Microfinance CEO Working Group

Microfinance CEOs Support Smart Campaign Certification

From the Microfinance CEO Working Group

January 2013

The Microfinance CEO Working Group has, since its inception in 2011, actively supported the Smart Campaign and its work on client protection. Last year, we issued the “Global Appeal for Responsible Microfinance,” which articulated the need for a strong and principled microfinance industry. We have identified the Smart Campaign as a key component in advancing responsible microfinance, via the establishment of robust, standardized client protection practices. Now, we are pleased to continue our strong support as the Smart Campaign, under the direction of its Steering Committee, launches its Client Protection Certification Program, a clear step toward a fully responsible microfinance sector.

The Client Protection Certification Program will enable microfinance institutions (MFIs) to demonstrate that they meet adequate standards of care in adhering to the Client Protection Principles (CPPs), as verified by licensed microfinance rating agencies. The CPPs and the certification standards were created with the industry and underwent a five-month period of public comment, and the certification program was developed through a consensus-building and field-based process. Financial institutions that have met or exceeded adequate standards will – for the first time – be highlighted publicly as being Client Protection Certified.

Certification will publicly demonstrate to investors, donors, regulators, and clients that an organization takes its responsibility to clients seriously. The Smart Campaign has worked assiduously with stakeholders to create industry awareness around client protection, where there was none before. Certification represents a necessary evolution of client protection from internal commitment to third-party verification and external recognition. We believe that as MFIs integrate the CPPs into their operations, they will build stronger relationships with clients, distinguish themselves as leaders in client protection, and reduce financial risk.

Clients are at the heart of the microfinance industry. In the last few years, we have been encouraged by the outpouring of interest and support for client protection among all industry stakeholders, including MFIs, regional and national associations, investors, and international microfinance organizations like ours. There is enthusiasm among MFIs to demonstrate that they fully adhere to the CPPs and strong demand among investors to promote the standards and support MFIs to meet them.

The Microfinance CEO Working Group comprises eight global organizations that, in total, have more than 250 microfinance affiliates, subsidiaries and partners in over 70 countries, supporting more than 40 million clients. We have been working to raise awareness and support for the Smart Campaign among our own partner institutions. Over the past year, the number of our network members who have endorsed the Smart Campaign increased by 40 percent, and the number of MFIs completing the client protection self-assessment “Getting Started Questionnaire” grew by more than 50 percent – representing important early steps toward appropriate client protection. Moving forward we will apply the same commitment to supporting members of our networks to become “certification ready.” We will support members that do not meet adequate standards of care as they seek to improve their practices. In 2013 we will ensure all our member organizations are aware of the certification program, and will urge at least one from each network to undergo the certification process. Ultimately, our goal is to have all our member organizations become
certified. We will also encourage other global networks and stakeholders to follow a similar path in educating and supporting the MFIs with which they work.

The Microfinance CEO Working Group has watched as the Smart Campaign pursued a rigorous, consultative and transparent process in developing the certification program, and we are confident that the program is sound. The program is a public good for the industry that will provide the motivation and tools for MFIs to keep clients at the center of their work. While MFIs may need to apply effort to meet the standards, certification is an important milestone for which they should strive.

We in the microfinance sector all share in the responsibility to protect the vulnerable clients we serve. We encourage MFIs, networks of microfinance practitioners, and investors to support the Client Protection Certification Program as it enters this critical phase. We believe strongly in the Smart Campaign and the new ground it is forging in the microfinance sector. And as an initiative created by and for the industry, we urge your active engagement and feedback as the certification program unfolds.

Signed,

Michael Schlein, President and CEO
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Rupert Scofield, President and CEO
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Steve Hollingworth, President
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Alex Counts, President and CEO
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