Agenda

- The value of using aligned measurement standards
- How the Social Performance Task Force & IRIS work together
- How Grassroots Capital Management assesses, reports, and communicates social & environmental performance
- Q&A
Housekeeping Items

- Please mute all lines

- Q&A will be held until the end of the webinar. Please use the Chat function to ask your questions throughout the webinar.

- The deck and a recording will be posted after the webinar at www.thegiin.org

- For questions about today’s content, visit the IRIS website at www.iris.thegiin.org or contact irisinfo@thegiin.org
Speakers

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IRIS Mission

Generally-accepted metrics enable capital to flows toward investments that perform well financially, socially & environmentally.
IRIS Enables Comparisons

My Metrics

Client Individuals = Client Individuals

Your Metrics

Client Individuals: Total

Number of unique individuals who were clients of the organization during the reporting period.

ID: PI4060
A Sample of IRIS Users
IRIS Connects the ‘Alphabet Soup’
Linking the SPI4 & IRIS

Value for Investors
- Reliable and credible standardized public reporting enables informed decision-making for screening and investment decisions
- Consistent metrics make it possible to aggregate performance across a number of investments, and allows for benchmarking and comparability

Value for Financial Services Institutions
- Enables the measurement, articulation and demonstration of the financial and non-financial performance of an organization against best standards and practices
- Reduces burden of reporting similar information in multiple different frameworks, allowing for more time spent to improve practices
The SPTF is the global standard setting body for responsible inclusive finance

- **Global** membership organization; +2,700 members in 127 countries

- Representing all **stakeholder** groups in the global responsible inclusive finance industry: financial service providers/MFIs, donors and investors, support organizations and networks, rating agencies, regulators, etc.

- **Key role of establishing, disseminating, and promoting social performance management (SPM) standards**

- **Coordinating** with other key initiatives – Smart Campaign, Cerise, MIX, ILO, Microfinance CEO working group, SP Implementation Fund for Networks, GIIN/IRIS, B-Lab/GIIRS
The Universal Standards for Social Performance Management

- There are 19 standards, organized into 6 dimensions
- They incorporate learning from many initiatives in the responsible inclusive finance sector
The SPI4: A Universal Assessment Tool

- Data collection and assessment tool aligned to the Universal Standards
- As a free tool, it enables FSPs to analyze their current SPM practices in a way that fits their budget
- Can be customized to fit the institution’s mission
- A reporting tool that allows FSPs to define their “social statements”

For more information visit cerise-spi4.org
The SPI4 ALINUS: Common Social Due Diligence and Monitoring Tool

- ALINUS - A\l\igning I\n\vestors due diligence with the Universal Standards

- The SPI4 ALINUS is a sub-set of the SPI4 tool, developed by a group of social investors – with just 80 common indicators

- A tool for social due diligence and monitoring

- Currently being piloted and implemented with a growing number of MFIs
SPI4 ALINUS: Why Do Investors Use it?

- Speak the same language
- Reduce reporting burden for MFIs
- Focus on analysis and not data collection
- Support partners in improving SPM
- Develop national and international benchmarks

Simplify, convince, and support SPM!
Growing Use of SPI4

SPI4 in numbers as of May 2016

- Used by **150 financial services providers**
- More than 40 in pipeline (12 ALINUS)
- From **55** different countries
- **75%** are accompanied self-assessments
- **+350** people trained in SPI4
- **62** qualified auditors

SPI4 Audits By Region

- **ASIA** 23%
- **LAC** 25%
- **SSA** 39%
- **MENA** 8%
- **ECA** 5%
An Example of Linking the SPI4 & IRIS

Wage Equity (OI1582)

Ratio of the wages paid during the reporting period to the highest compensated full-time employee (inclusive of bonus, excluding benefits), compared to the lowest paid full-time employee.

Indicator 6 d 4 1

The institution calculates the difference between the average annual compensation of its top level executives (e.g., CEO/Managing Director, CFO) and its field employees (loan officers).

Forced Labor Policy (OI9650)

Indicates whether the organization has a written policy against forced labor and a system to monitor compliance of this policy.

Indicator 5 a 4 1

The institution ensures that it does not employ nor benefit from forced or compulsory labor.
The Investor Perspective: Grassroots Capital Management
Intro to Grassroots

- Over the past fifteen years, Grassroots has launched and managed **eight debt and equity impact investment funds** and made investments in nearly twenty others.

- Grassroots’ investments are **multi-sector**, including small and micro businesses, housing, sustainable agriculture, accessible health care and affordable education.

- Grassroots’ **objective** is to mobilize capital to investments in impact businesses that help eliminate poverty and strengthen communities.

- Grassroots adds value through active board involvement and assistance on governance and social performance management.

- Actively promote transparency, and better business and ESG policies and practices in funds and portfolio companies.

- Foster alignment, consolidation and integration of SPM Tools (member of SPTF ALINUS working group, B Lab, GIIRS, FIEC).
Why Does Grassroots Measure?

- “Can’t call it impact investing without “measuring impact”

- Use social performance data when making investment decisions

- Communicate financial and social company-level and fund-level performance to LPs in comprehensible way, pre-investment and on quarterly/annual basis

- Share data to create dialog, benchmarks at industry level
Example from DD Tool*

*Drawn from the SPI4, Mix Market, the SPTF working groups, and other industry conventions.
Example of Monitoring Indicators*

Target Market
- % Women
- % urban/rural
- % agriculture
- % under-served

Increased Access
- # clients/beneficiaries by
  - Credit product
  - Remittances
  - Insurance
  - Training/education
  - Other financial

Increased Client Benefit
- Client retention
- Client satisfaction
- Change in [savings, revenue, income]

Improved SPM Practices
- Use of credit bureau
- Smart Certification
- Use of SPI, PPI
- Report to MIX
- Ratings

*Drawn from the SPI4, Mix Market, the SPTF working groups, and other industry conventions.
Some Highlights from Grassroots’ Experience

- Providing assistance is key
- Enable institutions to choose which tools and indicators are relevant for their missions, businesses and decision-making needs
- Measure indicators relevant to fund objectives with common metrics across portfolio; but when initiatives, business models, missions differ, use program-specific metrics
- Must be consistent: measure and report based on well-defined and disclosed metrics
Questions?

Have thoughts or feedback? Email us: iris@thegiin.org

Find additional guidance materials on the linkage at iris.thegiin.org

Find the full Grassroots Capital Management resources at www.grassrootscap.com

Find the other webinars and further information on impact investing at www.thegiin.org