



# The Microfinance Knowledge Exchange Network

## Activities Report 2008-2009



## Acknowledgments

Swiss Agency for Development and Cooperation (DDC/SDC), Oikocredit, AFMIN, Confédération des Institutions Financières (CIF), European Microfinance Platform (eMFP), International Fund for Agricultural Development (IFAD), AMUCSS Mexico, Agence Française de Développement (AFD), GTZ (German Cooperation), Grameen Jameel, Grameen Crédit Agricole Microfinance Foundation, and all our partners.

CERISE

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

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## **Activities 2008-2009**

CERISE<sup>1</sup> is a knowledge exchange network for microfinance practitioners founded in 1998 by five French organizations: CIDR, GRET, IRAM, CIRAD, and IRC/SupAgro. CERISE also works with a wide network of partners, practitioners, researchers and donors from developing and developed countries, in particular the ProsperA network<sup>2</sup>.

CERISE's activities for 2008-2009 focused on four areas:

- 1) Social performance
- 2) Structuring the microfinance sector
- 3) Agriculture and rural finance
- 4) MFI governance

### **1) Progress on Social Performance Indicators**

#### 1.1 Tools

The SPI (Social Performance Indicators) audit tool for microfinance institutions, created by CERISE and its ProsperA affiliates, enjoys an excellent reputation and is widely used by MFIs, MFI networks, social investors, donors and researchers worldwide.

Thanks to the collaborative development approach adopted by CERISE and ProsperA, the tool continues to improve. The SPI 3.0 (June 2008) incorporated feedback from over 100 partners who have used the tool over the past three years, in effort to improve the design and incorporate the latest sector developments, such as consumer protection issues, interest rate levels and environmental protection.

The SPI 3.1 was finalized in June 2009 and is fully compatible with the MIX Market's Social Performance Standards (SPS). This version of the SPI comes with a companion guide and training modules (Introduction to Social Performance, Introduction to the SPI Tool, Using the SPI).

The SPI 3.1 and its companion guide are available online at [www.cerise-microfinance.org](http://www.cerise-microfinance.org)  
Version 3.2 will be available in Excel in 2010.

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<sup>1</sup> Comité d'Echanges, de Réflexion et d'Information sur les Systèmes d'Epargne-crédit

<sup>2</sup> ProsperA (Promotion of Social Performance) is a network of microfinance stakeholders that promotes social performance through capacity building and social audits conducted with the Social Performance Indicators (SPI) tool.

## 1.2 Partnerships with MFIs and networks

### *Burkina Faso/West Africa: Social report templates and a social performance dashboard for the Confédération des Institutions Financières (CIF).*



CIF federates six major West African cooperative institutions (Kafo Jiginew, Nyèsigiso in Mali; FECECAM in Benin; FUCEC in Togo; PAMECAS in Senegal, and RCPB in Burkina Faso) that together have over two million members. In 2008, the network initiated a process to improve the social performance of its institutional affiliates, by carrying out a series of social audits and organizing participatory workshops with technical staff and elected officials.

Social performance reports were presented at CIF's general meetings, which reinforced the affiliates' appropriation of the notion of social performance. Moreover, social audits made it possible to design a social performance dashboard for continuous monitoring of priority areas defined by CIF and its affiliates.

### *Bulgaria: Introducing cooperatives to Social Performance*

CERISE held a workshop with 14 credit and savings cooperatives (mostly Oikocredit partners), and two networks, to introduce the concept of social performance and the SPI. Eight of the cooperatives decided to conduct an audit of their practices and meet again in 2010 to identify collaborative activities to improve their social practices while strengthening financial performance.



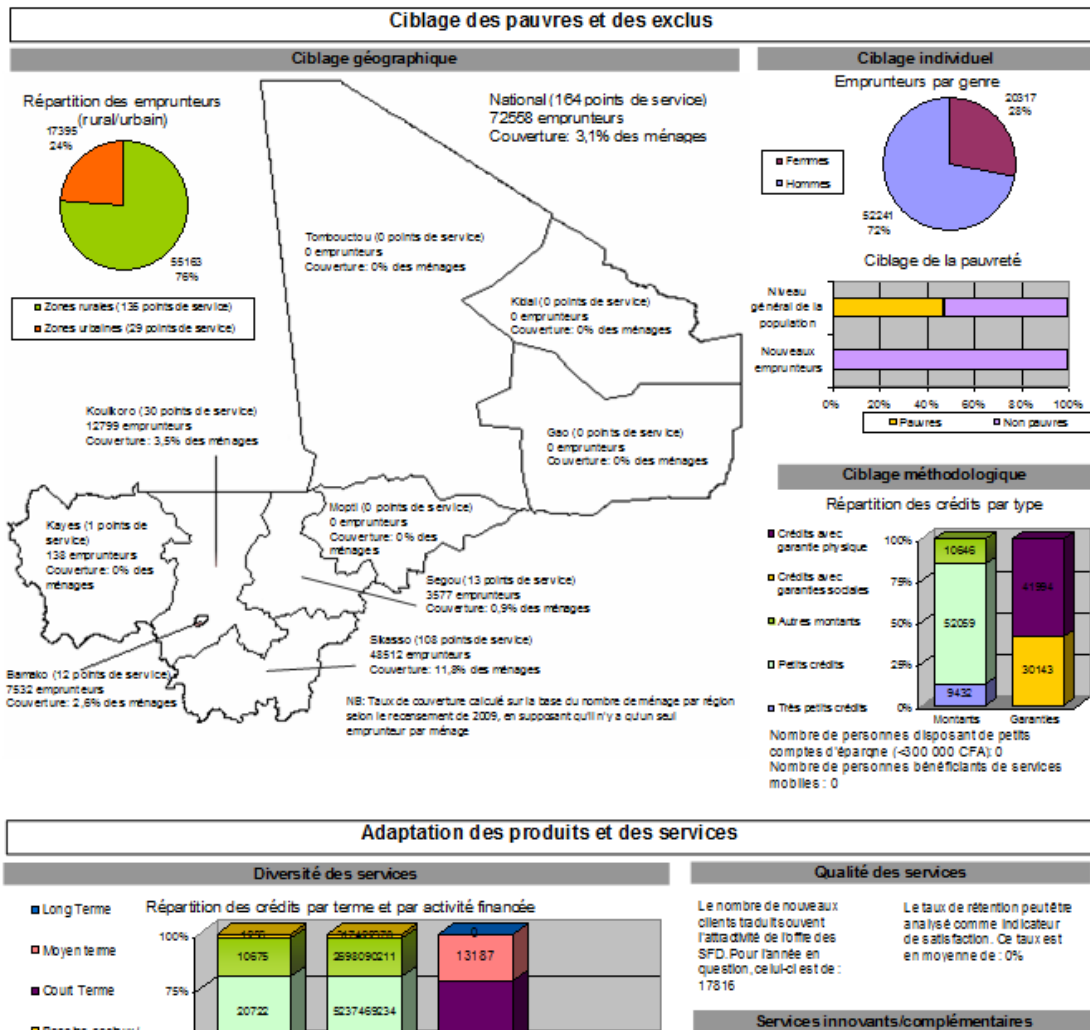
### *Africa: Social indicators for the microfinance network AFMIN*

CERISE helped AFMIN (African Microfinance Network) improve MFI reporting by incorporating social performance indicators alongside timely indicators on financial performance, in view of achieving a double bottom line.

African MFI must grapple with a number of constraints to reporting, including weak MIS, geographical distance, lack of human resources for collection and analysis and lack of incentives to provide information unless it adds value to the MFI or network. CERISE set out to help AFMIN identify its role and that of national professional associations in effectively promoting and using social performance indicators, to increase visibility of institutions with strong social performance and improve industry practices

*Mali: Social performance dashboards for the microfinance network APIM and its members*

CERISE developed a social performance dashboard and reporting format for APIM and its members, based on the priorities they defined over a series of workshops and studies.<sup>3</sup> Work will continue in 2010 to refine a dashboard that tracks the key indicators of Malian MFIs.



*Mexico: Support on regulatory issues and monitoring-evaluation mechanisms*

In Mexico, socially-oriented, pro-poor MFIs reach a large portion of the population, especially very low income and rural populations, by using methodologies based on solidarity and self-management. Recognizing this specificity, FEDRURAL, an intermediary agency offering supervision and technical assistance to financial institutions, developed an innovative regulatory mechanism to guarantee clients' and members' savings through delegated supervision. CERISE worked with FEDRURAL to integrate social and governance criteria in its evaluation mechanisms, thereby promoting social and economic viability of pro-poor financial institutions.

Also in Mexico, CERISE partnered with CIRAD to provide support to AMUCSS, a large network of MFIs that targets the rural sector and indigenous populations. The team helped develop a monitoring-evaluation methodology adapted to AMUCSS's difficult context, in

<sup>3</sup> Sélingué workshop, December 2008, APIM-BMS-SIDI; work with CIF and Kafo Jiginew and Nyesigiso (Nov. 2008-Nov. 2009); work with AFMIN (June 2008-December 2009).

order to track users' socio-economic profiles, their satisfaction, and risk of over-indebtedness. Team members designed an original approach that differs from traditional academic impact studies in that it collects both quantitative and qualitative data useful for practitioners and researchers.

#### France: tracking client profiles for ADIE



In 2007, ADIE partnered with CERISE to create a scoring methodology to assess "exclusion" by culling information from its client database. This score situates clients on an exclusion scale and allows ADIE to monitor its target population, track changes over time and analyze trends in terms of regional activity and type of services. In 2009, the methodology was updated to analyze ADIE's portfolio trends over a 5-year period (2004-2008).

CERISE communicated extensively on social performance practices and tools during the 2008-2009 period by putting together a special dossier on Social Performance and Protection of Borrowers for the *Portail Francophone de la Microfinance* ([www.lamicrofinance.org](http://www.lamicrofinance.org)) and through various training workshops (tools for poverty measurement and impact assessment for microfinance practitioners in Haiti with SIDI; impact, governance and social performance for IRC; seminars at University of Nancy and for the European Master in Microfinance in Brussels, etc.).

#### 1.3 Dialogue with investors

CERISE dialogued extensively with its investment partners during the 2008-2009 period, and identified the need for an assessment methodology to promote and reinforce their efforts to be socially responsible. Investors seek to both track and aggregate social performance data from MFI investees and monitor their own social performance practices. CERISE has responded to this need by developing, in collaboration with its partners, a social audit tool for private investors and donors.

#### Netherlands: Social audit of Oikocredit



Oikocredit is a leading private investor in the microfinance sector (€ 370 million invested) and ProsperA member. Working closely with CERISE, Oikocredit audited its own social performance, pilot testing CERISE's Social Audit tool for Microfinance Investment Vehicles (SAM©), still under development (to be finalized in 2010). Oikocredit's goal was to take stock of its strategies and actions to ensure the social responsibility of its investments.

The audit's findings led Oikocredit to redefine its social strategy and implement it through its new Social Performance Management Department. Elements of the strategy include better use of data collected from MFIs, enhancing synergies with partners, better knowledge of partners' satisfaction with Oikocredit services, and improving social performance management through a capacity building fund. Oikocredit has thus deepened its commitment to development by adopting an innovative approach that combines social performance assessment of partner MFIs with an internal social audit of its own practices. It also uses tools to track poverty profiles and conducts impact studies.

CERISE will continue to work with investment funds during 2010, to promote socially responsible investment in microfinance.

*Belgium: Collaboration with INCOFIN to analyze the relationship between social and financial performance*

CERISE and INCOFIN analyzed in parallel their respective databases to analyze the link between social and financial performance. Overall, these studies show a synergistic relationship between the two.

CERISE published these findings in the December 2009 issue of the MicroBanking Bulletin.



*France: Support to Grameen-Credit Agricole Foundation*



Following a series of workshops and exchanges with CERISE, Grameen-Credit Agricole Microfinance Foundation decided to take into account social performance in its investment decisions. The Foundation, which has an investment fund of € 50 million, has incorporated a comprehensive social assessment format in its investment application processing procedures, which enable it to gauge the social performance of investees and to track their progress.

## 2) Progress on the international scene



Internationally, CERISE continues to be active in the Social Performance Task Force, particularly on issues concerning the definition of social performance standards used by the MIX market.



CERISE was an active supporter of the 2008 European Award for socially responsible microfinance, sponsored by the European Microfinance Platform (eMFP) and the Government of Luxembourg. The first prize was awarded

during the European Microfinance Week in Luxembourg to Ethiopian MFI Buusaa Gonofaa, in recognition for its client poverty assessment tool.

Also at the level of eMFP, CERISE facilitated exchanges among social investors, which culminated in a special issue of the European Dialogue (No. 1, November 2008) on the experiences of different European investors in promoting social performance in microfinance.

More generally, CERISE is involved in structuring and strengthening dialogue among microfinance stakeholders through the European Microfinance Platform, which registered 120

European entities as of December 2009. CERISE's executive secretary is deputy chairwoman of the Board of Directors and leads the Action Group on Social Performance.

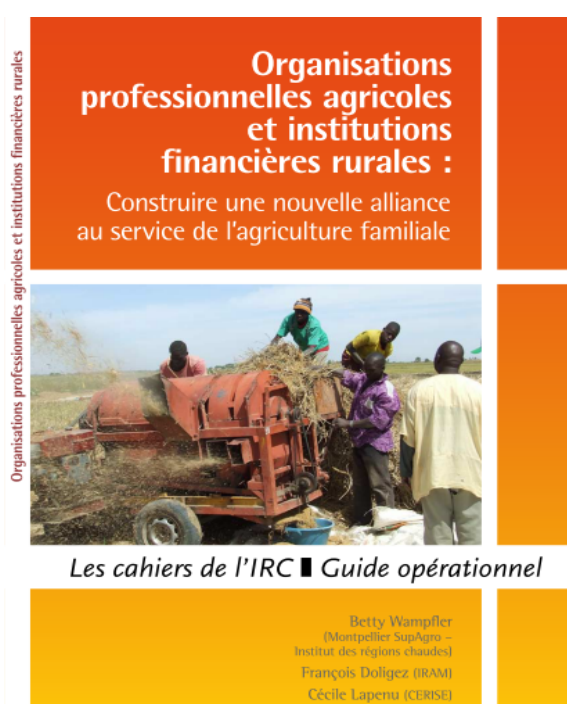
### International: promoting social ratings through the Rating Initiative

The Rating Initiative<sup>4</sup> is intended to increase transparency in microfinance by co-financing social and financial ratings. CERISE sits on the Initiative's Advisory Board, as a representative of the Social Performance Task Force. The Advisory Board makes recommendations to the Steering Committee to ensure the development of an effective and sustainable system of social rating for MFIs.

### 3) Agriculture and rural finance

In conjunction with the FARM foundation and IRC in Niger, CERISE published in 2009 an operational guide to facilitate partnership building between producers' organizations (POs) and rural financial institutions (FIs). The guide is designed to help POs and FIs analyze producers' funding needs and constraints, and help POs choose the best institutional set-up to access effective and sustainable financial services.

As part of the Turin-Boulder training program, CERISE led a session on New Rural Finance: lessons learned from past experiences. CERISE proposed an entrepreneurial approach based on identifying opportunities for rural entrepreneurs that bolster local development and strengthen rural financial institutions.



In 2008, CERISE also led a review of IFAD's microfinance portfolio in Mauritania. The mission evaluated the rural financial network MICO (Mutuelle d'Investissement et de Crédit Oasien) and identified the challenges of small, remote MFIs to ensure quality service.

### 4) Governance

CERISE's continues to promote governance as an engine of change through its social performance activities. The links between social performance and governance was emphasized in a recent brief published by SEEP Network: Social Performance and Governance.

<sup>4</sup> Launched by ADA in collaboration with the Government of Luxembourg, the Microfinance Initiative of Liechtenstein, Swiss Development Cooperation, Oxfam Novib, Oesterreichische Entwicklungsbank (OeEB), ICCO, the Principality of Monaco and Blue Orchard. The Rating Initiative collaborates with responsAbility, the African Microfinance Transparency Forum (AMT) and the Social Performance Task Force

In Morocco, governance was the topic of two workshops with the Foundation Fonddep and Al Karam, organized with support from the Grameen Jameel Foundation. Discussions focused on the roles of different actors and resources needed for an organization to pursue its social and financial objectives. This kind of analysis is particularly timely, given the difficulties facing the microfinance sector in Morocco.

## **Conclusion**

In 2008 and 2009, CERISE leveraged its strong partnerships to generate knowledge and promote peer learning in its four priority areas, particularly social performance.

CERISE continues to be an important force in microfinance, influencing the practices and priorities of microfinance institutions, networks, technical partners and donors, to make microfinance stronger and more responsible.

## Appendix 1 - Main missions, workshops and studies in 2008-2009

Netherlands, Oikocredit, Social Audit of a microfinance investor (2009).

France, ADIE (*Association pour le Droit à l'Initiative Economique*) client profile analysis and construction of a social exclusion scoring system; training in use of SPI tool (2009).

Mexico: Action-research support to the cooperative network AMUCSS to develop an impact assessment and client monitoring methodology for both practitioners and academic researchers (2009).

Mexico: Support to supervisory agency FEDRURAL to identify ways to assess the social performance of rural microfinance institutions (2009).

Dominican Republic: Workshop for the major MFIs Dominican Republic, sponsored by AFD/CEFEB: new rural and agricultural finance and social performance (2008).

Burkina Faso: Support to Confédération des Institutions Financières (CIF) on social auditing, governance analysis and monitoring performance of six members of the network (West African cooperatives) (2008-2009).

Mauritania: Review of IFAD's microfinance portfolio (2008).

Haiti: Training workshop on poverty and impact assessment tools for microfinance practitioners, Konsey Nasyonal Finansman Popilè/Société Internationale pour le Développement et l'Investissement (2008).

### Training/workshops/meetings:

December 2009, Dakar: General Assembly, AFMIN - Facilitated a day-long seminar on social and financial performance indicators for microfinance networks.

September 2009, Ghana: Moderator and resource organization for the session on financial literacy and consumer protection at the conference Making Finance Work for Africa, organized by GTZ, World Bank, DFID and USAID. The objective was to take stock of practices and initiatives designed to promote financial inclusion in Africa.

July 2009, Luxemburg: Moderated a day-long peer learning session on social performance with 30 MFIs as part of a workshop organized by ADA, "Human Resources, Social Performance and Other Innovations in Microfinance."

June 2009, Social Performance Task Force, Madrid: Presentation on "The Links Between Financial Performance and Social Performance in Microfinance," in collaboration with investment fund INCOFIN.

June 2009, First European Research Conference on Microfinance, Brussels, "Understanding the Emergence of Social Norms in Microfinance," Center for European Research in Microfinance CERMi, European Microfinance Platform.

April 2009, IRC/SupAgro, Montpellier: Seminar on Rural Finance, Social Performance and Impact.

April 2009, Convergences 2015, Paris: Presentation on "Assessing and Enhancing Social Performance in Microfinance."

2008 and 2009, Brussels: Visiting professor at the Centre Emile Bernheim (CEB), Research Institute in Management Sciences at the Université Libre of Brussels (ULB). Director of the training module

"Assessment of Microfinance" for the Master in Microfinance (European Microfinance Programme, jointly organized by Académie universitaire Wallonie-Bruxelles, Université Paris-Dauphine and Wageningen University).

July 2008, Turin: Organized a course on "New Rural Finance" at the internationally renowned Boulder Microfinance Training program in Turin, Italy.

June 2008, Social Performance Task Force, Paris: Presentation of the SPI and choice of social indicators for the MIX Market.

## Appendix 2 - Key Publications in 2008-2009

Lapenu, C. Ouedraogo A, Verhagen, K., Foose, L., 2009. Social Performance Governance, SEEP Network, Argidius Foundation, Social Performance Progress Brief No. 5.

Bedecarrats, F., Marconi, R., 2009. "*La tension entre politiques de développement et régulation de la microfinance. Le cas de la Bolivie*", Special issue of *Revue Tiers Monde*, IEDES, Nogent sur Marne, March 2009.

European Microfinance Platform (ed.), 2009. Second European Microfinance Award, Social Responsibility in Microfinance, European Dialogue No. 2.

Guerin, I. Lapenu, C., Doligez, F. (eds.), 2009. *La microfinance est-elle socialement responsable?* *Revue Tiers Monde*, No.197, January-March 2009.

Bouquet E., Wampfler, B., Ralison, E., 2009. *Appropriation et durabilité d'une étude d'impact d'une institution de microfinance. Une étude de cas à Madagascar*, *Revue Tiers Monde*, No. 197, January-March 2009.

Creusot, A.C., Poursat, C., *Pour une meilleure inclusion financière : renforcer les institutions intermédiaires*. *Revue Tiers Monde*, No. 197, January-March 2009.

Lapenu, C., Konini, Z., Razakharivelo, C., *Evaluation de la performance sociale : les enjeux d'une finance responsable*, *Revue Tiers Monde*, No. 197, January-March 2009.

Bedecarrats, F., Angora, R.W., 2009. *Méthode d'analyse statistique pour comprendre les liens entre performances sociales et performances financières*. SPI3 Discussion Paper No. 6

Freires A., Vaca, J., Herrera, J. 2009. *Desempeno social de las IMF de la Red financiera Rural. Auditoria social con la herramienta SPI*, Discussion Paper No.11, RFR, CERISE.

Ambert, A., Lapenu C., Bedecarrats, F., 2009. *Microfinance responsable et stratégies d'investissement: Comment valoriser et diversifier l'implication des MIV?* SPI 3 Discussion Paper No. 15, CERISE.

Special dossier on Social Performance and Protection of Borrowers for the Portail Francophone de la Microfinance ([www.lamicrofinance.org](http://www.lamicrofinance.org))

Lapenu, C., de Bruyne, B., Verhagen, K. (ed), 2008. "*Le rôle des investisseurs dans la promotion des performances sociales en microfinance*", *Dialogue Européen*, Plateforme européenne de microfinance, Luxembourg, 121 p. (English version published in June 2008)

Lapenu, C. 2008, *Progress in the social performance by microfinance, and applications in Europe*, EMN bi-annual magazine on Microfinance in Europe, Microfinance Europe N°3, June 2008, p 4-7.

Lapenu, C., (2008), *Review of IFAD's microfinance portfolio in Mauritania: Evaluation of the rural network of MICO*, IFAD, Islamic Republic of Mauritania, 125 p.

Poursat C., Pierret, D., 2008. "*Tout d'une grande*": *Sanduk network, microfinance institution on the island of Anjouan - Comoros*, *Revue Traverses*.

Wampfler B., Doligez, F., Lapenu, C., Vandenbrouck, J-P., (2008). *Organisations paysannes et microfinance: construire une nouvelle alliance au service de l'agriculture familiale, Un guide opérationnel*, IRC, CERISE, FARM.