

About MicroRate

MicroRate is the first microfinance rating agency and remains dedicated to increasing transparency through independent evaluation of performance and risk in microfinance institutions (MFIs). Since its founding in 1997, MicroRate has conducted more MFI ratings than any other organization, with over 450 ratings of 200+ MFIs throughout Latin America, Africa and Europe. The institutions rated include many of the world's leading MFIs and span the entire spectrum of the microfinance industry, ranging from large banks to small NGOs. No other organization has a better understanding of microfinance risk and reward than MicroRate. *MicroRating International*, an alliance between MicroRate and MCRIL, the largest Asian microfinance rating agency, provides a portfolio of nearly 1000 MFIs throughout the entire developing world. MicroRate was also the first microfinance rating agency to be formally approved by the World Bank and CGAP.

MicroRate adamantly remains independent and free from any ties that could jeopardize its objectivity. MicroRate is a wholly management-owned, private company, incorporated in Washington, D.C. (USA) where its headquarters are located. Its rating teams are based in Lima (Peru) and Casablanca (Morocco). Although a *de-jure* for-profit corporation, MicroRate's goal, above profits, is to promote international development through transparency. Damian von Stauffenberg, MicroRate's founder and a pioneer in the microfinance industry, has donated 100 percent of his time as CEO to MicroRate since its inception and no profits have ever been withdrawn from it.

Products & Services

Ratings

- Performance Ratings
- Social Ratings
- Credit Ratings
- Structured Vehicle Ratings (CDO)

Microfinance Fund Services

- Portfolio Monitoring
- Annual Rating Report and Analyst Access
- Investment Prospecting

Institution/Capacity Building

- Diagnostic Reports
- Benchmarking Reports

Research & Expertise

- Performance Measurements for the Microfinance Industry (MFIs and MIVs)
- Benchmarking MFI Performance
- Microfinance Industry Trends
- Microfinance Investment Vehicles (MIV) and Microfinance Institute (MFI) Investment Trends

MicroRate Vision and Mission

MicroRate's vision is to promote effectiveness and growth in the global microfinance community by providing independent evaluations to create the transparency needed to facilitate the flow of funds from capital markets to this investment sector.

MicroRate's mission is to be the leading microfinance information services provider. MicroRate will accomplish this by maintaining a high level of quality in its analyses and services, along with independence and integrity, and an unyielding, long-term commitment to the poor.

Experience

MicroRate’s long history of rating MFIs also provides a strong foundation of practical experience and performance data captured in our industry database, which MicroRate uses to determine trends and create semi-annual performance benchmarks. Ten of the MFIs receiving the IDB’s Excellence Award and 9 of the 13 Latin America & Caribbean MFIs on Forbes’s Top 50 list have been rated by MicroRate. For over 10 years, MicroRate has directly influenced the maturation of the microfinance industry by pioneering the first microfinance ratings, by spearheading the development of standardized indicators for MFIs, by conducting the first rating of a microfinance Collateralized Debt Obligation (CDO), by publishing industry research papers and reports, and above all, by helping MFIs improve themselves to the point where they are able to access international capital markets.

Evaluation

MicroRate revolutionized the microfinance industry by evaluating MFIs so that lenders and investors could accurately and objectively measure risk. MicroRate’s objective is to link MFIs with funding sources, particularly international capital markets, by increasing transparency through in-depth analysis. MicroRate Rating Reports and evaluations remain to be the most widely-respected reports on microfinance. It is only through consistent evaluation that investors can compare different micro-lending organizations to create the transparency necessary for the microfinance industry to thrive.

By rating MFIs, MicroRate determines the strengths and weaknesses within an organization which can also help them improve the overall performance of their operations. Evaluations are summarized in succinct reports generally commissioned by MFIs themselves, though founders, donor agencies and investors also frequently request evaluations as a part of their due diligence process. MicroRate also supervises MFIs on behalf of lenders and donors. *To avoid conflicts of interest, MicroRate does not provide any type of consulting services nor is it affiliated with any lender, donor or investor.*

Methodology

The methodology for MicroRate Ratings is risk-driven. Ratings apply standard techniques of credit risk analysis adapted to the particularities of microfinance.

MicroRate’s performance ratings not only measure credit risk – but also how well an MFI conducts its operations. MicroRate has developed techniques for measuring “excellence in microfinance” and utilizes a ten-step rating grade to communicate its findings to MFI investors.

MicroRate does not apply a rigid rating formula as MFIs greatly vary from region to region. The rating grades convey the degree of the MFI’s efficiency and effectiveness, investment risk, vulnerability to external shock and future prospects as a viable microfinance company.

Building on their extensive experience, MicroRate’s Evaluation Teams concentrate on identifying critical risks. Evaluation Teams check portfolio quality, information systems, internal controls, market environment and the financial health of the MFI. They interview all levels of management and staff, sample portfolio quality and analyze financial and operational data. Evaluation Teams track MFIs rated by MicroRate for annual updates. Interim financial and portfolio data are incorporated semi-annually.

