



CERISE
 Comité d'Échanges, de Réflexion et d'Information
 sur les Systèmes d'Épargne-crédit

CERISE: the knowledge exchange network for microfinance practitioners

Annual Report 2006-2007



[CERISE](#), *Comité d'Echanges de Réflexion et d'Information sur les Systèmes d'Epargne-crédit*, was created in 1998 as a platform for exchanging ideas and practices in microfinance. The network was founded by five of the leading French institutions that support microfinance around the world: NGOs [CIDR](#) (*Centre International de Développement et de Recherche*), [GRET](#) (*Groupe de Recherche et d'Echange Technologique*) and [IRAM](#) (*l'Institut de Recherche et d'Application des Méthodes de développement*); public research institute [CIRAD](#) (*Centre de coopération internationale en recherche agronomique pour le développement*) and the academic institution [IRC/SupAgro](#) (*Institut des Régions Chaudes*). In addition to these founding partners, CERISE works with a wide network of practitioners, researchers and donors from both the North and South.

CERISE emerged out of its founding members' desire to share and learn from one another. 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; and 4) microfinance intervention methods. In each of these areas, CERISE's members have pooled their individual experiences to suss out lessons learned and, in some cases, design operational tools. This process of "capitalizing" on each other's experiences has created alliances and synergies with actors throughout the microfinance sector. Coordinating this network of alliances has become a key element of CERISE's work.

Impact and social performance

Strengthening practitioners' capacity to assess their social mission...

The potential for social impact is what drives many actors to support microfinance—both financially and politically. CERISE is active in developing methodologies to measure social performance, as a complement to financial sustainability. In partnership with Northern and Southern partners, CERISE has created a set of Social Performance Indicators (SPI) to assess an MFI's social performance using a [questionnaire](#) and [user guide](#) (2004-2005).

The methodological tenets underlying the SPI come from an in-depth analysis of MFIs' across Africa, Asia Latin America and Eastern Europe (2002-2003). The questionnaire was tested extensively with these MFIs to refine the tool.

Since 2006, CERISE has focused on disseminating SPI and assisting MFIs in its application. This process involved fostering linkages with national and regional MFI networks, linkages which ultimately led to the creation of [ProsperA](#), an alliance for the PROMotion of Social PERformance, in 2007. Although ProsperA emerged as a by-product of the SPI's roll-out process, it has quickly taken on a life of its own.

Through ProsperA, resource persons from regional and national MFI networks have been trained in the SPI tool and have designed national strategies so that the tool is rolled out in a systematic way that enables results monitoring. Despite regional differences, there are some cases (Bolivia, Equator, Benin) where such systematic social monitoring at a national scale has already been associated with existing financial reporting mechanisms.

...while promoting social performance throughout the sector...

CERISE is also active in promoting social performance throughout the sector as a whole, as founding member of the [Social Performance Task Force](#) (SPTF), launched in 2005 by the Consultative Group to Assist the Poor (CGAP), Argidius Foundation and



Ford Foundation. The SPTF brings together the main social performance initiatives currently underway in view of adopting a common definition of social performance and harmonizing approaches. One of the main contributions of CERISE to the Task Force has been to promote a broader vision of social performance that is not restricted to targeting the poor, but also takes into account concepts of exclusion, social capital and the social responsibility of MFIs.

In operational terms, the SPI tool provided the basis for formulating a common framework for rating agencies like M-CRIL, Microfinanza and PlanetRating to integrate the social element into their rating formats. It has also provided a methodological basis for the social evaluation guidelines adopted by ACCION. Moreover, several socially responsible investors, such as SIDI, Alterfin and Oikocredit, have integrated the SPI tool into some of their activities.

CERISE also disseminates its methodology in training programs such as the Boulder/Turin Program, the European Microfinance Program (Paris-Dauphine, Université Libre de Belgique, Wageningen et Solvay Business School) and the University of Nancy. In addition, CERISE has authored a resource center on social performance approaches, available online at the [francophone microfinance gateway](#).

In keeping with the growing interest in social performance at the European level and the increasing involvement of investors, CERISE co-facilitates with NGO TRIAS a working group on social performance at the [European Microfinance Platform](#) (eMFP).

Five years ago, the concept of social performance was almost unheard of; today, it is an integral part of the microfinance landscape, on par with financial performance. CERISE has played a critical role in this evolution. ProsperA, with its diverse and growing number of active members, is well positioned to guarantee the integration of social performance into microfinance practices and evaluation methods.

...and generating knowledge through research and development

As part of its commitment to promoting social performance, CERISE continues to conduct research and generate knowledge. For example, the SPI tool was successfully adapted to the European context, thus enabling an in-depth study of factors of financial exclusion and client monitoring, conducted in conjunction with the [Association pour le Droit à l'Initiative Economique](#) (ADIE) in 2007. CERISE has continued to analyze the linkage between social performance and impact, so as to design better targeted impact assessments that reflect the social mission and strategy of individual MFIs.

CERISE enters the results of the growing number of SPI assessments into a database that offers an incomparable source of information (including data from more than 60 MFIs as of 12/2007). These findings can be used to establish peer groups and thus identify sector-wide social performance trends. A study on the relationship between social and financial performance of Latin American MFIs is already underway.

Governance and social viability

Creating tools for analyzing MFI governance...

Sustainability requires not only financially viable institutions that operate according to existing legal frameworks, but a transparent and efficient organizational structure appropriated by all the institution's stakeholders (salaried staff, elected officials, clients, members, TA providers, donors or shareholders). CERISE's approach to governance starts by identifying the stakeholders and decision-making processes in order to



Photo: projet Prey Nupj ©

analyze an MFI's capacity to manage crises, plan strategically and prevent risk. The approach is detailed in an [operational guide for analyzing governance](#), published in 2005 for MFIs and TA providers. The purpose of the guide is to help MFIs become more efficient and to improve consistency between their mission and activities.

The guide has been widely adopted by the microfinance sector. It serves as the basis for a training program on governance, designed by IRAM with support from USAID for [CAPAF](#), the Microfinance Capacity-Building Initiative in Francophone Africa, which works in some 17 countries. It has also served as the basis for IRAM's VITALE, a governance evaluation process tested in Mexico under the rural microfinance technical assistance program, PATMIR. The guide is also being adapted by partners in Bolivia, in order to integrate its concepts into the monitoring mechanisms used by the country's microfinance sector.

...using an approach associated with social performance and impact.

ProsperA has provided an important channel for disseminating the governance handbook and showing how it links to the social performance tool. For example, oftentimes analysis reveals that an institution's governance dictates its ability to achieve its social objectives through clear and coherent interventions. This observation has led CERISE to develop an integrated approach to social performance assessment, impact analysis and governance evaluation, and the three elements have been integrated into ProsperA's international training programs.

Agricultural and Rural Finance

Sharing knowledge and innovating to push agricultural finance forward...

Microfinance presents a viable alternative for financing agriculture thanks to its potential to foster linkages between public, private and civil society actors. CERISE is pursuing a number of activities to determine how microfinance can sustainably respond to the specificities of rural finance in a context of increasing economic liberalization. The network was the instigator of the international conference on financing family agriculture, held in Dakar in 2002.

In 2006-2007, CERISE headed the working group on rural finance, organized by the *Réseau Français de la Microfinance*, which resulted in an in-depth analysis of the rural experiences of French practitioners and donors. In 2007, CERISE worked with the [FARM Foundation](#) to organize an international conference on agricultural microfinance, making it possible to assess progress made in area since the 2002. These activities have revealed the existence of new partnerships on the ground, suggesting that creating new synergies between different stakeholders offer a way in which agricultural and rural finance can innovate in the future.



Photo: Cédric Salze ©

...with an emphasis on partnerships and fair trade.

In partnership with FARM and the IRC/Supagro in Niger, CERISE develops an operational guide to building alliances between agricultural/rural producers' organizations (POs) and financial institutions. The tool helps stakeholders analyze the PO's financial needs and determine the best way for the organization to access financial services both efficiently and sustainably.

Furthermore, in recognition of fair trade's potential to add value to exported-oriented agricultural supply chains, thus increasing producers' income, CERISE has partnered with Agrofine/Max Havelaar France to work with importers, producers' organizations, MFIs and certifiers to come up with sustainable solutions for financing agriculture and expanding the outreach of fair trade initiatives.

Microfinance intervention methods

Taking a fresh look at intervention methods in a rapidly evolving industry...

Recent trends in microfinance are making it necessary to rethink the role of actors from the North. The growing recognition of microfinance's achievement has brought new challenges. New actors are emerging, including private investors, commercial banks and specialized government agencies. Those who helped push microfinance to the forefront must now reorient their actions and find the areas where they can be most effective.

CERISE recognizes the need to encourage the growth of microfinance in this new context, but also the importance of learning from past mistakes. For this reason, it has launched a member peer review process, to encourage innovative forms of collaboration and collective learning. The first stage was completed in 2006, with the publication of an analysis of GRET's loan portfolio. Analyses of CERISE members CIDR and IRAM were conducted in 2004 and 2005.

The results of this initiative have proved constructive for designing rural finance decision-making tools for the International Fund for Development and Agriculture (IFAD)

(2005). The tools were successfully used in an IFAD's portfolio review of activities in West Africa (2006) and an in-depth analysis of its interventions in Mauritania (2006).

... and facilitating discussions among practitioners

Encouraged by the outcome of this initiative, CERISE plans to pursue the process of "capitalizing" on lessons learned by northern NGO practitioners to help them better orient their microfinance operations in the South. After all, having served as an impetus for creating financial systems to include the excluded, these NGOs have a duty to monitor the progress of these systems, and revise their support where necessary. There is a need to encourage complementarities and synergy to strengthen weaker institutions, while keeping up-to-date on industry innovations and disseminating them in the field, so as to promote social responsibility and help further structure the sector.

CERISE's participation in various NGO fora has enabled the network to deepen its reflection on the most effective intervention methods in light of a rapidly evolving industry. It has served as facilitator for a number of strategy debates with French NGOs involved in microfinance, notably when they are consulted by public donors such as NGO advocacy networks like *Coordination Sud*. CERISE is also a founding member of the European Microfinance Platform and serves on its board of directors. Moreover, it collaborates regularly with European universities and research centers to foster exchange between academics and practitioners.

Acknowledgements

Thanks to the partners supporting our activities: FPH, Argidius Foundation, SDC, FIDA, GTZ, CGAP, eMFP, Fondation FARM, ADIE, RFM, F3E, etc.

References in English

Impact and Social Performance

Lapenu, C., Reboul, C., 2007. Social strategy and impact: improving impact analysis, SPI Working Paper N°2, 18 p.

Doligez, F., Lapenu, C., 2007. Stakes of measuring Social Performance, SPI Working Paper N°1, 20 p.

IFAD, 2006. Assessing and Managing Social Performance in Microfinance, IFAD, with contribution from Imp-Act, CGAP and CERISE, 97 p.

CERISE, 2005. Audit of the social performance of microfinance institutions : the definition of a tool – Synthesis Report - Social Performance Indicators Initiative – Phase 2 (SPI 2), SDC, FPH.

CERISE, 2005. Audit of the social performance of microfinance institutions : the definition of a tool – Complementary Report N°1: The New Version of the Questionnaire - Social Performance Indicators Initiative – Phase 2 (SPI 2), SDC, FPH, 27 p.

CERISE, 2005. Audit of the social performance of microfinance institutions : the definition of a tool – Complementary Report N°2: The Companion Guide to the Questionnaire - Social Performance Indicators Initiative – Phase 2 (SPI 2), SDC, FPH,

Zeller, M., Lapenu, C., Greeley, M., 2003 (October). Measuring Social performance of microfinance institutions: A proposal. Social Performance Indicators Initiative (SPI), Final Report. Argidius Foundation, CGAP, 18 pages + 4 complementary reports.

Governance and intervention in microfinance

Lapenu, C., Pierret, D., 2005. Operational Guide for Evaluating the Governance of Microfinance Institutions, CERISE, IRAM, IFAD, GTZ, 98 p. (<http://www.cerise-microfinance.org/publication/gouvernance.htm#telecharger>)

IFAD 2003 (March). Decision Tools for Rural Finance, International Fund for Agricultural Development, Roma, Italy 95 p.

CERISE, 1999. The Constraints and Challenges Associated with Developing Sustainable Microfinance Systems in Disadvantaged Rural Areas in Africa. UNCDF / CERISE. 69 p.

Financing of agriculture

Gentil D., Losch B., 2002. Microfinance policies and agricultural policies : Synergies et divergences. Paper presented on the workshop of Dakar (21-24 of January 2002). CIRAD / CERISE / Janvier 2002

Wampfler B., Lapenu C., 2002. Microfinance in support to family agriculture. Executive summary. International seminar, 21-24 January 2002, Dakar, Senegal. Afraca, Cirad, Cta, Mae, Enda Graf, Fida, Cerise. French / English. Ministère Français des Affaires Etrangères, Série « Partenariats ». 36 p.

CERISE - Comité d'Echanges, de Réflexion et d'Information sur les Systèmes d'Epargne-crédit

14 passage DUBAIL - 75010 PARIS

Tel/Fax : 33(0) 1 40 36 92 92

cerise@globenet.org

www.cerise-microfinance.org