



2022

ANNUAL REPORT

**Advancing social and environmental
performance management
for inclusive finance.**

Photo credit: ESAF, India



SUMMARY

EDITORIAL

CERISE+SPTF AT A GLANCE

A JOINT VENTURE

OUR TEAM

MAIN FUNDERS & PARTNERS

SETTING THE UNIVERSAL STANDARDS

CLIENT PROTECTION PATHWAY

SPI ONLINE

GENDER TRENDS ANALYSIS

RESPONSIBLE INCLUSIVE FINANCE FACILITIES

SEPM PROFESSIONALS NETWORK

SOCIAL INVESTOR WORKING GROUP

DIGITAL FINANCIAL SERVICES STANDARDS

LABODD—OUTCOMES

FOCUS ON ENVIRONMENTAL PRACTICES

ADVISORY SERVICES FOR INVESTORS

EVENTS

PUBLICATIONS



Our team at Cerise+SPTF Annual Meeting
in September 2022



FROM OUR CHAIRS

It is our pleasure to share this report of Cerise+SPTF's activities and achievements during 2022. As many readers may know, Cerise and the Social Performance Task Force (SPTF) have collaborated closely since the mid-2000s. Our missions—to strengthen social and environmental performance among purpose-driven organizations—were identical in intent. And our approaches were perfectly complementary. SPTF has long been the leader in developing the standards that define, in very concrete and practical terms, what it means to have strong social and environmental performance. For its part, Cerise develops the audit tools that help organizations understand where they are relative to those standards, decide how they want to improve, and then create an action plan.

After working together closely but informally for more than 15 years, the two organizations signed a memorandum of understanding in 2021 and now operate under a common strategic plan and budget. This report is the first since the joint venture was formalized, and we are proud to reflect on how far we have already come.

Cerise+SPTF is deeply grateful for the support of the **Agence française de développement (AFD)**, **Swiss Agency for Development and Cooperation (SDC)**, the **Government of the Grand Duchy of Luxembourg**, **Tipping Point Fund on Impact Investing**, **Dutch entrepreneurial development bank (FMO)**, the **European Investment Bank (EIB)**, and other sponsors. Along with their financial resources, our supporters bring subject-matter expertise to the partnership, and often also a

broad-based wisdom that our organizations, preoccupied as we usually are with quite technical issues, find deeply valuable. Their confidence in our work, along with that of the thousands of organizations and individuals who have joined us as members, clients, working group participants, or even newsletter subscribers, gives Cerise+SPTF confidence, too, that we are indeed on the right path.

The challenge now is to scale up our operations so that we can serve many more of the industry actors—financial service providers, investors, regulators, and more—who want our services. The key word here is *want*. Social and environmental performance management is not for the organizations that *need* it. If that were true, Cerise+SPTF would have to be bigger than Google, Amazon, and Meta combined. Our work is for those who *want* it—who want to balance financial profit with social returns, who want to do right by all their stakeholders, who want to thrive by ensuring that their clients thrive—who want, ultimately, to play a long game.

As the world drives towards the inspiring vision set forth in the Sustainable Development Goals, we believe that pent-up demand is there, and that it is growing. We look forward to quickening our pace along the path we are already travelling, and to meeting many of you along the way.

Monique Cohen, *Chairwoman of Cerise, Independent Advisor, Financial Services for the Poor*



Loïc De Cannière, *Chairman of SPTF, Impact Investment Professional, representing Incofin Investment Management*



FROM OUR DIRECTORS

The idea that business can be a force for good is nothing new. But even companies that sincerely wish to achieve a higher purpose may struggle to define clear goals, set meaningful targets, and devise an effective strategy. This is why Cerise +SPTF co-create **standards and assessment tools that are free to all**, and work with all types of mission-driven organizations equipping them with the skills and tools they need to define and achieve their social and environmental strategy.

When the Social Performance Task Force came together in 2005, the ambition was nothing less than to codify standards for the entire global community of practice in responsible inclusive finance. We knew that the work would be complex, and probably contentious and that it would only succeed if everyone's voices were heard. Since 2005, the **bottom-up approach, co-building of best practices, and collective thinking**, very close to the needs of every stakeholder, have built a strong framework for action, and are widely accepted.

Where are we now? Well, numbers tell part of the story. Cerise+SPTF now have **over 2,000 member organizations and 5,000 participating individuals, from every region of the world** and from every stakeholder type—financial service providers, investors, associations, regulators, and technical assistance providers—who work with low-income, vulnerable clients in developing countries.

More than 1,150 social audits have been completed for financial service providers who collectively reach more than 60 million borrowers from 121 countries! All of the data we have been collecting over the past 20 years is a treasure to understand the value of social and environmental performance management and to make sound business decisions.

With all our partners, we have seen over time that **SEPM builds loyalty and resilience**. With conflict, economic or financial crises in fragile countries, extreme weather events linked to climate change, or health crises including Ebola and COVID, purpose-driven providers demonstrated that caring for staff and customers created a deposit of goodwill that contributed to institutional resilience.

Updating standards in 2022 has been undertaken with thoughtfulness, respect for different needs, and care. **In a unified manner, working together creates efficiencies, amplifies the stakeholders' voices and contributes to greater harmonization of social and environmental performance standards.**

We are very happy to continue working with all of you!

Laura Foosse, *Executive Director of SPTF*



Cécile Lapenu, *Executive Director of Cerise*





OUR VISION

Cerise+SPTF imagines institutions and financial systems, all over the world, that put the best interests of people and the planet at the center of every decision.

OUR MISSION

Cerise+SPTF supports financial service providers, social businesses, impact investors, networks, professional associations, regulators, and donors with the tools they need to achieve their social and environmental strategies.

OUR SIGNATURE PRODUCTS



AT A GLANCE



Cerise+SPTF are practical dreamers. Since our origins in the late 1990s-early 2000s, there has been steadily growing interest in social performance: in making sure that vulnerable low-income clients are not exploited, and that products and services help create better lives. Many organizations have published high-level principles and frameworks. Cerise+SPTF translate those aspirations into concrete, practical actions.





Cerise+SPTF is a joint venture of two leading global organizations dedicated to **social and environmental performance management**—a way of doing business that puts **people and the planet at the center of every decision**.

As the developers and champions of interdependent and complementary tools and products, Cerise and SPTF have worked closely together since the mid-2000s. In 2021, we formalized our cooperation via a Memorandum of Understanding, and we now operate as Cerise+SPTF under a **common strategic plan, budget and joint working groups**.

Our signature product, the **Universal Standards for Social and Environmental Performance Management**, has defined best practices since 2012.

All of our tools—**audits and self-assessments, data and benchmarking, technical assistance financing, working groups, and more**—reflect the real-world perspective of inclusive finance stakeholders. Cerise+SPTF believes in the power of getting started. Wherever you are on your social and environmental performance management journey—curious, unsure where to start, stuck on a certain point, or determined to grow from good to great—we will meet you where you are. And we will bring the tools you need to succeed.

A JOINT VENTURE

2,000 SPTF member organizations in 121 countries, representing every stakeholder group within the inclusive finance sector.

+30 funders and partners trusted Cerise and SPTF in 2022



Cécile Lapenu, Executive Director of Cerise, Jurgen Hammer, Managing Director of SPTF Europe, and Laura Foote, Executive Director of SPTF.

Founded in 2005, the **Social Performance Task Force, or SPTF**, is a membership organization with more than 4,900 participating individuals from every region of the world. The SPTF developed, and regularly updates, the Universal Standards for Social and Environmental Performance Management (the Universal Standards). First issued in 2012, the Universal Standards, like all SPTF's efforts, guide impact-driven financial service providers in making finance safer and more beneficial for low-income customers.

Cerise, a French nonprofit created in 1998, pioneered the implementation of social performance management, working with committed microfinance institutions to launch the **Social Performance Indicators** initiative in 2001 (today known as **SPI Online**). As a social innovator, Cerise works with actors in inclusive finance, social business and impact investing to co-create social standards and social assessment tools that are free to all. Cerise also offers fee-based consultancy services to all types of impact-driven organizations, equipping them with the skills and tools they need to define and achieve their impact goals.

Cerise Operational Team



Marion Allet
HEAD OF ENVIRONMENT & IMPACT



Marc Davoust
HEAD OF DATA AND DIGITALIZATION



Célia Fernandez
HEAD OF COMMUNICATION & SDG PROJECT



Snezana Jovic
HEAD OF INCLUSIVE FINANCE



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DEPUTY DIRECTOR AND DIRECTOR OF RESPONSIBLE INCLUSIVE FINANCE FACILITY FOR SUB-SAHARAN AFRICA



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E-LEARNING AND TRAINER, CLIENT PROTECTION PATHWAY



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ASSOCIATE MANAGER, CLIENT PROTECTION PATHWAY

MAIN FUNDERS



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



GRANT
RECIPIENT
TIPPING POINT
FUND ON IMPACT INVESTING



FMO
Entrepreneurial
Development
Bank



Cerise's founding members



l'institut Agro
agriculture • alimentation • environnement



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VISIONS



Triodos Investment Management



SETTING THE UNIVERSAL STANDARDS 3.0

The updated Universal Standards provide improved, more practical guidance for financial service providers

The Universal Standards for Social and Environmental Performance Management ("the Universal Standards") is a comprehensive manual of best practices. The Universal Standards were developed, tested, refined, and finalized by financial service providers all over the world, so they are highly practical. They do not just describe a vision or set forth high-level principles. Instead, the Universal Standards provide a clear roadmap that financial service providers can follow to achieve their goals.

First launched in 2012 and now in their third edition, the Universal Standards have stood the test of time and proven relevant in many different geographic contexts, for many different institutional types.

The Universal Standards help financial service providers put clients and the environment at the center of all strategic and operational decisions, and they show financial service providers how to align their policies and procedures with responsible business practices.

In 2022, Cerise+SPTF celebrated this important milestone of a [tenth anniversary](#) by updating the Universal Standards to include an "E" for **Environmental**. The new version incorporates a mandatory dimension on green performance (Dimension 7), fully aligned at the concept level of the standards and essential practices with the [Green Index 3.0](#) developed by the e-MFP Green Inclusive & Climate Smart Finance Action Group.

In the new version, we also revised the practices around human resources development (**Dimension 5**) and responsible growth and returns (**Dimension 6**), and strengthened data analysis techniques, so that **data can inform decisions**.

And as of January 2023, we now have the updated, **fully aligned Social Performance Indicator (SPI) audit tools** available as well to help impact-driven organizations assess and improve their social and environmental performance.

⇒ [Learn more](#)

« The Universal Standards and the associated audit tools can help you understand with great precision where you are now relative to where you want to be in terms of social and environmental performance, and can deliver concrete guidance, step by step, to take you where you want to go. »

Amelia Greenberg, Deputy Director at SPTF



Digital is coming next...

Since 2022, Cerise+SPTF has been interviewing experts and leading a working group to develop standards for the responsible provision of digital financial services ("**DFS Standards**"). Stakeholder feedback has been clear that everything in the core Universal Standards manual still applies to DFS providers. For example, committed governance, adapted product design, responsible treatment of employees — these all apply no matter what delivery

channel the provider uses. However, there are additional risks inherent to digital channels that providers must recognize and mitigate. After 18 months of research and debate, Cerise+SPTF has identified about [150 DFS indicators](#). Cerise+SPTF will pilot test them through 2023, then integrate the new, field-tested content on DFS into the Universal Standards in 2024.

Client Protection Pathway

Ensure that products and services avoid harming clients.

From its origins in the early 1970s, responsible inclusive finance (better known then as microfinance) claimed to have a double bottom line: a social mission as well as a business case. Significant donor and investor funding, as well as public goodwill, was mobilized on that basis. But because there were no clear, universally accepted standards about how to measure social performance and protect the interests of low-income, vulnerable clients, the global state of practice was uneven. By the mid-2000s, it was obvious that good intentions were not enough. A series of client-protection initiatives got underway, culminating in the 2021 launch of the **Client Protection Pathway**, under the leadership of Cerise+SPTF.

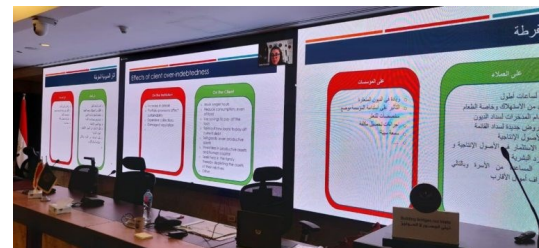
The Client Protection Pathway describes the steps that a financial service provider can take to implement the practices necessary to avoid harming clients and communicate this progress to investors. **The Pathway gives providers a roadmap for implementing the Client Protection Standards and helps them stay on track.** You can [read our frequently asked questions about the CP Pathway](#) and also contact us [here](#).

Protecting your clients is essential to your business and to their welfare, but it is not easy. **At every step on the Pathway, we have resources and support ready for you.** When you join the Client Protection Pathway, you join a global network of people who are committed to client protection.

Socially responsible, inclusive financial services should ultimately help clients to thrive—to meet daily needs, take advantage of opportunities, manage life's risks, and pursue their dreams. But at a minimum, financial services should **do no harm**. Financial service providers have an obligation to ensure that their products and services avoid harming clients.

Twenty years of research and refinement of best practices in the inclusive finance industry have brought together **8 Client Protection Standards** which ensure that financial services are delivered to clients in a safe, responsible, and fair manner. These standards are fully incorporated within the Universal Standards for Social and Environmental Performance Management.

Download the Client Protection Standards manual in [English](#), [French](#), [Spanish](#) or [Arabic](#)



Client Protection Training for the leading practitioners in Egypt

On January 11-13, 2022, CERISE + SPTF worked with the [World Bank](#) (WB) and the Egyptian Federation of Microfinance (EMF) to deliver a training on Client Protection to the country's most prominent practitioners.

Forty-three representatives of Egyptian Banks, Microfinance Companies, and NGOs—representing 90% of the national microfinance market—participated actively in the three-day training designed to build their skills on the client protection standards and self-assessment. The [Central Bank of Egypt](#) (CBE) and the [Financial Regulatory Authority](#) (FRA) hosted the event and participated extensively in the discussions on consumer protection.

Cerise and SPTF's qualified trainers, **Cara Foster** and **Anne-Laure Behaghel** participated virtually, presenting the [Client Protection Pathway](#) and the corresponding [Standards and Essential Practices](#), which responsible financial service providers are expected to implement. Independent consultant and Social Performance Management expert **Rula Mheisen** was present in person, to provide expert moderation and facilitate peer exchange through lively discussions on how to prevent over-indebtedness,

encourage transparency, and price products in an affordable yet sustainable manner. Participants' knowledge was built through a dynamic training methodology mixing theory, group work, and case studies.

The World Bank's lead for this initiative, **Mohamed Hisham El Shiaty**, Senior Private Sector Specialist, attended the full training and reiterated the support of the WB for the Federation's members as they progress on the Pathway to Certification. This support will translate into a dedicated coaching team that will accompany the interested Financial Service Providers (FSPs) as they conduct their self-assessments and develop action plans to implement improved practices on client protection.

Cerise+SPTF is proud to coordinate the team of consultants that will guide the FSPs as they assess their policies and operations, identify their gaps, and develop action plans to help them reach Client Protection Certification.



Tools and resources to move from where you are to where you want to be.

It's been more than 20 years since Cerise+SPTF built the first version of the SPI tool in collaboration with purpose-driven organizations from the inclusive finance industry. Today, SPI Online offers resources and assessment tools for anyone with an interest in managing social and environmental performance—financial service providers, impact investors, regulators, auditors, and other types of social businesses.

The SPI Online platform contains the audit tools to help purpose-driven financial service providers as well as other social businesses track their progress, and the platform also includes information and referrals for the other resources (technical, human, financial) necessary to that effort. Together with the impact investors who fund them, these resources and tools will enable this diverse range of institutions achieve two related objectives: understand the extent to which they are achieving their social and environmental objectives, and identify the specific steps to move from where they are now to where they want to be.

SPI Online audit tools are aligned with the third version of the Universal Standards for Social and Environmental Performance Management, and also measure compliance with a range of leading international standards including the

Sustainable Development Goals, the UN Global Compact, and standards developed by the ILO and OECD, among others.

The new platform is even more powerful as it allows **standardized ESG measurement**, which is the only way to prevent greenwashing and enable meaningful conversations on what works and does not work in ESG & Impact.

The platform also allows for massive data-collection and data-crunching. Since **its first launch, nearly 800 financial institutions have used the SPI tool**. The data enable us to analyze the state of the practices, to benchmark results, to understand gaps and suggest improvements wherever necessary. The new tool encourages institutions to improve themselves. The work of impact investment is never completed!

We are grateful to our funders who recognize the importance of this public good, and their role in continuing to make it available. It is a resource they rely on to **improve decision-making** and to help them address sustainable development challenges. And they are playing their part to make it available to the market so that we can all **speak the same language and address these challenges and opportunities together**.

Widely used globally

770

Unique FSP with audits

1,150+

Audits completed to conduct analysis

As of December 2022

45

Investors using ALINUS/aligned on indicators

60M

Unique customers

106

Different countries

« The inclusive finance sector has great tools—the Universal Standards are now in their third edition and SPI Online and ALINUS have been updated too. Ultimately there is a collective responsibility for all of us to use the best tools. If investors and other supply-side actors all use these tools, then financial service providers have a standardized format and platform to report their information, and it thus becomes instantly available to many stakeholders. And then the more stakeholders who are using SPI Online, the greater its value to financial service providers, the more they use it as their central reporting platform, and the better the data becomes for benchmarking and industry trend-spotting. There is an incredibly powerful virtuous cycle to be created and if we all commit to using these best-in-class tools and using them to maximum capacity—this is a call to action for all of us. »

Frank Streppel, Head of Global investments at Triodos Investment Management

ANALYSING GENDER TRENDS

From financial access to improved financial health

Since the first audits were conducted in early 2000, data on gender has been collected to understand **access** whether to financial products (for women clients) or to leadership roles (for women staff). Today, Cerise+SPTF has core data to benchmark **how far any financial service provider gives access to products or power in their organizations**.

This data is used for example by FSP to define a better gender-sensitive human resource policy, or by investors to support better access to financial services for women or to push for more representation of women at the board level.



In the next years, we will draw on the new Universal Standards which are integrating more guidance on gender equality. We will strengthen the focus on **gender-friendly human resources policies**. ESG regulations integrated in SPI Online tools will push for better measurement, on **gender pay gap** for instance. And with guidance on outcomes management, we will support organizations to better differentiate **financial inclusion** (access to financial services for women) and **financial health** (actual use, voice and choice, positive changes in financial management, and other meaningful indicators).

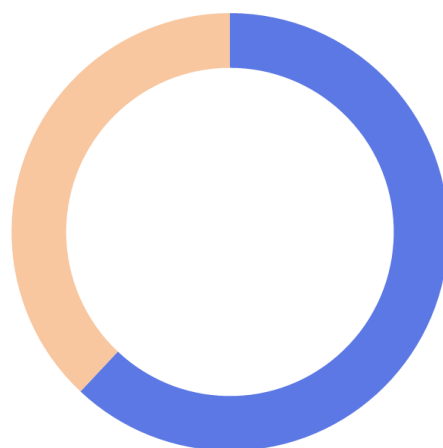


	SPI Online data*	Number of quality audits
% women of total borrower	62%	415
% women in management	36%	446
% women of total board members	29%	457

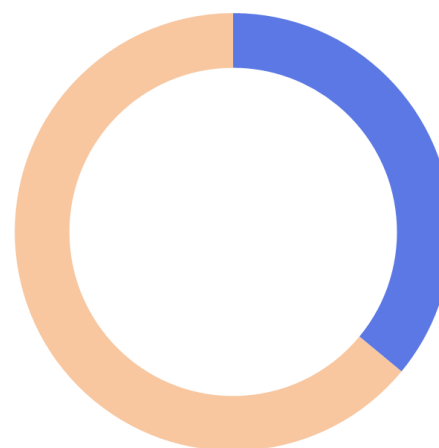
* Unweighted benchmark data



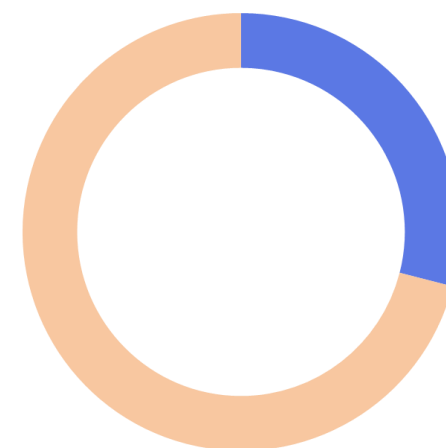
% **Women** of total borrowers



% **Women** in Management



% **Women** on Board



■ Women ■ Men

RESPONSIBLE INCLUSIVE FINANCE FACILITIES

SPTF runs three **Responsible Inclusive Finance facilities**, one in Sub-Saharan Africa (RIFF-SSA), one in Central America and the Caribbean (RIFF-CAC), and one in Southeast Asia (RIFF-SEA). Each facility **strengthens the social and environmental performance management capacities of stakeholders in the financial inclusion sector** by providing trainings, co-financing projects, and developing new resources related to SEPM.

These facilities are funded by the Swiss Agency for Cooperation and Development (SDC), and the Government of Luxembourg through the Ministry for Development Cooperation and Humanitarian Affairs and the Financial Inclusion Fund administered by the European Investment Bank (EIB).

RIFF-CAC Responsible Inclusive Finance Facility for Central America and the Caribbean

Managed in partnership with [REDCAMIF](#), RIFF-CAC was established in October 2017 to strengthen responsible inclusive finance practices and build capacity among financial service providers (FSPs) in Central America, Mexico, and the Caribbean.

In 2022, RIFF-CAC supported training sessions (in-person and virtual) for more than **770 people** and co-funded **10 projects** for FSPs to implemented good SEPM

practices. The facility hosted the online **Client Protection Implementation Series in Spanish** covering the updates in the Client Protection Standards released in February 2022, and how to implement best practices. RIFF-CAC also supported **the SEPM Pros Network in LAC** through capacity building in social audit and client protection assessment, new resources in Spanish, and individual coaching.



ASOMAP Dominican Republic participants in a RIF Intro training.

Photo credit: Orisel Caminero

RIFF-SSA Responsible Inclusive Finance Facility for Sub-Saharan Africa

RIFF-SSA, which began operating in January 2015, organized **11 trainings** and **co-financed 19 projects** during 2022. Some of the trainings were three-day in-depth introductions to responsible inclusive finance, while others were one-on-one trainings of consultants to conduct social audits using the SPI tool.

The co-financed projects covered a wide range of topics, such as **environmental performance management, product design** that is adapted to clients' needs, **staff and client satisfaction surveys**, and collecting data on **outcomes** experienced by clients from using financial services.

Also in 2022, RIFF-SSA supported the development of supplemental performance management standards for **digital financial service providers**.

« Estamos muy satisfechos con el FFRI-CAC. Ya hemos hecho varios proyectos y ha sido un excelente apoyo, por ejemplo, nos fue muy bien con el chatbot que desarrollamos con apoyo del FFRI-CAC durante la pandemia. »

Yudelka Flores, Gerente General, FONDESA (Dominican Republic)

RIFF-SEA Responsible Inclusive Finance Facility for Southeast Asia

RIFF-SEA was launched in May 2018 to provide support to FSPs and other stakeholders of the inclusive finance sector in **Cambodia, Indonesia, Laos, The Philippines and Vietnam**. In 2022, the facility offered **SEPM trainings** for local SPI auditors, client protection assessors,

technical assistance providers and regulators. RIFF-SEA also provided co-financing to FSPs for **assessments (SPI, Client Protection, digital readiness), social ratings and SEPM upgrade projects** chosen by providers.

An active community of experts to support inclusive finance stakeholders in the field, all around the world.

Since 2020, the Social and Environmental Performance Management Professionals Network (SEPM Pros Network) has aimed at **building a strong, active and efficient community of experts to support SEPM in the field.**

These experts are trained and qualified on the Universal Standards, the Client Protection Standards, and the SPI tools. They are available to **support financial service providers, impact investors and other stakeholders to advance their social and environmental performance goals.**

The SEPM Pros Network is made for and by its members, as it aims to facilitate peer learning and cross-training for the consultants across different SEPM issues. The Network also aims at **gathering best practices and disseminating relevant resources**, updates on the tools and upcoming **training sessions and events.**

As of December 2022, the SEPM Pros Network counted **167 experts** around the

world. Most of them are based in Latin America and the Caribbean, Sub-Saharan Africa, Central Europe, and Southeast Asia.

In 2022, the members of the Network have been trained on **Environmental Performance Management**, through a deep dive into the new **Dimension 7** of the Universal Standards. 6 training sessions were conducted in 3 languages (English, Spanish and French). They were specifically tailored to the demand of SEPM Pros who expressed their need, in the annual survey conducted by Cerise+SPTF, of being trained on how to support financial service providers in their journey to achieve their environmental goals. The content covered **how to assess FSPs environmental performance**, and how to **manage** this performance by developing the right **strategy**, mitigating external and internal environmental **risks**, and developing financial products and services to **reduce clients' vulnerabilities** towards those risks and towards climate change.

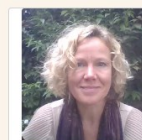
Who are our SEPM Professionals?

The SEPM Pros Network consists of

- **Consultants** who support financial institutions directly in the field.
- **Impact investment fund managers** who are in charge of integrating SEPM in the selection and monitoring of their investees. They have experience in social due diligence.
- **Managers of national, regional and international networks** who support their members in conducting social audits and improving practices.

Take a look at our **database of experts!**

A one-stop shop for stakeholders to find consultants across SEPM issues and tools.



Ingrid Smit

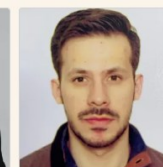
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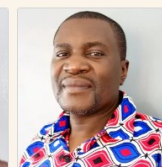
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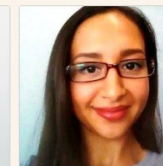
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Melissa Tello

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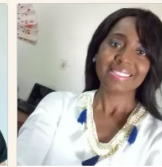
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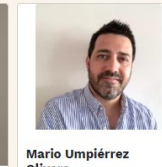
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Social Investor Working Group

The active stakeholder group to advance responsible investment in financial inclusion

The **Social Investor Working Group** (SIWG) represents Cerise+SPTF's most active stakeholder group. Since 2019, its activities have been managed out of the SPTF Europe office located in Luxembourg, which was opened with the support of the **Luxembourg Ministry of Finance and the Luxembourg Ministry of Foreign and European Affairs, Directorate for Development Cooperation and Humanitarian Affairs**. SIWG focuses on strategies to add value to its members' work, forging connections to the larger financial and investment sectors, and defining and improving the state of practice in impact investing. SIWG members' collective loan portfolio represents approximately USD 40 billion and 62 million borrowers from almost 100 different countries. Given the vital role that impact investors play in the inclusive finance sector, the SIWG also devotes significant effort to outreach: to expand its membership so that more investors

participate in the collective work to **develop and implement socially and environmentally responsible inclusive financial services**, transparent reporting on performance and results, and eventually the capacity to coherently evaluate impact.

The SIWG connects monthly for a virtual working group meeting, supplemented by sub working groups which in 2022 focused on **SFDR reporting (Sustainable Finance Disclosure Regulation) and data sourcing**. In 2022, the SIWG coordinated the GIIN-eMFP-SPTF impact sector contribution to the Platform on Sustainable Finance market consultation on the European Social Taxonomy. The group also initiated connection and integration with major standard setting initiatives (OECD, ISO/TC 322 Sustainable finance) to share our learnings and contribute to shaping future international standards.

70 new investors
registered for the SIWG
mailing list in 2022

48 investor organizations
participated in the SIWG
monthly virtual meetings



« One fundamental difference between the inclusive finance sector, as supported by Cerise+SPTF, versus other impact-seeking sectors is the concrete achievements that inclusive finance has made in terms of practical implementation. That same emphasis on concrete, practical implementation is also what distinguishes the Universal Standards for Social and Environmental Performance Management from other initiatives, frameworks, principles, and guidelines. In a world full of compasses, the Standards are a detailed roadmap. »

Jurgen Hammer, Managing Director of SPTF Europe

Among its contributions to Cerise+SPTF's own initiatives, the SIWG intensified and broadened investor involvement and commitment around the new **Client Protection Pathway**, with the objective to achieve global sector uptake. **More than 40 investor organizations signed a [Joint statement](#)** calling on financial service providers to join the Client Protection Pathway. And among plenty of productive work during the last year, members also contributed to the finalization of the **SPI5** and **ALINUS 3.0** evaluation tools for the new SPI Online platform.

The need for an entity like the SIWG to coordinate collective action and speak with a collective voice is borne out by the rapid growth and active engagement of its membership. Over the past 20 years, in the absence of regulatory reporting obligations for social and environmental performance, the microfinance industry has demonstrated a unique capacity to **voluntarily develop harmonized definitions and implement transparent evaluation of its responsible practices through concerted and continuous shared learning**. Sector-wide initiatives such as Cerise+SPTF have helped lead the way, and its working groups such as the SIWG have played, and will continue to play, a major role.



Working group session at Cerise+SPTF Annual Meeting in September 2022.

For more information, please email [Ally Ryder](#) or [Jurgen Hammer](#).

Toward specific indicators to assess responsible digital financial services

In 2022, Cerise+SPTF finished the series of 50+ expert interviews, as well as literature review, that it had begun in 2021 related to understanding risks to clients specific to using **digital financial services (DFS)**, as well as management practices that financial service providers (FSPs) could implement to mitigate those risks.

In February 2022, Cerise+SPTF published a summary of the findings from this initial fact-gathering and also launched the DFS Working Group. This working group met virtually nine times between February and September 2022, each time to discuss in depth one of the topic areas within the domain of consumer protection and the offer of DFS (e.g., **managing algorithm bias, transparency, cybersecurity**).

The final meeting of the DFS Working Group was an all-day in-person event that took

place within the Cerise+SPTF annual meeting in September 2022, and gathered approximately **75 people** from a wide variety of countries and stakeholder groups.

At the conclusion of this final DFS Working Group Meeting, Cerise+SPTF formed a small technical team to analyze all of the working group feedback and transform that content into **an assessment tool with specific indicators** that an auditor could use to evaluate whether an FSP that offers digital financial services has implemented management practices to protect clients from harm.

The technical team will release the assessment tool in the first half of 2023 and pilot testing of the DFS Standards will take place throughout the year.

Why create Digital Financial Services (DFS) Standards

- ⇒ Clarify what “**good**” practice means, and encourage good practices to grow
- ⇒ Enhance **transparency**
- ⇒ Propose **concrete solutions** to the risks we observe
- ⇒ Enable stakeholders to distinguish between providers with a desire to **create value for clients** versus those focused solely on profits
- ⇒ Facilitate **partnerships** with responsible providers

« We are at the stage where what is involved is not only the protection of data of the 10,000 consumers of an institution, but also the protection against the skills and tools of the hackers, which can really stop an institution almost any day. »

DFS expert

« Over the past few years, several serious cases of fraud have been reported that have raised concerns within the industry. As mobile payments begin to scale in many markets and new products are introduced, there is growing need to address fraud conclusively. »

MicroSave Brief, Fraud in Mobile Financial Services, J. Mudiri

Join the DFS Standards Working Group



Moving towards a minimum set of standard indicators to collect outcomes data aligned with the SDGs

As the Sustainable Development Goals (SDGs) became more commonly accepted and used in the development field, Cerise+SPTF and the [e-MFP Investors Action Group](#) started a project in 2019 to explore innovative approaches for investors and FSPs on **measuring and reporting outcomes using the framework of the SDGs**.

As a major output of this work, in March 2022 the report "[Outcomes Management for Financial Service Providers: A proposed standard framework aligned with the Sustainable Development Goals](#)" provided **a framework of actionable indicators based on the SDG targets** that can meet the need for a simple, credible methodology to monitor outcomes: one that is built on a well-defined social strategy and theory of change, and that is assessed regularly through internal data management systems.

The report emphasizes that it is possible to define **a core set of indicators** that can likely be applicable to most FSPs and

facilitate benchmarking with similarly purpose-driven institutions. Three SDGs were identified as the most relevant for the financial inclusion actors - **SDG 8** (Decent Work and Economic Growth), **SDG 1** (No Poverty) – focusing on outreach to the vulnerable - and **SDG 5** (Gender Equality).

Between September and November 2022, the e-MFP Investors AG and Cerise's LabODD co-organised a series of events, both online and in-person, aiming to share lessons learned and exchange experiences between social investors and FSPs. The LabODD built propositions based on these discussions and the fruitful collaboration with [60 Decibels](#) who shared its extensive experience in collecting customer lean data.

In November 2022 at the European Microfinance Week, Cerise+SPTF presented a **proposal for the outcome questionnaire and list of potential standard outcome indicators**. FSPs, investors and other stakeholders were

asked to review the proposed outcome questionnaire and standard outcome indicators, and provide feedback. By the end of 2023, the LabODD will include the list of standard outcome indicators in the new version of **SPI Online** assessment tools.

The LabODD also works in collaboration with investors to support directly the financial service providers. In 2022, with Incofin and MCRIL, we worked with Crystal in Georgia, Save and Light in India, R2O in Myanmar, Grassland in China, and Juhudi Kilimo in Kenya, in building **outcomes management to support client protection** and/or strengthen **a comprehensive data-driven social strategy** from field officer to board members.



LabODD and e-MFP Investors AG meeting in November 2022.



More about 2022 events:

- [Outcomes Management Workshop Series](#) online meetings with Investors (13 September) and FSPs (20 September)
- [Outcomes Sessions at the Cerise+SPTF Annual Meeting 2022](#) (28 & 29 September)
- [The European Microfinance Week \(EMW\) 2022 Panel Session 'The Drivers for Better Outcomes' and Working Session](#) (16 November).

FOCUS ON ENVIRONMENTAL PRACTICES

Assessing responsible investment in agriculture



Building on its experience in the inclusive finance sector, Cerise+SPTF has been working, in collaboration with IISD (International Institute for Sustainable Development), ADA (Appui au développement autonome), and SSNUP (Smallholder Safety Net Upscaling), to develop a new tool to **assess responsible practices in the agricultural sector**: the **Agri Scoring Tool**.

The objective of the tool is to help agribusinesses and agricultural value-chain actors translate internationally-recognized, but generic standards, such as the principles on responsible investment in the agricultural and food systems ([CFS-RAI Principles](#)) and IFC Performance Standards, into their daily management and operations. After a first round of feedback from partners, the tool will be tested in the field throughout 2023.

RAI Agri Scoring Tool Practices:

1. Strategy and accountability on responsible agriculture

2. Inclusive and transparent structure

3. Responsible processes, products and services

4. Environmentally sustainable processes, products and service

5. Responsible treatment of stakeholder

6. Responsible Human Resource Development

7. Financial transparency and benefit-sharing

Support client protection implementation in agriculture



Since December 2021, IDH, on behalf of the IDH Farmfit Fund, has mandated Cerise+SPTF to provide **support on integrating Client Protection standards into its investment activities**. In 2022, Cerise+SPTF worked on developing a **tailored assessment tool**, building on the solid work on CP already conducted in the

financial inclusion sector, and adapting to the agricultural sector. **Training sessions** were organized to build IDH staff' capacities on Client Protection standards and assessment, in order to test the tool in the field in 2023.

Improving KRK's social and environmental monitoring system



Throughout 2022, Cerise+SPTF, in collaboration with MFC, assisted KRK, one of the leading financial service providers in Kosovo, in assessing their environmental and social (E&S) performance, and improving their E&S monitoring and reporting system. First, workshops were conducted to work on **KRK's theory of change** and translate its social and environmental strategy into **clear objectives, targets, and indicators**. Based on this framework, Cerise+SPTF and MFC then conducted a study to evaluate KRK's social and environmental outcomes on their

clients, **using data already available and conducting focus group discussions to collect additional data**. This study identified KRK's achievements, its gaps, and the priority issues to address in order to improve the E&S monitoring system. KRK is now equipped with a **clear E&S monitoring framework and dashboard**. Its corporate and branch managers have also been trained on data quality issues to ensure that the system remains useful and high performing.

ADVISORY SERVICES FOR INVESTORS

Strengthen responsible practices in inclusive finance, hand-in-hand with impact investors

Several investors work directly one-on-one with Cerise+SPTF to strengthen their social and environmental strategies and operations. They may work with us to streamline their social data collection process by adopting ALINUS for their due diligence tool or to conduct benchmarking analysis to identify their relative strengths and gaps. Often they seek strategic counsel about potential new markets (e.g., small and

medium enterprises) or partners, to identify emerging social and environmental risks, or for ways to support their investees' efforts to improve client-centricity or responsible human resource development.

Among our 2022 advisory services were projects for MEF, Invest in Visions, BIB, BNP Paribas, Grameen Credit Agricole, Triple Jump, and Incofin.



Coordinating social and environmental reporting process at MEF using SPI4-ALINUS framework

"To what extent MEF invests in institutions that do good - or at least have the intention to do good - by adopting a structured approach to social performance management?"

For the fourth year in a row, Cerise+SPTF have worked with MEF (Microfinance Enhancement Facility) and their four Investment Advisors Blue Orchard, Incofin, responsAbility and Symbiotics, to coordinate

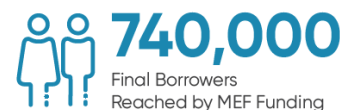
their social and environmental reporting process using SPI4-ALINUS framework. The approach consisted in **collecting data of 146 investees, analyzing, and benchmarking the scores to the full SPI database** to feed MEF discussions on its social objectives and strategic priorities.

The results will be published in MEF 2022 Annual Report on [MEF website](#).



Social Performance* as of 31 December 2022

*Preliminary data subject to further review



Source: MEF Quarterly Factsheet – December 2022



Photo credit: Grameen FANSOTO

Cerise+SPTF Annual Meeting 2022



Some of the most thoughtful voices in inclusive finance from around the world gathered to discuss digital finance, impact investing, the environment, client outcomes, customer empowerment, and responsible market systems. 2022 marked the first in-person annual meeting since 2019—and it was a joy to be together again.

On September 28th, Cerise offered a **one-day training for technical assistance providers on how to accompany financial service providers on an environmental performance journey**.

In parallel, working group members gathered to discuss crucial topics. **The Digital Financial Services Working Group** reviewed the draft standards, debated outstanding questions, and moved the draft towards finalization. They also discussed plans for the DFS standards' implementation, including pilot testing and ways to raise awareness and drive uptake.

The Social Investor Working Group (SIWG) explored ways to define an action plan for a big boost to the client protection standards and pathway. The SIWG also did a deep dive into SFDR, working to establish guidelines for data providers on investor needs and requirements related to SFDR reporting, in order to improve coordination and optimize the data offer in the market.

At the **Outcomes Working Group** meeting, Cerise+SPTF presented ideas for a

harmonized set of indicators to be included in an outcomes module for the SPI tool. The group discussed whether these proposed indicators are relevant and useful for both financial service providers (to understand and better serve their clients) and for related stakeholders (e.g., investors, networks, regulators) to understand the impact of financial services on clients.

On September 29th, Cerise+SPTF marked the **10th anniversary of the Universal Standards** with a stock-taking about the effects of social and environmental performance management on the entire financial inclusion value chain. In the closing plenary, participants formulated dreams for the next ten years. Cerise+SPTF shared its ambitious goals in three key areas: **empowerment of all customers, regulation that does not stop at protection but aims for better outcomes, and inclusion of the very hardest to reach.**

September 29 was also dedicated to plenary sessions where core topics were discussed: the connection between investment in social and environmental performance management and better client outcomes; market-level customer empowerment approaches; how to mainstream environmental performance management...

⇒ [Learn more](#)



« Hearing that peers and the rest of the industry are busy with the same things we are has been energizing and inspiring. It's made me realize that we are part of this big movement. »

Conference participant



Cerise+SPTF and OECD Meeting 2022



The world has less than seven years remaining to achieve the Sustainable Development Goals. One important tactic: conforming financial practices around SDG-aligned international standards. Leading standard setters, investors, donors, and financial service providers discussed the value of this approach and how to make it a reality. **Global leaders from the fields of impact management and standards-setting shared perspectives on how we can work together to achieve the SDGs.**

The Microfinance Enhancement Facility (MEF) shared experience and lessons learned in using standards and social performance management tools for greater impact.

Cerise+SPTF and OECD are grateful to all our expert panelists and speakers who made the event a success.

⇒ [Learn more](#)



MAIN PUBLICATIONS



[The Universal Standards for Social and Environmental Performance Management](#)

The Universal Standards is a comprehensive manual of best practices. First launched in 2012 and now in their third edition, the Universal Standards have stood the test of time and proven relevant in many different geographic contexts, for many different institutional types. They help financial service providers put clients and the environment at the center of all strategic and operational decisions, and they show financial service providers how to align their policies and procedures with responsible business practices. *February 2022*



OUTCOMES MANAGEMENT FOR FINANCIAL SERVICE PROVIDERS

A proposed standard framework aligned with the Sustainable Development Goals

Prepared by CERISE in collaboration with SPTF Outcomes Working Group and e-MFP Investors Action Group

[Guidance Note for Financial Service Providers by CERISE, e-MFP and SPTF](#)

A collaborative project involving the e-MFP Investors Action Group and SPTF's Outcomes Working Group to explore innovative approaches for investors on measuring and reporting outcomes using the framework of the Sustainable Development Goals. This publication aims to contribute to building a framework of actionable indicators based on the SDG targets that can meet the need for a simple, credible methodology to monitor outcomes. *March 2022*



[Blog Series: Environmental Performance Management in Practice](#)

In February 2022, Cerise+SPTF released the updated Universal Standards 3.0. This third edition now includes a new Dimension 7 dedicated to Environmental Performance Management.* This addition reflects a growing awareness that we all have a role to play when it comes to facing environmental and climate challenges. And yet, what this looks like for actors in inclusive finance remains elusive for many. What does it mean to manage environmental performance, in practice? We invited pioneering institutions to share their experience. Four articles were published between *October and November 2022*



[Building Resilience in Inclusive Finance Organizations](#)

Cerise+SPTF published The Guide for Building Resilience in Inclusive Finance Organisations, written by Orisel Caminero (Achieve Consulting Group) and edited by Cara S. Forster (SPTF). This Guide contributes to the ongoing research and dialogue about both individual and organizational resilience. It aims to accompany inclusive finance organisations in building resilience before, during and after disruptive events. *June 2022*



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