

LINKING LEADERS IN IMPACT MEASUREMENT AND MANAGEMENT

IRIS AND SPTF



The leadership teams of IRIS and the Social Performance Task Force (SPTF) are united in their commitment to greater alignment of impact measurement metrics. They are part of an industry-wide movement to harmonize the world's leading impact investing measurement metrics, assessment tools, and methodologies.

Aligning different impact measurement tools is key to advancing the use of social and environmental performance data for impact investing decision-making, and better alignment also helps alleviate the reporting burden on both investors and investee organizations. Common metrics help avoid confusion among stakeholders and can facilitate the benchmarking of data.

What is IRIS?

 IRIS is the catalog of generally accepted performance metrics that impact investors around the world use to measure and manage social, environmental, and financial success, to evaluate deals, and to grow the credibility of the impact investing industry. It is a free resource available at www.iris.thegiin.org. The Global Impact Investing Network (GIIN) hosts IRIS as one of the public goods it provides to accelerate the scale and effectiveness of impact investing.

What is SPTF?

 The Social Performance Task Force (SPTF) is a global membership nonprofit organization working in the inclusive finance sector. Its +2,700 members represent every stakeholder group in inclusive finance (financial service providers, investors, donors, networks/associations, support organizations, rating agencies, technical assistance providers, regulators, and academics).

SPTF engages with these stakeholders to develop, disseminate, and promote standards and good practices for social performance management (SPM) and reporting. For more information and to download [resources](#), visit www.sptf.info.

About the linkage between SPTF and IRIS

To harmonize efforts in impact measurement and management, IRIS and SPTF partnered to map the alignment between the SPI4 and IRIS metrics. For a detailed description of the tools mentioned herein and the alignment, visit www.iris.thegiin.org/financial-inclusion-metrics.

Microfinance was one of the first successful approaches to use financial services as an economic development mechanism to reach audiences that had historically been excluded from global capital markets. The sector came under scrutiny as some institutions lost their original focus and began to prioritize profitability and growth over the well-being of clients. For this reason, the SPTF developed the [Universal Standards](#) and worked with Cerise to develop the social audit tool [SPI4](#)—a resource that helps regain balanced performance management. While the SPI4 focuses on financial inclusion, its indicators' emphases on clarity of social goals, client-centered products, strong governance practices, and comprehensive consumer protection are relevant to institutions across sectors.

Understanding the SPTF and IRIS tools

 **SPTF** developed the Universal Standards for Social Performance Management to help financial service providers put customers at the center of their strategic and operational decisions. To enable institutions to measure the level of implementation of the Universal Standards, SPTF worked with Cerise and others to develop the SPI4, a free social performance audit tool aligned with the Universal Standards and other responsible finance initiatives such as MIX and Smart Campaign. The SPI4 ALINUS is a subset of the SPI4 developed by investors as the common social due diligence and monitoring tool. The SPI4 and SPI4 ALINUS help stakeholders speak the same language when it comes to social performance, enabling benchmarking and reducing reporting burdens.

 **IRIS** is a catalog of standardized performance metrics. An investor can choose as few or as many metrics as it deems necessary to describe the performance of its investees and projects. IRIS includes metrics tailored to specific sectors as well as non-sector-specific metrics which make IRIS a useful resource for impact investors working around the world, in different sectors, and with a variety of social and environmental impact objectives. Investors that make investments in many sectors can use IRIS to measure and communicate their investments' social, environmental, and financial performance, and are able to aggregate impact information across diverse portfolios.

About the SPTF-IRIS alignment: how are they alike, how are they different?



Both the SPI4 tool and the IRIS catalog adhere to rigorous principles for standards development, as they were developed over several years and involved broad solicitation from diverse stakeholders, multiple rounds of public comment, and an iterative process of collaboration and revision. Compliance with either the SPI4 or the IRIS catalog is not mandatory, and neither the SPTF nor IRIS teams confer certification.

Within the set of IRIS metrics that are applicable to financial service providers, there is significant overlap with the indicators in the SPI4 tool. This significant overlap indicates strong consensus on the key topics that relate to impact investors focused on the issue of responsible financial services. The most extensive areas of overlap include: human resource management, consumer protection practices, and environmental responsibility.

The tools also differ in several ways. IRIS metrics enable the evaluation of an investor's portfolio across multiple sectors and across diverse activities, both in financial inclusion but also in other sectors. The SPI4 tool is specific to the responsible inclusive finance sector. As such, the SPI4 may have multiple indicators to cover the same topic that an IRIS metric intends to capture in one metric. For example, the IRIS metric Client Feedback System (OI5049) maps to 11 indicators in the SPI4 regarding "Mechanisms for Complaint Resolution."

The majority of the tools' alignment occurs between IRIS metrics and the *Organizational Information* section of the SPI4, as well as some alignment to the *Essential Practice Indicators of the SPI4*. This alignment helps investors identify points of overlap between IRIS metrics and the SPI4 indicators, thereby reducing their reporting burden. It also lays the groundwork for increasing alignment between the tools in the future, as both IRIS and SPTF are committed to continuing to increase alignment. To progress towards this goal, with the upgrade of the IRIS catalog to version 4.0, several metrics' usage guidance were expanded to reference the SPI4 for help with implementing these metrics. Further, the SPI4 will be updated to include concepts captured in IRIS.

The SPTF-IRIS linkage in action

Grassroots Capital Management PBC (Grassroots) invests in and provides advisory services to multiple bottom-line businesses. Together with its partners Caspian Impact Investment Adviser and Bolivian Investment Management Ltd, Grassroots seeks to increase its accountability and track progress towards its ultimate goal of helping low-income and disenfranchised populations better their lives and build resilient communities. In addition to other tools, Grassroots uses the SPI4 for the depth of indicators relevant to microfinance portfolio companies, and uses IRIS metrics for portfolio companies focusing on other adjacent sectors like sustainable agriculture and affordable healthcare. For Grassroots, the IRIS-SPTF alignment improves clarity, enabling better impact measurement.