

November 2009  
 Social Rating

**KENYA WOMEN FINANCE TRUST**

**Kenya**



**Good Social Results** focusing on a poor microfinance niche. Good social efficiency, consistency and a moderate institutional responsibility. **High Social Commitment** and a low probability that the institution will deviate from its social mission.

**Social Results** **Good**

**Social Commitment** **High**

Date of Visit Jul-09

Previous Social Rating n.a.

Date of Previous Social Rating n.a.

Social Rating Completed 1<sup>st</sup>

#### Principal Performance Indicators

##### **Social Profile of Kenya\*** **Dec-08**

Poverty Index 50%

Extreme Poverty Index n.a.

Unemployment Rate 40%

##### **MK's Indicators** **Dec-08** **Jun-09**

Number of Borrowers 226,664 286,099

% of Rural Clients n.a. n.a.

% of Women Borrowers 100% 100%

Average New Loan (US\$) \$386 \$389

Avg. Loan/GNI per capita 58% 55%\*\*

Client Turnover 24.4% 18.7%

Cost per Borrower (\$) \$67 \$84

Effective Interest Rate 54.2% 69.9%

\* Source: World Bank and UNDP

\*\* GNI data as of Dec. 2008

Effective Interest rate (\$500 group loan)

<sup>1</sup>See Annex

#### Summary Description

Kenya Women Finance Trust ("KWFT") was established in 1981 to provide access to financial services to women entrepreneurs to enable them to improve their economic status and livelihoods. In June 2009, the company reported a \$108 million outstanding loan portfolio (June 2008: \$64.3 million). With headquarters based in Nairobi, KWFT primarily offers group loans to a bit less than 290,000 borrowers through a wide network of over 150 branches.

#### Rating Rationale

KWFT is characterized by a combination of good social results and a high social commitment.

The company demonstrates very good outreach, especially in the rural areas, and has been improving its financial services offer. The non-financial side of the business, however, is currently in its early-development phase.

Fast growth has allowed reaching fairly good efficiency levels and keep interest rates stable. Whilst lots of efforts have been devoted to keep up with the pace of growth, it is good to see the company is addressing human resources challenges such as training and retention of its staff, which will contribute to ensuring sustainability of its operations.

The recent approval of a new business plan for the Kenya Women Holding Group, which will manage all non-financial services, shows the high social commitment of the Board. Whilst the objectives are clearly set, there are still several processes that need to be further formalized and implemented to ensure a full achievement of its social mission.

#### Highlights


##### **Social Results**

- + Very good outreach and satisfactory depth of services
- + Focus on women in rural areas
- High inflation impacted negatively on KWFT's sustainability
- High staff turnover

##### **Social Commitment**

- + Good communication on the social mission, although informal
- Limited range of non-financial services
- + Clear strategic plan in place to launch non-financial operations
- + Increasing focus on customer care

ANNEX

<b>MicroRate Grading Scale for Social Reports</b>	
<b>Social Rating</b>	<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>
<b>Social Results</b>	<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>
<b>Social Commitment</b>	<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>Very High – High – Medium – Low</i></p>

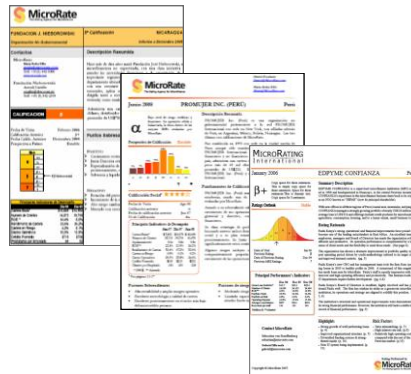
### Interested in the full report?

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](mailto:info@microrate.com).*

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