



Keeping clients first
in microfinance

Investor/Donor Planning Guide for Implementing Client Protection Initiatives

This worksheet is for investors and donors who want to implement the Client Protection Principles in their investment/grant processes. Use the questions below to guide your planning process.

SECTION 1: ASSESS YOUR CURRENT POSITION

These questions will help identify the resources that are already available to your institution, and which resources your institution will need to build.

- In general, has your institution already identified client protection as an existing/future priority? (Check one)

No, because: _____

Yes. The following people believe that client protection is a priority:

Top managers

Board members

Investors/Shareholders

Support staff

Others: _____

- Does your institution have resources (money and personnel) available for client protection initiatives? This could include resources allocated to: social performance, market research, financial education, and other similar program areas. (Check one)

No.

Maybe. Ideas: _____

Yes: _____

SECTION 2: PREPARE FOR NEXT STEPS

These questions will help to identify how your institution can prepare to introduce new client protection priorities and initiatives.

- If a board member from your institution asked you to list the top three reasons for your institution to prioritize client protection, what would you say? (Ex.: fulfill our social mission, ensure long-term viability of investees).
 1. _____
 2. _____
 3. _____
- Which people within your institution would be most likely to “champion” client protection? _____
- Which people within your institution would be the most skeptical about prioritizing client protection? _____
- Does your institution already use the Client Protection Principles or general principles of ethical and responsible finance in any of the following ways? Which of these could you prioritize over the next 12 months? (Check all that apply)

	Already use	Could apply
We incorporate client protection/responsible finance principles into our investment policies.		
We use client protection indicators as part of our screening, due diligence, and/or ongoing monitoring processes.		
We incentivize institutions to adhere to ethical standards we’ve determined (i.e., we offer better financing conditions).		
We talk with potential investees about their client protection/responsible lending behavior prior to disbursement.		
We ask investees to discuss client protection with their management and board.		
Our board regularly discusses the topic of client protection.		
We train investment officers in the know-how to assess client protection practices of potential investees.		
We analyze/monitor our investees’ financial indicators for signs of irresponsible lending (over-indebting clients, unfair pricing).		
We include clauses expressly referring to client protection in our financing agreements.		
We require our investees to regularly report on the status of their client protection policies/practices.		
We look for and collect “good practice” client protection practices among investees.		
We research the current state of practice with regard to responsible finance so that we can develop policies in the future.		

SECTION 3: PLAN

You have assessed your institution's resources, priorities, and current use of the Client Protection Principles. The table below will help you use this assessment to plan "next steps" in client protection. Each row represents a possible client protection initiative for your institution. For each initiative of interest, indicate: a timeframe for completion (in months), and what your specific action items will be.

CLIENT PROTECTION INITIATIVE	COMPLETION (# MONTHS)	ACTION STEPS
EXAMPLE: Educate board members on the Client Protection Principles	4 months	E-mail communication, PowerPoint presentation at two board meetings
Endorse the Client Protection Principles.		
Review CGAP's " Implementing Client Protection: Guide for Investors ".*		
Discuss client protection with managers at your institution.		
Use the Training Series * or organize a training led by the Smart Campaign to train staff and/or raise awareness at your institution.		
Discuss client protection with support staff at your institution.		
Encourage current and prospective investees to discuss and endorse the Client Protection Principles.		
Organize and/or participate in meetings and forums about responsible finance. Engage: other investors, financial institutions, media, and regulators.		
Incorporate the Client Protection Principles into investment policies.		
Integrate the Client Protection Principles into financing or shareholder agreements, as appropriate.		
Develop, test, and refine criteria and procedures to assess investee implementation of the Client Protection Principles during screening and due diligence processes.		
Commission a Smart Assessment from a Certified Smart Assessor for one or more investees.		
Monitor implementation of the Principles by investees through mandatory reporting and regular monitoring and evaluation.		
Report on progress to investors and other stakeholders.		

* All resources are available on the Smart Campaign website at: www.smartcampaign.org.