economy.

CERISE is part of the sub-group "Social Impact Measurement" as an associated external expert. The objective is to design potential processes and methods for "social impact measurement" for fund managers and social enterprises.

### 3.3 Environmental Standards in microfinance

As a member of the Action Group on Microfinance and Environment at the **European Microfinance Platform**, CERISE collaborated with several European practitioners to foster reflection on assessing environmental performance in microfinance. A survey was conducted at the end of 2013 to identify major trends in green microfinance, and propose a list of key indicators to measure the environmental performance of MFIs. The survey drew from existing academic and practitioner research on the topic, particularly from the MEPI tool developed by Marion Allet, and the Green Performance Agenda by Enclude. Results were submitted to the members of the e-MFP Environment & Microfinance Action Group and the SPTF Green Performance Working Group.

On the basis of the survey results, the Action Group provided recommendations on key indicators to measure the environmental performance of MFIs. As one of the first outcomes of this collaboration, a Green Index has been designed. This framework, built around three dimensions has been integrated as an optional module to the CERISE SPI4 assessment tool to be tested early 2014 by MFIs.

# ACTIVITIES

## Green Index

<b>a</b>	<b>The institution addresses environmental issues through a formalized strategy</b>
<b>a 1</b>	<b>The institution defines and implements its environmental strategy</b>
<b>a 1 1</b>	The institution defines its environmental strategy
<b>a 1 2</b>	The institution implements its environmental strategy
<b>b</b>	<b>The institution manages its environmental risks</b>
<b>b 1</b>	<b>The institution manages its internal environmental risks</b>
<b>b 1 1</b>	The institution implements actions to reduce its internal ecological footprint
<b>b 1 2</b>	The institution monitors its internal environmental risks
<b>b 2</b>	<b>The institution manages its external environmental risks</b>
<b>b 2 1</b>	The institution evaluates the level of environmental risk of its clients
<b>b 2 2</b>	The institution includes the level of environmental risk as a factor in the loan approval process
<b>b 2 3</b>	The institution monitors the external environmental risks
<b>b 2 4</b>	The institution raises clients' awareness on environmental risks
<b>c</b>	<b>The institution fosters green opportunities</b>
<b>c 1</b>	<b>The institution provides green products and services to its clients</b>
<b>c 1 1</b>	The institution provides specific green loan products
<b>c 1 2</b>	The institution provides other green financial products
<b>c 1 3</b>	The institution provides green non-financial services

## 4. RESEARCH AND DEVELOPMENT: DEFINITION, GOVERNANCE, AND ASSESSMENT OF SOCIAL BUSINESS

Since May 2012, CERISE has led a working group composed of its members (CIDR, GRET, IRAM, PAMIGA) and partners (Danone Communities, Investisseurs et Partenaires, and Grameen-Crédit Agricole Microfinance Foundation). The objective is define what is a social business, and to develop an analytical framework to assess the practices of social businesses.

In 2013, the working group met four times. Members presented case studies of 11 social businesses operating worldwide. This empirical data was then used to produced a concept note to better apprehend the concept of social business, and formulate a “social business scorecard”, consisting of around fifty associated practices and result indicators. The scorecard is structured around five principles, referred to as the the 5 “P’s”:

- Project
- Public
- Product
- Ethical Principles
- Profits

It aims to assess social businesses against a set a emerging standards, so as to promote good practices and comparable data on actors in this nascent sector.

# ACTIVITIES

## LOOKING FORWARD

The activities outlook for 2014 will be structured around three work streams:



Photo: Cécile Lapeanu

- Testing and refining of SPI4 (beta-test, training development, exchanges with practitioners, translations, technical refinement of the Excel tool, communication). The challenge is to create a tool that is both user-friendly and motivating for MFIs and their partners, to help measure social performance, reporting and above all, manage and improve social performance to increase benefits to clients. At the sector level, the challenge will be to square the interests of different actors in order to harmonize social data collection practices and get everyone speaking the same language. This harmonization will allow sector players to spend more time on analyzing and improving practices rather than just collecting and reporting data.
- Continued support for social performance management, to help MFIs go the final mile by supporting them to adopt client-centered management practices, guided by their annual social and financial statements and bolstered by sector-level experiences and resources.
- Further work on social innovation: in microfinance, CERISE will explore approaches that address environmental protection and targeting women. We will also work on innovative approaches in other sectors, such as social business and fair trade. Finally, we will pursue support to socially responsible investment funds.

## With GECES

- Proposed Approaches to Social Impact Measurement in European Commission legislation and in practice relating to: EuSEFs and the EaSI, GECES Sub-group on Impact Measurement Adopted by the GECES, June 2014.

## With the European Microfinance Platform

- Hoepner, Andreas, Lucia Spaggiari, Cecile Lapenu, Bonnie Brusky, and B. Perez-Rocha. (2014 – forthcoming). “Does Good Client Protection Impact Financial Performance?” Making Microfinance Investment Responsible Action Group, Brief N°3. Luxembourg: European Microfinance Platform (eMFP)

## Exchanges with researchers

- Bédécarrats F., Lapenu C., (2013) “Assessing Microfinance: Striking a Balance Between Social Utility and Financial Performance”, in: Gueyie Jean-Pierre, Manos Ronny, Yaron Jacob (Éds.), *Microfinance in Developing and Developed Countries: Issues, Policies and Performance Evaluation*, New York, Palgrave Macmillan, 2013, pp. 62-82.
- Doligez F., Bédécarrats F., Bouquet E., Lapenu C., Wampfler B., (2013). “Évaluer l’impact de la microfinance : Sortir de la ‘double impasse’”, *Revue Tiers Monde* (213), 2013, pp 161-178.

## Lessons learned from experiences

- Bédécarrats, F., Bénard, MA., Lapenu, C. Réseaux et revues de pairs : un travail collectif pour le renforcement des pratiques. *Echos du cota* N°138 (March 2013).
- Bédécarrats, F., Sangaré, A., Ouedraogo, A., Bénard, MA. 2013. L’Évaluation des Performances Sociales des institutions de microfinance : la démarche innovante de la CIF/ Afrique de l’Ouest. *Revue Techniques financières et développement* N°113, Dec. 2013.

## ■ Abbreviations

<b>AFD</b>	Agence Française de Développement
<b>CERISE</b>	Comité d'Echanges de Réflexion et d'Information sur les Systèmes d'Epargne-crédit
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CIDR</b>	Centre International de Développement et de Recherche
<b>CIF</b>	Confédération des Institutions Financières
<b>CIRAD</b>	Centre de Coopération Internationale en Recherche Agronomique pour le Développement
<b>eMFP</b>	European Microfinance Platform
<b>ESG</b>	Environment, Social, Governance
<b>FECECAM</b>	Fédération des Caisses d'Epargne et de Crédit Agricole Mutuel
<b>GECES</b>	Groupe d'Experts de la Commission sur l'Entrepreneuriat Social
<b>GRET</b>	Groupe de Recherches et d'Echanges Technologiques
<b>IFC</b>	International Finance Corporation
<b>IRAM</b>	Institut de Recherches et d'Applications des Méthodes de développement
<b>IRC/SupAgro</b>	Institut des Régions Chaudes/Sup Agro
<b>MFI</b>	Microfinance Institution
<b>MIX</b>	Microfinance Information Exchange
<b>PBGI</b>	Performance-based grant initiative (IFC)
<b>SAM</b>	Social Audit tool for MIVs
<b>SPI</b>	Social Performance Indicators
<b>SPM</b>	Social Performance Management
<b>SPTF</b>	Social Performance Task Force
<b>USSPM</b>	Universal Standards for Social Performance Management





Children in Louga, Senegal. 2013  
Photo : Marie Anna Bénard

**CERISE**

14 passage Dubail, 75010 Paris, France

+33 (0)1 40 36 92 92

[cerise@cerise-microfinance.org](mailto:cerise@cerise-microfinance.org)

[www.cerise-microfinance.org](http://www.cerise-microfinance.org)

---