

March 2010
 Social Rating

GROOMING CENTRE

Nigeria



Good social return through **Good Social Results** and **Good Social Commitment**

Social Results **Good**

Social Commitment **Good**

Date of Visit	Dec-09
Previous Social Rating	n.a.
Date of Previous Social Rating	n.a.
Social Rating Completed	1 st

Principal Performance Indicators

<i>Social Profile of Nigeria*</i>	<i>Dec-09</i>	
Poverty Index	83.9%	
Extreme Poverty Index	64.4%	
Unemployment Rate	20.2%	
<i>Grooming's Indicators</i>	<i>Dec-08</i>	<i>Dec-09</i>
Number of Borrowers	31,367	47,407
% of Rural Clients	68%	68%
% of Women Borrowers	100%	100%
Average New Loan (US\$)	n.a.	n.a.
Client Turnover	n.a.	n.a.
Cost per Borrower (\$)	\$31	\$32
Effective Interest Rate**	145%	145%

*Source: World Bank, UNDP HDI 2009

**\$250 12 months Individual loan

¹See Annex

Summary Description

Grooming Centre is a Non-Governmental Organization (NGO) founded in December 2006, and registered with the Nigeria Corporate Affairs Commission (CAC) to address the near absence of financial services for the economically active poor engaged in Nigeria. It has received financial and technical assistance from a leading MFI - Lift Above Poverty Organization (LAPO) and ASA International. In its third year of operations, it has reached 50 branches that cover 15% of the country's population and over 47,000 clients with individual methodology (mixed with components of group methodology). The gross loan portfolio amounted to USD 4.6 million as of December 2009.

Rating Rationale

Grooming demonstrates a high social return on investment with good social results and social commitment. Its operations target a low microfinance niche, reaching unbanked poor women through very small average loan sizes. Its standardized product offering is geared towards increasing its client base without deviating from its social mission. The institution exhibits high levels of efficiency and productivity which has resulted in good profitability. Improvements in operating efficiencies are not passed onto borrowers in the form of lower interest rates. Nonetheless, the high effective interest rates remain below the Nigerian industry. Additionally, Grooming could improve its institutional responsibility toward personnel and clients.

Grooming displays good social commitment with a focus on serving a low client niche. The social mission is clear and is supported by strong leadership that is focused on social objectives. However, processes that support the social commitment are not well defined and need to be formalized and standardized. Apart from the operational processes that assure deep market penetration, internal processes concerning client protection, staff training and social monitoring are limited and no incentive system is in place to guarantee commitment to the social mission.

Highlights


Social Results

- + Very low market segment
- + Good efficiency and highly sustainable
- Moderate institutional responsibility
- High effective interest rates

Social Commitment

- + Clear mission and strong leadership
- + Strategic plan adapted to serve low market segment
- Lack of formal communication
- Lack of training on client service and client protection

ANNEX

MicroRate Grading Scale for Social Reports	
Social Rating	<p>Measures the social return of an investment in an MFI through the evaluation of Social Results and Social Commitment.</p> <p style="text-align: center;"></p>
Social Results	<p>The MFI is judged on its social results, the poverty focus of its target Microfinance niche, the cost and efficiency of its services, its social responsibility, and fulfillment of its social mission.</p> <p style="text-align: center;"><i>Excellent – Good – Fair – Poor</i></p>
Social Commitment	<p>Measures the social focus and level of commitment of an institution and assesses the probability of a MFI deviating from its social mission in the future.</p> <p style="text-align: center;"><i>Excellent – Good – Fair – Poor</i></p>

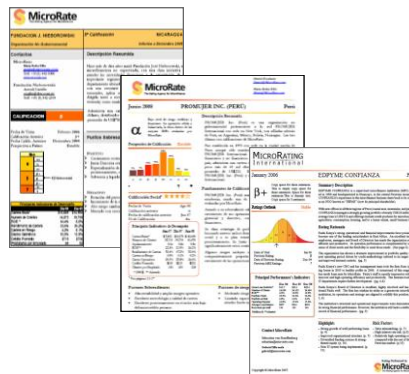
Interested in the full report?

The full Social Rating includes detailed information on the following:

- Social Results
- Depth and Diversity of Services
- Efficiency, Cost to the Customer and Sustainability
- Institutional Responsibility
- Social Commitment

This social report is available for purchase. If you are interested in purchasing a report, please contact MicroRate at 1-703-243-5340 or email info@microrate.com.

*MicroRate also offers the **Rating Report & Analyst Access Service** which provides investors with access to public performance and social rating reports through an annual subscription, regional package, or other tailored package to fit your needs.*



MicroRate Latin America
Mayor Armando Blondet 261
San Isidro, Lima, 27
Lima – Peru
Phone: (511) 628-7054
Fax: (511) 628-8729

MicroRate Headquarters
3300 North Fairfax Drive
Suite 202
Arlington, VA 22201
United States
Phone: (703) 243-5340
Fax: (703) 243-7380

MicroRate Africa
Espace A11-10ème étage
357 Boulevard Mohammed V
Casablanca-Morocco
Phone/Fax: +212 5 22 49 10 94

info@microrate.com

www.microrate.com

Copyright © MicroRate 2010

This document is subject to copyright and may not be reproduced in whole or in part without the written permission of MicroRate©. The ratings and other opinions contained herein are, and must be construed solely as statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such rating or other opinion or information is given or made by MicroRate in any form or manner whatsoever.