



EMN-MFC response to GECES consultation on "sustainability proofing guidance"

31 August 2019

We welcome the opportunity to give input into the drafting of this document. Stakeholder engagement of this kind ensures that the guidelines are drafted as closely as possible in line with the realities of the market, and it maximises the potential for positive real-world outcomes.

Overall we think this guidance is a good starting point, as it is crucial that there is a systematic dialogue about the social impact generated by public-fund-supported initiatives such as microfinance, that goes beyond the financial dimension. Embedding social impact measurement into the DNA of InvestEU's project design is a welcome proposal.

The document itself is currently somewhat high level on the details of how this social impact will be measured (which is understandable as it is currently written to cover a wide range of subjects). When it comes to microfinance, EMN and MFC would be interested in contributing some more granular metrics than "# of target segment served". EMN is participating in a comprehensive review study of microfinance "social return on investment" measurement methodologies (we call it the "MEMI study", run by universities and microfinanza), and this study will be completed in Q3 2019. At that point we would be glad to suggest more specific indicators.

We can also suggest that implementing partners could structure their social sustainability proofing according to international standards for **Social Performance Management (SPM) that both networks fully support as stakeholders engaged in their development process**. This is a system with three dimensions reflecting the mission: Number of clients served in the target segment, metrics for client's needs satisfaction, and metrics for client outcomes (such as job creation or graduation to a bank or income improvement, reflecting the social mission of an implementing partner). More information on SPM can be found here - <https://sptf.info/universal-standards-for-spm/start-here>.