

Risk management Initiative in Microfinance (RIM)

Interim Governance Structure

1.0 Introduction

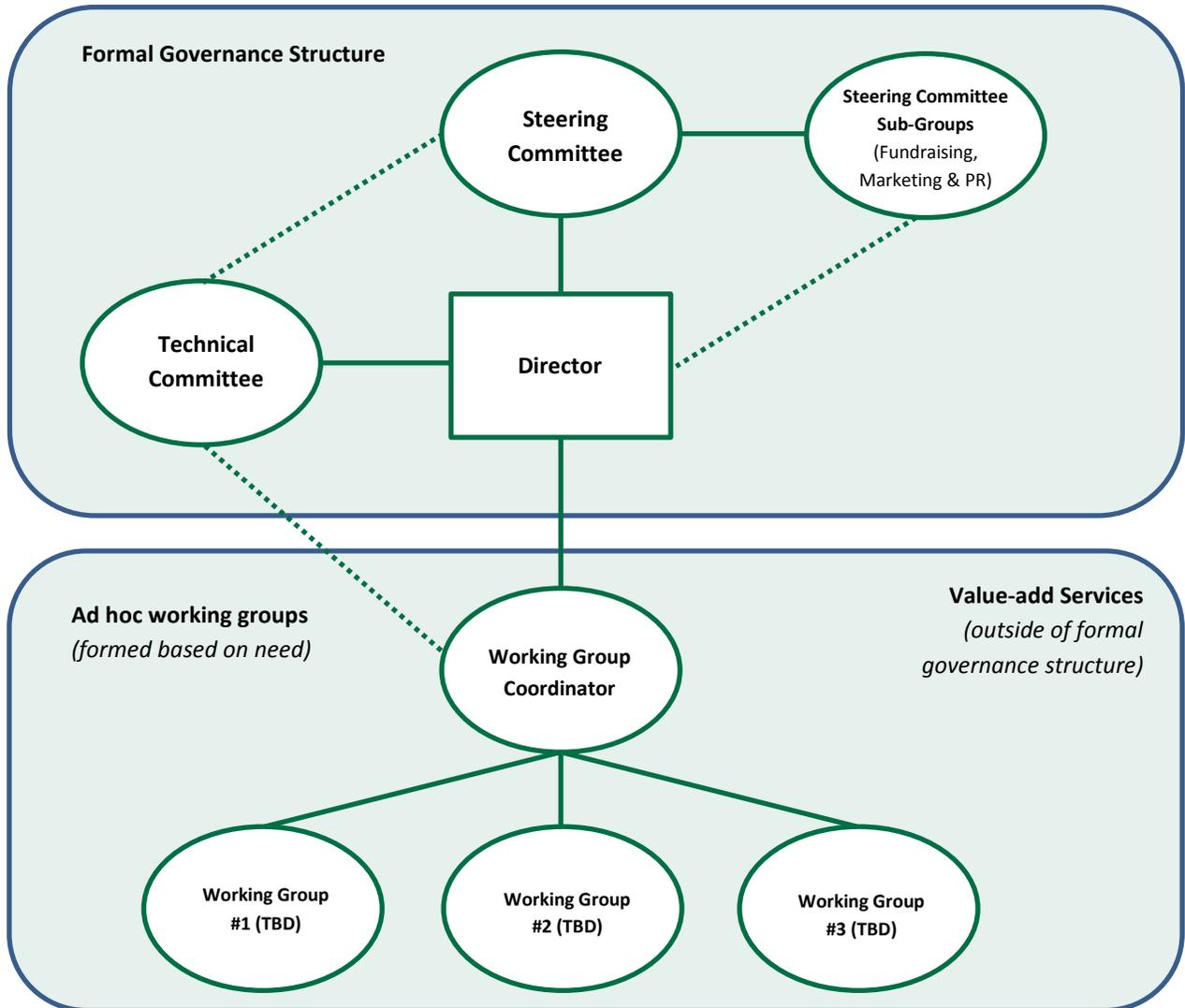
The Risk management Initiative in Microfinance (RIM) was started in February 2013 through the collaboration of industry thought leaders focused on the design and use of risk management strategies to serve the microfinance sector. The mission of RIM is to contribute to the development of awareness, best practices, and appropriate standards for risk management in microfinance globally. RIM's vision is to contribute to a socially-focused microfinance sector through which microfinance clients are protected from the impacts of internal and external risks inherent to the delivery of inclusive financial services.

The beginnings of any successful new initiative start and end with strong governance. Being an industry initiative with multiple industry actors involved, a well-defined governance structure provides the necessary group-level accountability and will act as a decision making framework through the definition of roles and responsibilities throughout all levels of the initiative and its activities. The RIM governance structure defines authority, composition, decision making, and responsibilities of each participant involved and is designed within a well-balanced approach which provides strong governance and accountability while allowing the Director the necessary flexibility needed to execute RIM strategy in a timely manner.

This initial governance structure will be reviewed and revised from time to time to ensure it fits the operational needs of RIM and serve the Initiative in achieving its objectives. A more formal governance structure will be considered when minimum targets in the 2014 implementation plan have been achieved.

2.0 Governance Structure

The governance structure of RIM is depicted in the chart below:



3.0 Voting Members

Composition

Voting Members will be composed of both Founding Members and Contributing Members.

Founding Members

Founding Members are those organizations responsible for the creation and inception of RIM as defined within the founding RIM strategy document developed in April 2013. These Founding Members include the following:

- 3.1 Appui au Développement Autonome (ADA);
 - 3.2 Calmeadow;
 - 3.3 Center for Financial Inclusion at Accion (CFI);
 - 3.4 Mennonite Economic Development Associates (MEDA);
 - 3.5 MFX Solutions Inc.;
 - 3.6 Microfinanza Srl.;
 - 3.7 Oikocredit;
 - 3.8 Triple Jump BV
- 3.9 Founding Member organizations shall nominate representatives for Steering Committee membership.

Contributing Members

- 3.10 Contributing Members are external parties, individuals, and entities which have been granted membership to RIM by the Existing Group of Voting Members.
- 3.11 Fulfill the following minimum requirements:
 - 3.11.1 Active Steering Committee and subsequent Working Group participation, if elected;
 - 3.11.2 Ability and commitment to contribute actively to promoting RIM vision and supporting its implementation
- 3.12 Each Contributing Member will receive one vote

Decision Making

- 3.13 Binding decisions on annual plan will be made by way of 50% +1 vote of the Voting Members;
- 3.14 Binding decision on changes to the vision/mission will be made by way of 75 % of the Voting Members;
- 3.15 Binding decision on changes to the Governance Structure will be made by way of 50 % +1 votes of the Voting Members;
- 3.16 Binding decisions must be documented within Voting Member meeting minutes or within a separate documented resolution signed by all Voting Members

Responsibilities

- 3.17 Uphold the mission and vision of RIM;
- 3.18 Hold annual meetings;
- 3.19 Approve RIM annual budget and strategic plan;
- 3.20 Approve annual audited financial statements;
- 3.21 Leverage personal and organizational networks for the success of RIM;
- 3.22 Communicate on behalf of RIM, when required;
- 3.23 Elect the Steering Committee

4.0 Non-Voting Participation (Sponsors)

- 4.1 Non-voting participation is available for active Sponsors of RIM interested in supporting the Initiative, but without the appetite for active participation not annual contribution;
- 4.2 Non-voting participation are viewed as critical financial stakeholders but are not included within the active governance structure of RIM;

5.0 Steering Committee

The Steering Committee will act as the active branch of the Voting Members, providing governance, advisory, and strategic support to the Director to ensure the mission and vision of RIM is achieved.

Authority

- 5.1 Recruit, monitor performance of, and dismiss the Director;
- 5.2 Approve RIM operational policies;
- 5.3 Communicate on behalf of RIM;

Composition

- 5.4 The Voting Members will elect Steering Committee membership on an annual basis during the annual Voting Members meeting. Elections will occur on an as-needed basis, upon roll-off of existing Steering Committee members;
- 5.5 New Contributing Members may sit as Observers during Steering Committee meetings (without a vote) for a period of up to one year;
- 5.6 Steering Committee composition will be approved by a 50% +1 vote of the Voting Members;
- 5.7 The Steering Committee will be composed of five (5) individuals;
- 5.8 At all times, Founding Member representation must include, at minimum, two (2) of five (5) of the total Steering Committee composition;
- 5.9 Steering Committee membership terms will last for a period of two years, with initial terms staggered to facilitate committee-level continuity;
- 5.10 Individual Steering Committee members may serve a total of two terms. Term limit does not apply to organizational participation in Steering Committee;
- 5.11 One member of the Steering Committee will be elected Chairperson, responsible for organizing meetings, setting meeting agendas, and facilitating participation of all Steering Committee members;
- 5.12 One member of the Steering Committee will be appointed as Secretary, responsible for minute taking and distribution and other necessary tasks as defined by the Steering Committee;
- 5.13 Steering Committee members must meet 3 of 5 of the following criteria in terms of qualifications and/or expertise:
 - 5.13.1 Senior-level microfinance risk management experience;
 - 5.13.2 Proven expertise in field-level technical risk management service delivery;
 - 5.13.3 Proven expertise in microfinance and/or banking risk management best practices;
 - 5.13.4 Highly developed personal or professional networks within microfinance industry;
 - 5.13.5 Proven experience leading industry-level collaborative initiatives;
 - 5.13.6 In the event where section 5.12 is not explicitly met, Steering Committee profiles may be approved by the Voting Members based on the individual's extraordinary influence or experience within the microfinance sector.

- 5.14 Steering Committee membership will not be compensated by RIM.

Decision Making

- 5.15 Binding decisions will be made by way of 50% +1 vote of the Steering Committee;
- 5.16 Binding decisions must be documented within Steering Committee meeting minutes or within a separate documented resolution signed by all Steering Committee members

Responsibilities

- 5.17 Hold quarterly Steering Committee meetings;
- 5.18 Uphold the mission and vision of RIM;
- 5.19 Conduct performance reviews of the Director;
- 5.20 Steering Committee members must participate in at least one other RIM committee;
- 5.21 Leverage personal and organizational networks for the success of RIM;
- 5.22 Provide advisory support to the Director;
- 5.23 Communicate initiative updates to the Voting Members, when required;
- 5.24 Communicate on behalf of RIM, when required;
- 5.25 Determine the height of annual contribution

6.0 Technical Committee (TC)

The TC exists to serve the role of risk management technical content quality control, maintaining the quality of the RMGM standards over time and conducting technical reviews of other RIM technical outputs. The TC is part of the formal governance structure of RIM and report directly to the RIM Director with an indirect reporting line to the Steering Committee. The TC may be brought into Steering Committee meetings to provide technical insight on an as-needed basis, when required.

Authority

- 6.1 The TC may make necessary decisions related to technical content so as to not delay the Director in implementing Steering Committee approved initiative activities.
- 6.2 The TC may not make decisions which supersede the decision making authority of the Steering Committee and Director.

Decision Making

- 6.3 A quorum will exist with 50%+1 of its members present;
- 6.4 Binding technical decisions will be made by way of 50% +1 vote of the membership of the TC (ie. if only 50%+1 members present in a meeting, the decision would need to be unanimous);
- 6.5 Binding decisions must be documented within TC meeting minutes or transmitted via email and recorded in a decision record

- 6.6 Binding technical decisions made by the TC will be communicated to the Steering Committee by the Director

Composition

- 6.7 Technical Committee members are recruited on an invitation-only basis by a dedicated Selection Sub-Committee composed of the Technical Committee Chairperson, Steering Committee Chairperson, and RIM Director
- 6.8 Different individuals from the same organization may serve consecutive terms
- 6.9 Technical Committee membership is approved by the Steering Committee on an annual basis
- 6.10 TC will be composed of at most five (5) members, the majority of which must have spent at least two years formally associated with RIM
- 6.11 The Director is a non-voting, *ex-officio* member
- 6.12 Independent membership is permitted
- 6.13 Membership terms will last for a period of three years with initial terms staggered to facilitate committee-level continuity
- 6.14 Members may serve a total of two terms
- 6.15 One member of the TC will be appointed Chairperson, responsible for organizing meetings, setting meeting agendas, and facilitating participation of members
- 6.16 One member of the TC will be appointed as Secretary, responsible for minute taking and distribution and other necessary tasks
- 6.17 The TC may be disbanded at any time by a 75% vote of the Steering Committee.
- 6.18 TC members will not be compensated by RIM

Minimum Technical Requirements

- 6.19 Proven senior-level experience in risk management within MFIs/bank (10+ years, at least five of which has been within microfinance sector desirable)
- 6.20 Recognized technical expert in one or more of the risk management pillars or risk management floor within the RMGM framework
- 6.21 Proven field experience with MFIs at multiple tier levels desirable
- 6.22 Industry thought leader in risk management in microfinance

Responsibilities

- 6.23 Conduct technical review of risk management best practices and industry standards, external communications, funding proposals, and other necessary documents, as required
- 6.24 Provide oversight to technical risk management related outputs (including proposed changes to the RMGM), when necessary
- 6.25 Support the Director in technical matters, when necessary
- 6.26 Make recommendations for approval by the Steering Committee with respect to risk management technical subject matter
- 6.27 Report to Steering Committee, as required

Meetings

- 6.28 The TC would meet on an as-needed basis.

- 6.29 Annual meeting will take place where Working Group Coordinator, Chairpersons of each technically-related working group, and RIM Director meet to discuss results of previous year's activities and future plan of each working group.

7.0 Director

The Director will act as the implementing agent of RIM strategy. The Director reports to the Steering Committee and is responsible for strategy development and implementation, fundraising, human resource management, financial management, and administration of RIM.

Authority

- 7.1 Develop strategy to be approved by the Voting Members;
- 7.2 Execute Steering Committee approved strategy;
- 7.3 Represent RIM to industry stakeholders (ie. communications, fundraising, etc.);
- 7.4 Formal signatory authority;
- 7.5 Recruit, employ, retain, and dismiss RIM staff;
- 7.6 Approve financial transactions on behalf of RIM

Composition

The Director will be appointed through a 75% vote of the Steering Committee and must meet the following criteria:

- 7.7 Minimum of seven (7) years of experience in microfinance, risk management, development finance, financial services, banking, or related field;
- 7.8 Higher degree or professional certification in microfinance, risk management, development finance, financial services, banking, or related field;
- 7.9 Proven field experience and an understanding of microfinance institution realities;
- 7.10 Demonstrated leadership abilities in multi-stakeholder initiatives;
- 7.11 Demonstrated technical ability in microfinance risk management field;
- 7.12 Demonstrated ability to develop and foster strategic partnerships;
- 7.13 Demonstrated involvement within global microfinance initiatives;
- 7.14 Well-developed and proven communication skills, including cross-cultural communication;
- 7.15 Well-developed networks within the global microfinance community

Responsibilities

- 7.16 Developing RIM strategic plan;
- 7.17 Identifying and exploiting funding opportunities for RIM;
- 7.18 Developing funding proposals for submission to prospective donors;
- 7.19 Implementing Voting Member-approved strategic plan;
- 7.20 Communicating to RIM stakeholders;
- 7.21 Recruiting, employing, and managing RIM consultants;
- 7.22 Managing RIM Founding Member group dynamics;
- 7.23 Managing external relationships with industry actors;
- 7.24 Membership in RIM Working Groups (ie. Technical Working Group, Marketing & PR Working Group, and Fundraising Working Group)

8.0 Fundraising Sub-Group

The Fundraising Sub-Group is a Steering Committee sub-group which exists to support the Steering Committee and Director on issues related to fundraising for RIM.

Authority

- 8.1 Make recommendations for approval by the Steering Committee with respect to fundraising tasks assigned to the Working Group.

Composition

- 8.2 The Steering Committee will elect Fundraising Sub-Group membership on an annual basis;
- 8.3 The Fundraising Working Group will be composed of at least three (3) members, two of which must be either Founding Member representatives or Steering Committee members;
- 8.4 The Director is an *ex-officio* member in the Fundraising Working Group;
- 8.5 External membership is permitted;
- 8.6 Fundraising Working Group membership terms will last for a period of two years, with initial terms staggered to facilitate committee-level continuity;
- 8.7 Fundraising Working Group members may serve a total of two terms;
- 8.8 One member of the Fundraising Working Group will be appointed Chairperson, responsible for organizing meetings, setting meeting agendas, and facilitating participation of all Fundraising Working Group;
- 8.9 One member of the Fundraising Working Group will be appointed as Secretary, responsible for minute taking and distribution and other necessary tasks as defined by the Fundraising Working Group;
- 8.10 The Fundraising Working Group may be disbanded at any time by a 75% vote of the Steering Committee.
- 8.11 Fundraising Working Group membership will not be compensated by RIM

Decision Making

- 8.12 The Fundraising Working Group may make necessary decisions in order to complete its assigned tasks in a timely manner;
- 8.13 The Fundraising Working Group may not make decisions which supersede the decision making authority as outlined as in Section 5.0 – Steering Committee and 6.0 – Director

Responsibilities

- 8.14 Developing fundraising contacts and networks which can be exploited for the interest of RIM;
- 8.15 Reviewing funding proposals prior to submission to potential donors;
- 8.16 Make recommendations for approval by the Steering Committee with respect to fundraising tasks assigned to the Working Group;
- 8.17 Report periodically to Steering Committee

9.0 Marketing & Public Relations (PR) Working Group

The Marketing & PR Working Group is a Steering Committee Working Group which exists to support the Steering Committee and Director on issues related to marketing, public relations, awareness raising, and communications for RIM.

Authority

- 9.1 Make recommendations for approval by the Steering Committee with respect to marketing, public relations, and communications tasks assigned to the Working Group.

Composition

- 9.2 The Steering Committee will elect Marketing & PR Working Group membership on an annual basis;
- 9.3 The Marketing & PR Working Group will be composed of at least three (3) members, two of which must be either Founding Member representatives or Steering Committee members;
- 9.4 The Director is an *ex-officio* member in the Marketing & PR Working Group;
- 9.5 External membership is permitted;
- 9.6 Marketing & PR Working Group membership terms will last for a period of two years, with initial terms staggered to facilitate committee-level continuity;
- 9.7 Marketing & PR Working Group members may serve a total of two terms;
- 9.8 One member of the Marketing & PR Working Group will be appointed Chairperson, responsible for organizing meetings, setting meeting agendas, and facilitating participation of all Marketing & PR Working Group;
- 9.9 One member of the Marketing & PR Working Group will be appointed as Secretary, responsible for minute taking and distribution and other necessary tasks as defined by the Marketing & PR Working Group;
- 9.10 The Marketing & PR Working Group may be disbanded at any time by a 75% vote of the Steering Committee.
- 9.11 Marketing & PR Working Group membership will not be compensated by RIM

Decision Making

- 9.12 The Marketing & PR Working Group may make necessary decisions in order to complete its assigned tasks in a timely manner;
- 9.13 The Marketing & PR Working Group may not make decisions which supersede the decision making authority as outlined as in Section 5.0 – Steering Committee and 6.0 – Director

Responsibilities

- 9.14 Support RIM by raising awareness about the initiative;
- 9.15 Providing support to the Director with respect to formulation and implementation of a marketing plan;
- 9.16 Reviewing external communications, when necessary;

- 9.17 Make recommendations for approval by the Steering Committee with respect to marketing, public relations, and communications tasks assigned to the Working Group;
- 9.18 Report periodically to Steering Committee

Appendix – List of Revisions

Revision Date: January 6, 2015	
Previous Clauses	Revised Clauses
<p>Section 5.4 - The Voting Members will elect Steering Committee membership on an annual basis during the annual Voting Members meeting;</p>	<p>Section 5.4 – The Voting Members will elect Steering Committee membership on an annual basis during the annual Voting Members meeting. Elections will occur on an as-needed basis, upon roll-off of existing Steering Committee members;</p> <p>Section 5.5 – New Contributing Members may sit as Observers during Steering Committee meetings (without a vote) for a period of up to one year;</p>
<p>Section 5.9 – Steering Committee members may serve a total of two terms;</p>	<p>Section 5.10 – Individual Steering Committee members may serve a total of two terms. Term limit does not apply to organizational participation in Steering Committee;</p>
Revision Date: June 24, 2015	
<p>Section 2.0 – Original governance structure/organizational chart</p>	<p>Section 2.0 – Governance structure/organizational chart revised to include Technical Committee and relationship between non-governance structure-related working groups (including Working Group Coordinator).</p>
<p>Section 6.0 – Technical Committee (TC) previously did not exist.</p>	<p>Section 6.0 – Included entire Technical Committee (TC) section.</p>
<p>Section 9.0 – Technical Working Group section (in version approved 01/06/15)</p>	<p>Removed entire Technical Working Group section. Was replaced by Technical Committee (TC) section.</p>