**Responsible Inclusive Finance Facility**
**Application Form**

# Client Protection Certification and/or Social Rating

## Overview of the Responsible Inclusive Finance Facility

- The Responsible Inclusive Finance Facility (RIFF) is a project managed by Cerise+SPTF and funded by the Swiss Agency for Cooperation and Development (SDC), and the Government of Luxembourg via a fund administered by the European Investment Bank (EIB). The purpose of the RIFF is to strengthen the Social and Environmental Performance Management (SEPM) practices, including client protection practices, of financial institutions in sub-Saharan African (SSA).

## Deciding whether to do a Client Protection Certification, a Social Rating, or both

- You may choose to apply only for a client protection certification, only for a social rating, or both. RIFF encourages you to read the descriptions of client protection certification and social ratings below, to help inform your decision. Please note that, because most of the groundwork required to assess a financial institution's client protection practices is done during a rating, it is substantially cheaper to obtain client protection certification as an add-on module to a social rating, rather than for your institution to do a client protection certification and a social rating at two separate times.

## Overview of a Client Protection Certification

- Description of client protection certification: Client Protection Certification provides an independent and objective opinion on the implementation of a set of policies and operational practices considered necessary to provide adequate standards of care to protect financial services clients and avoid harming them. Visit the CP Pathway webpage to learn more.
- Licensed certifiers: Licensed specialized microfinance rating agencies conduct client protection certifications. Visit this webpage for an updated list of who may certify.
- Cost. The exact cost of certification will vary by location and is a matter of negotiation between the licensed certifier and the requesting organization. Once you and your licensed certifier determine the exact cost for your particular institution's Certification, you will submit that budget to the RIFF along with this application. The RIFF will co-finance 50% of this cost, up to a maximum possible grant of US$ 18,000.
- Difference between a client protection assessment and a client protection certification: The assessment is a diagnostic tool to help institutions analyze their implementation of the principles of client protection, identify strengths and weaknesses, and take steps to improve. Certifications are a way to demonstrate the institution's achievement of good client protection practices to external audiences. Institutions will use the certification results to market themselves as pro-client to their investors, clients, funders, regulators and the general public. Investors and donors will use the certification results to inform their investment and funding decisions. Some investors will require certification prior to or after an investment.
- Deadline to submit application: None. RIFF accepts applications on a rolling basis.

## Overview of a Social Rating

- Description of a social rating: Social ratings are conducted by a specialized rating agency and provide an objective opinion of an FSP's degree of success in translating its mission into practice. To reach that opinion, raters analyze the provider's country context, social performance management, client protection, depth of outreach, quality of services, and outcomes. A social rating is a valuable tool for a provider, as it identifies whether the provider has the systems in place to achieve its social mission as well as benchmarks the institution's performance within the sector.

  Social Ratings are carried out by rating agency analysts who have social performance experience and skills. A team of two analysts conduct the rating visit to the institution. Documents are collected from the institution in advance. In the field, the team conducts interviews with board members, senior and middle managers at the head office, and branch managers, field staff, and some client at selected branches.

  The audiences for social ratings are external. The rater does not provide recommendations for improving practice, but reviews documents and assigns a rating based on its findings. A good rating may attract interest from investors and donors.

- Duration: The visit to the financial institution takes four to five working days, depending on the size of the institution and the complexity of its operations. The working days include visits to branch offices, operations in the field and client interaction. When a client survey or focus group discussions are included, the time is increased by 3-4 days on average. The visit to the institution concludes with a debriefing to top management or board members. The field work is followed by a draft report which is submitted to the institution for comment. The report is finalized by the rating agency.
- Cost: The exact cost of a social rating will vary by location and is a matter of negotiation between the rating agency and the requesting organization. Once you and the rating agency you have selected determine the exact cost for your particular institution's social rating, you will submit that budget to the RIFF along with this application. The RIFF will co-finance 50% of this cost, up to a maximum of US$ 18,000.
- Rating agencies: Contact info@sptfnetwork.org for a list of agencies that offer social ratings.
- Deadline to submit application: None. RIFF accepts applications on a rolling basis.

## Questions for the Applicant

1. Please provide the following information about yourself:
   - First name:
   - Last name:
   - Email address:
   - Country of residence:
   - What is your preferred language to work in (please answer English, French, or both)?
   - Job title:

2. Please provide the following information about the institution you work for:
    - Name of your institution:
    - Country(ies) where your institution works:
    - Types of products your institution offers:

3. The RIFF-SSA may only make grants to licensed financial service providers that can provide audited financial statements. To that end, please answer the following questions:
    - 3A: In what year was your institution licensed, and what is your tax id or license number?
    - 3B: Please submit a copy of your most recent audited annual financial statement.

4. Please provide the following information for your organization:
    - Year founded:
    - Total assets:
    - Total portfolio size:
    - Number of active borrowers:
    - Number of depositors:
    - Average loan size:
    - Percent of women borrowers (or number):
    - Percent of young borrowers (or number):
    - Percent of rural borrowers (or number):

5. Are you applying for co-financing for a client protection certification, for a social rating, or for both?

6. Reason for your interest. Explain why your institution would like to have certification and/or social rating:

7. If you are applying for a social rating only, this question does not apply to you and you can write "not applicable" below. If you are interested in a client protection certification, please read the sentence below and write your initials after it to confirm your understanding and agreement:

- I commit to making adequate internal resources available, both during the process and if needed during a progress phase, to make best efforts to get certified. [your initials]

8. Prior assessments. Has your institution ever done an assessment of its client protection and/or SEPM practices? If yes, please describe what type of assessment, in what year it happened, and submit the assessment report.

9. Experience with SEPM. To the best of your knowledge, please describe your institution's previous experience being trained on SEPM or implementing SEPM.

10. Demonstrate preparedness. Explain why you feel confident that your organization is ready for a certification and/or rating:

11. Start date. When would you like to begin your client protection certification and/or social rating? Please indicate your preferred start date:

12. Availability. Are there any weeks or months in the upcoming twelve months when you would NOT be available to participate in a client protection certification and/or social rating? Please explain:

13. Adverse conditions: a) Declare whether any lawsuits are pending against you; b) Declare whether you are in bankruptcy or in severe financial difficulty (defined as, not confident you can remain operational for at least the next twelve months); c) Are there any external conditions in your operation environment (e.g., political unrest) that threaten to disrupt your operations?

14. Budget. Along with this completed application form, please submit an itemized estimated budget for your client protection certification and/or social rating.

15. Declaration of ability to co-finance. Please confirm that you understand that your institution is responsible for paying 50% of the total project cost, and that you have funds available to do this.
    - [ ] I confirm my institution can pay 50% of the total project cost.
    - [ ] At this time, we do not have the funding to pay for 50% of the total project cost.

16. External vendor. Whom do you propose to hire to do the certification and/or social rating? Note: It is your responsibility to contact them to ask for their rates and availability, When you submit this application, please also submit a letter or email from the rating agency(ies) that confirms their interest and availability to conduct a rating/certification at your institution and states their proposed fee.
    - Name of the certifier and/or rating agency your institution would like to hire:
    - When is this agency potentially available? Note: the RIFF-SSA understands this date to be a best guess and it is not binding:

17. Reporting. How will you publish the results of your rating and/or certification should you pass?

18. Sharing experience. Learning from peers is a valuable tool to help the microfinance sector advance practice throughout the world. For this reason, the RIFF requires all financial service providers who receive co-financing from the RIFF to commit to giving feedback to the RIFF on their experience implementing RIFF-funded activities. The feedback mechanism will include both speaking to RIFF staff about your experiences, either virtually or in person, as well as submitting the results of your rating and/or certification. Please write your initials at the end of the following statement, to confirm you understand this rule and agree to it.
    - I agree to provide feedback to the RIFF on my institution's experiences implementing RIFF-funded activities. [Your initials]:

19. Instructions for submitting the application:
    - Once you have completed the application, **please email the following documents to riff@sptfnetwork.org and put "application to RIFF for client protection certification and/or social rating" as your subject line**:
        - your application form, filled out
        - your institution's audited financial statements for the previous year
        - an estimated budget for your client protection certification and/or social audit
        - documentation that you have spoken to the assessor(s) and/or rating agency whom you'd like to hire, and the information they provided to you on their rates and availability to do this work

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Please note that RIFF will reply to you upon receipt of your application, to confirm that we have received it. The RIFF steering committee meets quarterly to review applications.

Therefore, you will receive notice of whether your application was approved no later than three months after the date when you submitted it. Thank you for your interest.