

March 2009
 Social Rating

NDCO WMN

Russia



Moderate social return due to **Adequate Social Results** and **Good Social Commitment**

Social Results **Adequate**

Social Commitment **Good**

Date of Visit Dec-08
 Previous Social Rating n.a.
 Date of Previous Social Rating n.a.
 MicroRate Social Ratings Completed 0

Principal Performance Indicators

Social Profile of Russia	Dec-07
Poverty Index*	13.4%
Extreme Poverty Index	n.a.
Cost of Basic Basket of Goods	US\$163
Unemployment Rate**	5.9%
NDCO WMN's Indicators	Sep-08
Number of Clients	3,415
% of Clients in Rural Areas	9%
% Female Clients	66%
Average New Loan for Individuals	US\$3,860
Client Attrition Rate	56%

*Source: World Bank ** as of June 2008

¹See Annex

Summary Description

Initially a network of local microfinance funds (NGOs) with a central office in Moscow founded in 1998, the Russian Women's Microfinance Network transformed into a for-profit Non-Bank Deposit-Credit Organization (NDCO) licensed and supervised by the Central Bank of Russia in September 2005. Operations of the fully consolidated entity had effectively started in mid-2007.

Operating in the region of Moscow and its surroundings, it has a loan portfolio of approximately US\$13.2 million and serves around 3,400 borrowers, two thirds of which are women.

Rating Rationale

WMN demonstrates a "medium" social return. WMN's depth and diversity of services are adequate but the organization is socially inefficient. WMN's loans are not reaching the poorest, but they are far below the average size that is common in most Russian MFIs. Social inefficiencies have resulted in an increase of the cost to clients whilst client desertion is high and sophistication of products remains poor.

WMN's commitment to the social mission originates from the Board of Directors and reaches down to field staff. WMN has put in place mechanisms to prevent shifting from the mission. The process of transforming into a supervised financial institution has however distracted some management attention required in communicating and implementing the social mission. Internal processes are geared towards customer care and staff well-being and ethics but monitoring social performance is not yet generalized to the whole network.

Highlights


Social Results

- Low depth of services but with good potential outreach
- Targeting women in urban areas
- Socially inefficient and not yet sustainable
- Fairly good institutional responsibility given the size of the organization

Social Commitment

- Transformation diverted part of the attention from implementing social mission more actively
- Strategy is shaped in line with social mission
- Products adapted to the target niche but could be refined as the institution grows
- Monitoring of social performance unevenly tracked among branches
- Adequate customer service

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>

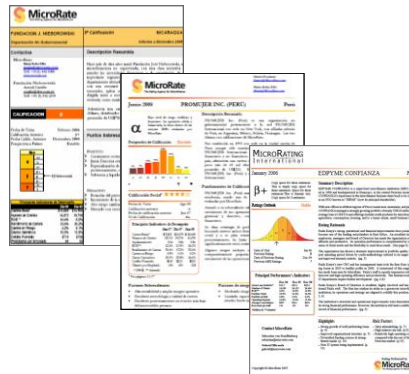
Interested in the full report?

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.

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