**Social Performance Fund**

**CALL FOR PROPOSAL for MICROFINANCE INSTITUTIONS TO CONDUCT “SPI4 SOCIAL AUDIT PLUS”**

**AND**

**APPLICATION GUIDELINES**

Issued:  **September 2016**

1. **INTRODUCTION**

The Social Performance (SP) Fund (“Fund”) is a mechanism to engage and support networks in their efforts to mainstream social performance management (SPM) in the microfinance sector. The Fund recognizes that microfinance associations and networks (“Networks”) play an important role in increasing transparency and mainstreaming good practice in SPM to foster responsible sector development, while responding to the needs and constraints of their member Microfinance Institutions (MFIs) and other stakeholders.

The Universal Standards for Social Performance Management represent the culmination of ten years of unprecedented industry-wide collaboration to align definitions and consolidate best practice around social performance management and assessment. Today, building a responsible inclusive finance sector depends on our ability to mainstream the Universal Standards across the sector.

Importantly, in recent years we have made significant progress in co-creating the very tools that will facilitate Universal Standards adoption. These tools have the potential to harmonize social performance measurement and reporting, and foster stronger practice among practitioners, networks and investors by providing real-time and relevant information on our processes and outcomes.

1. **GOALS AND OUTCOMES**

Currently, the Fund launches the third round of the grant support, thanks to the support from Ford Foundation. The Fund aims to significantly accelerate Universal Standards adoption, to mainstream both the concept and systematic practice of SPM by:

* promoting the SPI4 as a data collection and performance management tool among MFIs, networks and investor. For investors, the “SPI4-ALINUS” will guide harmonized data collection, reducing reporting burden and improving data quality, benchmarks and support to SPM.
* supporting MFIs to fully integrate SPM into their operations, by promoting useful technical resources and sharing practical experience.

The Fund offers co-financing to microfinance institutions who would like to conduct an "SPI4 Social Audit Plus." [[1]](#footnote-1) A social Audit Plus is an accompanied self-assessment, followed by the adoption of a clear action plan for 9 to 12 months and implementation of prioritized actions by the MFI. The Fund plans to support at least 23 financial institutions primarily from ECA, Asia, Latin America region which are interested in conducting external SPI4 assessment.

**The SPI4 Social Audit Plus** preferable involves conducting a SPI4 assessment with a qualified SPI4 auditor.[[2]](#footnote-2) As with any accompanied SPI4 audit, the auditor works with management immediately following the assessment to prioritize areas for improvement and develop an action plan. If no qualified SPI4 auditor is available, in-depth exchanges with MFI and auditor will be necessary with SP Fund team to ensure quality of the audit.

Once the improvement plan is developed, the institution will have an opportunity to work with SP Fund team to facilitate implementation through off site technical assistance (e.g. guidance, identify resources, etc.).

**III. ELIGIBILITY CRITERIA**

The applicants must be microfinance institution and need to:

* be financially sustainable
* have at least 1 foreign investor (debt, equity or guarantee)
* preferably be a member of national/international network
* be a market leader (e.g. large percentage of market share)
* have existing social mission
* dedicate a person who will be responsible for arranging meetings, discussions needed for the assessment
* develop improvement plan based on assessment results with the assessor
* have committed management and board to improve SPM gaps after the assessment (e.g. letter of commitment signed by the board) based on improvement plan
* be an MFI from Europe, Asia, Latin America or MENA region[[3]](#footnote-3)
1. **REIMBURSMENT GRANT AND USE OF FUNDS**

Funds are to be used exclusively for the purposes of carrying out SPI4 assessment. The SP Fund may cover up to 50% of SPI4 external assessment costs.

The cost of an "SPI4 social audit plus" varies depending on the daily rates and location of the SPI4 auditor (which would affect travel costs). The institution will be responsible for 50% of this cost and the SP Fund will co-finance the remaining 50%. The institution share of co-financing may be in-kind rather than by spending money (e.g., using your own venue for focus group meetings will count as paying for venue rental; you can also count your staff time dedicated to the process, local travel costs to visit branches).

The SP Fund will not disburse the co-financing grant to an institution on the date when its application is approved. Instead, it will wait until the institution finalize the assessment and provide report to SP Fund (the report must include a list of costs and improvement plan approved by the board and implemented/or in process). This is to avoid problems that might occur if the SP Fund contributes 50% but the financial institution is ultimately not able to contribute its 50% share of the cost. Additionally, SP Fund may pay third-party vendors directly. This means that a portion, or all, of the co-financing may be paid directly to a third party instead of deposited in the account of the institution. In cases where it is not possible for the SP Fund to pay third-party vendors directly, the institution may pay those vendors directly and then submit receipts to the SP Fund for reimbursement.

All financial institutions who receive funding for a SPI4 Social Audit Plus must commit to report back to the SP Fund on their experiences, to share what they have accomplished and lessons learned along.

**V. MAXIMUM AWARD AMOUNT**

The Fund will provide financial assistance – up to 50% of assessment costs but the SP Fund contribution cannot be higher than 7500 USD.

The Fund reserves the right to reduce the amount of the award from the originally requested.

1. **REPORTING REQUIREMENTS**

The Fund will reimburse financial institutions once the assessment report is provided. The report needs to include SPI4 assessment, list of expenses and improvement plan approved by the board with implementation done/in progress.

1. **SP FUND TECHNICAL ASSISTANCE**

The Fund will provide off site assistance for MFIs receiving the grant to support implementation of the improvement plan.

The Fund will also offer possibility to receive scholarship for SPTF annual meeting.

1. **APPLICATION PROCESS**

**General Instructions**

1. Applications can be send on on-going bases till July 2017. However the applicants are advised to send the application as soon as possible as there are limited funds.
2. Applicants MUST meet the eligibility criteria (section III) appearing on this announcement.
3. Emailed grant applications should be sent to: SPFund@mfc.org.pl.
4. Instructions for submitting the application:
	* Please type (preferred) or write neatly answers to all questions in this application.
	* Once you have completed the application, **please email the following documents to** **spfund@mfc.org.pl** **and put "Application to SP Fund for SPI4 social audit plus" as your subject line**:
		+ your application form, filled out (please see the template below)
		+ your institution's income statements for the past three years
		+ your institution's balance sheet statements for the past three years
		+ organizational information described in question 3 (NB: this will either submitted as a separate document, as explained in question 3, or you may provide the requested information directly in this application form in response to question 3)
		+ an estimated budget for your social audit plus
		+ commitment letter signed by your board
		+ letter or email from the qualified SPI4 auditor you are considering hiring, stating his/her daily rate, potential dates of availability, and interest in doing the project.
		+ Your institution CP/SPM assessment reports (if conducted).

Applicants will be informed about the decision within 2-3 weeks since the date of submitting application.

**Contact:**

If you have any questions please contact: Kinga Dabrowska kdabrowska@mfc.org.pl (English and Russian), Marie Anna Bénard ma.benard@cerise-microfinance.org (Spanish)

1. **APPLICATION FORM**
2. Please provide the following information about the institution you work for:
	* Name of your institution:
	* Country where your institution works:
	* Please list all networks or associations of which your institution is a member:
3. Please provide the following information about contact person:
	* First name:
	* Last name:
	* Position:
	* Email address:
	* Skype name (optional):
	* Phone number, with country code:
	* What is your preferred language to work in (please answer English, Spanish or Russian)?
4. Organizational Information. Please provide following information on your institution:
	* What is the legal structure of your organization (e.g., NGO, NBFI, bank)?:
	* In what year was your institution founded?:
	* What is your institution's mission?
	* Number of outstanding loans (in USD or EUR):
	* Outstanding portfolio (in USD or EUR):
	* How many active borrowers does your institution have? [NB: "active borrower" = borrower with at least one outstanding loan]:
	* What is the % of market share your institution covers:
	* % Portfolio at risk>30 days:
	* Foreign investors: please list all your foreign investors:
	* Products and services. Please list all types of products and services that your institution offers:
5. Reporting and assessments conducted:

	* Have your institution conducted SPI4 self-assessment? If yes, please submit the results.
	* Have your institution conducted client protection self-assessment in 2015 or 2016? If yes, please submit the results.
	* Have your institution conducted external client protection assessment in 2015 or 2016 or is certified by Smart Campaign?
	* Did your institution report to MIX in 2015 and/or 2016? If yes, please submit the data you reported to MIX.
	* Did your organization receive a social rating in 2015 or 2016? If yes, please submit the report you received from the rating agency.
6. Reason for your interest. Explain the reason(s) your institution is interested in an SPI4 social audit plus. How will it help your institution? How will it help your clients?
7. General financial information. Please submit, along with your completed application form, copies of your institution's income statements and balance sheets for the past three years. If this will not be possible, please explain why:
8. Budget. Please create and submit, along with this application form, an itemized estimated budget for your SPI4 Social Audit Plus. Please also provide documentation (e.g., an email or a letter) from the SPI auditor you propose to use, stating his/her daily rate, confirming that s/he is interested in doing this work, and providing information on dates when s/he is available and unavailable to do it. See question 12 for more information on selecting a qualified auditor. See Annex I for guidelines for your budget.
9. Declaration of ability to co-finance. Explain specifically which funds or resources your institution will use to pay its share of the overall cost. Note that in-kind contributions are permissible.
10. When would you like to begin the SPI4 social audit plus? .Please indicate your preferred month(s) and year:
11. Qualified auditor(s). Please note that it is your responsibility to select and contact the SPI4 qualified auditor with whom you would like to work. See the CERISE website (spi4@cerise-microfinance.org) for a list of qualified SPI4 auditors and their contact information. Please provide all information requested below:

	* Name of the SPI4 qualified auditor your institution would like to hire. (You may name one person or submit a short list of candidates under consideration.):
	* When is this auditor (are these auditors) available? Please ask them for times when they would potentially be free, and times when they know they are unavailable, and report their responses here. Note that this information is not binding, as SP Fund understands that availability may change:
12. Collecting SP data for developing SP country report by national associations is one of the SP Fund objectives as well as supporting CERISE in expanding its data collection to develop accurate benchmarks. Therefore by submitting this application you agree to share results from SPI4 assessment with your country association (if the association receives grant to develop SP country report) and CERISE. Your data will be only used as aggregated data.

**On behalf of *[insert name of MFI]* Board of Directors and Management we would like to express interest to obtain SPI4 assessment plus and the commitment to actively execute the implementation plan developed based on the assessment.**

|  |  |
| --- | --- |
| ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******Typed Name and Title******Signature, Chairperson, Board of Directors*** ***Date*****\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** | ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******Typed Name and Title******Signature, Executive Director*** ***Date*****\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |

Annex I

Budget Guidelines for an SPI4 Social Audit Plus

**Types of Costs Associated with the SPI4 Social Audit**

The level of effort for the SPI4 auditor will depend on your institution’s experience with SPM, size, objectives, etc. The following breakdown is indicative.

* 5-8 days for the SPI4 auditor to do the SPI4 social audit (1 for prep, 3-5 to conduct the audit, 1-2 for action planning).
	+ NB: It is your responsibility to ask the specific auditor you propose to hire for his/her daily rate. You will use that rate in your budget.
* If the auditor is not local, you may need to include travel time (1-2 days)
* Travel costs for the auditor
* Lodging for the auditor (if not local)
* Per diem expenses for the auditor (if not local)
* Number of days for each of the employees of your institution who will participate in this process (the primary person may spend up to 5 days, other staff 1 day each to participate in an introductory meeting, interviews and results discussion)
	+ NB: You may use the salary of your employees to estimate a daily rate.

**Examples of Types of Costs That May Be Included in a Budget for the "Plus" part of an SPI4 Social Audit Plus**

* 3-6 days for the SPI4 auditor who will work on the project (ex., for the on-site awareness raising or extra preparation in the case of a large FI, for on-site or off-site mentoring post-audit).
* Lodging for SPI4 auditor
* Per diem expenses for the auditor
* Number of days for each person in your institution who will work on this project
* Organization of client focus groups
1. Doing a SPI4 audit alone does not require any external financing, as the SPI4 can be used as a self-assessment tool. [↑](#footnote-ref-1)
2. The list of qualified auditors is available on [CERISE website](http://static1.squarespace.com/static/53fc9617e4b0a36315c479ab/t/55a5d962e4b02912ac30de15/1436932450913/Auditors%2Btracking%2B-%2BQualifed%2BAuditor%2Blist_for%2Bsite.pdf). [↑](#footnote-ref-2)
3. MFIs from African countries where RMF facility is operating are not eligible. [↑](#footnote-ref-3)