

July 2009 Social Rating

SEAP

Nigeria



Moderate social return overall based on **Moderate Social Results** and **Good Social Commitment**

Social Results **Moderate**

Social Commitment **Good**

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

Principal Performance Indicators

Social Profile of Nigeria*	Dec-07	
Poverty Index	n.a.	
Extreme Poverty Index	n.a.	
Official Unemployment Rate	5%	
SEAP's Indicators	Dec-07	Dec-08
Number of Borrowers	14,044	45,317
Number of Savers	24,276	66,961
% of Rural Clients	n.a.	14%
% of Women Borrowers	91%	91%
Average New Loan (\$)	102	98
Avg. Loan/GDP per capita	9%	13%
Client Attrition Rate	n.a.	25%
Cost per Borrower (\$)	22	33
Effective Interest rate (group loans)	130-200%	

* Source: Nigerian Statistics Bureau

¹See Annex

Summary Description

Self Reliance Economic Advancement Program, SEAP, is a non-governmental organization (NGO) in south western Nigeria that started operations in 2000.

As of December 2008, SEAP served over 45,000 borrowers through a network of 35 branches. It had an outstanding loan portfolio of \$6.2 million and mobilized savings amounting to \$4.4 million. It operates mostly in urban areas with an average loan size of \$187, or \$350 adjusted for purchasing power parity.

Rating Rationale

SEAP shows moderate social results but a strong social commitment.

SEAP reaches the poorest of the urban areas where it operates and demonstrates high efficiency in doing so. It has, however, not been able to diversify its product offering outside village banking. SEAP is also putting its clients' savings at high risk by funding itself exclusively through its members' deposits while its liquidity is tight and its profitability fragile. Forced savings also substantially increases the total cost to the client to get a loan. Under client protection and institutional responsibility towards staff, there is a mix of good practices and areas for improvement. In the context of its rapid growth and of its organization-wide performance-related challenges (*See SEAP0709 Performance report*), SEAP does not have the necessary resources to appropriately manage and monitor social performance.

There is little risk of mission drift given the current socially-oriented governance and legal structure of the organization.

Highlights


Social Results

- + Very poor target niche, mostly women
- Narrow product offering
- Savings exposure to high risk of loss
- High cost to the client
- Poor social responsibility towards staff and clients

Social Commitment

- + Strong commitment from Board and management
- + Mission well communicated company-wide
- Moderate client service
- Incipient social performance management and monitoring

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>

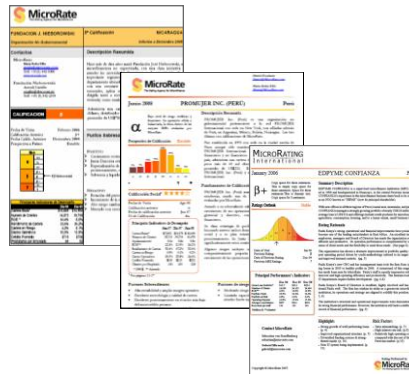
Interested in the full report?

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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