MIX Microfinance World: 2010 WAEMU Microfinance Analysis & Benchmarking Report

i. Introduction

Since 2008 and after more than a decade of strong growth, the microfinance sector of the WAEMU[1] experienced a slowed growth due to indirect effects of the financial crisis, which led to a slowdown of certain categories of economic actors. Growth was also impacted by the restructuring and consolidation of activities for a certain number of MFIs. A strategy of strengthening the existing activities, driven by some of the large mutual networks during 2007, seems to have extended to medium and smaller MFIs as well. The strategy was certainly acerbated by the fear of adverse effects from the 2008 financial crisis on regional economies. Moreover, the new regulatory framework[2], that has been ratified and enacted in most states of the Union, is also pushing for restructuring the sector, notably through the transformation/consolidation of small isolated entities that are often operating without approval.

The detailed studies of 39 MFIs composing our 2009 sample and of our trend sample for 2007-2009 (consisting of 23 MFIs) allowed us to measure changes in sector performance in this context. In order to better understand the context in which the sector evolved, MIX and CGAP collaborated to provide an insight into the national microfinance policy and development of remote banking in the region.

Table 1: Microfinance in WAEMU region at a glance (2007-2009 Trends)

WAEMU Region	2007	2008	2009	%	
				07-08'	*08-09'*
Offices	1,111	1,029	1,179	*-7.4%*	*14.6%*
Personnel	5,348	5,846	6,790	*9.3%*	*16.1%*
# borrowers	679,583	696,675	720,479	*2.5%*	*3.4%*
GLP (millions USD)	505	591	681	*17.1%*	*15.2%*
GLP (millions FCFA)	220,628	268,584	305,342	*21.7%*	*13.7%*
Depositors	2,615,960	2,919,170	3,247,248	*11.6%*	*11.2%*
Deposits (millions USD)	500	535	661	*7.0%*	*23.6%*
Deposits (millions FCFA)	218,554	243,235	296,684	*11.3%*	*22.0%*
Total Asset (millions USD)	810	888	1,163	*9.6%*	*31.1%*
Total Asset (millions FCFA)	353,744	403,362	521,853	*14.0%*	*29.4%*
ROA (Return on asset)	0.0%	2.0%	1.2%	↑	*-41.9%*
PAR 30	5.3%	5.3%	5.2%	*1.1%*	*-2.1%*
PAR 90	3.8%	2.8%	3.0%	*-27.3%*	*9.0%*
Write off ratio	1.0%	1.4%	1.5%	*38.8%*	*12.5%*

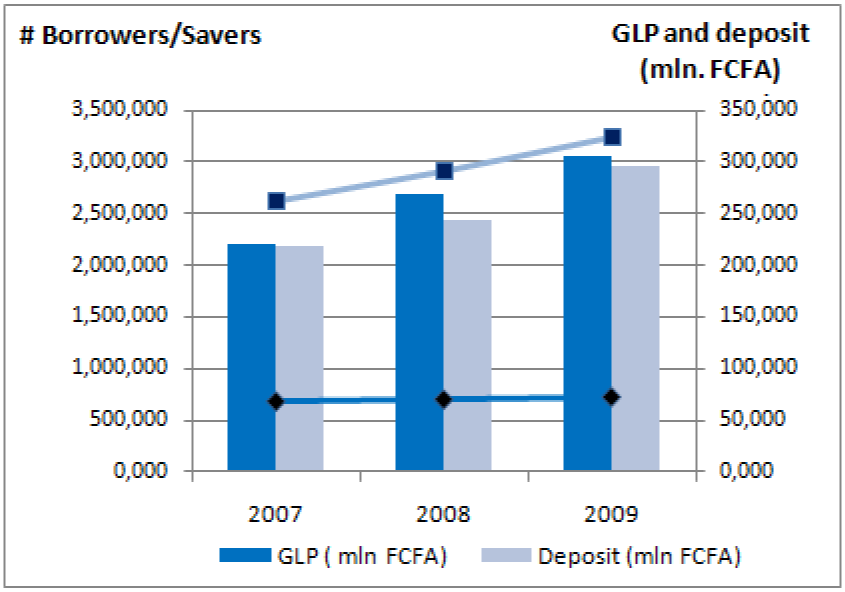
NB: Results (total and median) come from our trend sample for 2007-2009 consisting of 23 MFIs;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

[1] The WAEMU includes the following countries: Senegal, Burkina Faso, Mali, Niger, Côte d'Ivoire, Guinea Bissau, Togo and Benin.
[2] To obtain additional information on the regulatory framework, you can read our 2009 WAEMU Microfinance Analysis & Benchmarking Report

ii. Global Market Trends

1. Supply and Market Developments (trend 07-09)

Figure 1: Change in outreach and volume of loans and savings: 2007-2009

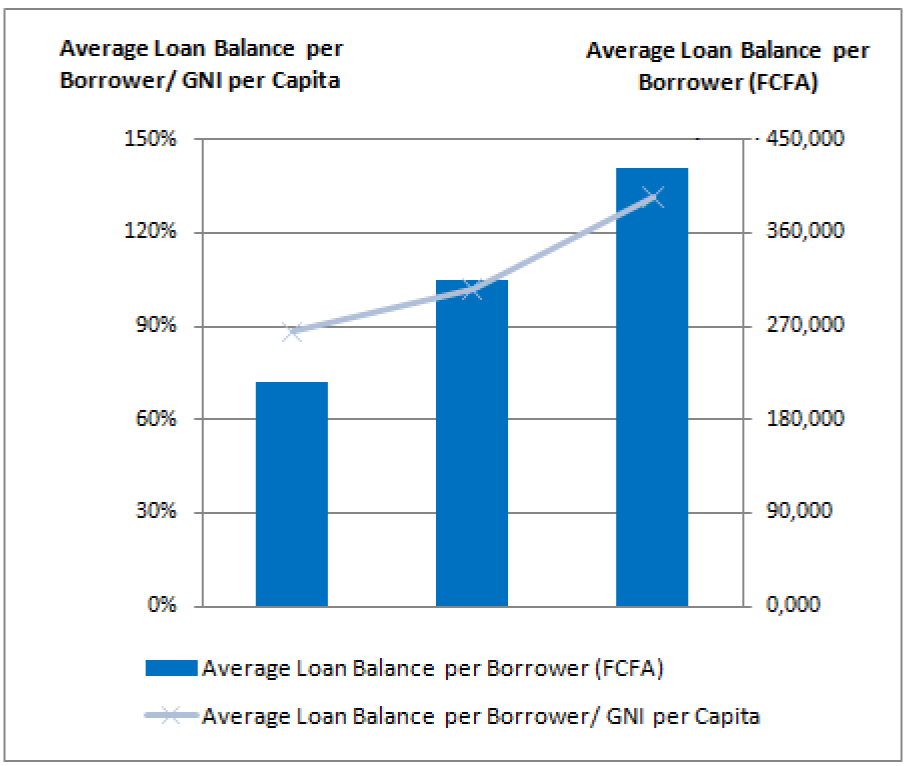


Results are the sums of our trend sample for 2007- 2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks
NB: 2007-2009 « volume » developments were computed in local currency in order to take into account the exchange rate effects (dollars/CFA Franc)

Credit Activity

The trend of a strong but slowing growth was confirmed by the change in volume of this sample portfolio. The growth rate in the region fell from 21.7 percent in 07-08 to 13.4 percent in 08-09 (Figure 1). MFIs confirmed this cautious strategy, which consisted of strengthening healthy portfolios (healthy customer retention, MFIs continue to limit the growth in the number of loans since 2 years (barely 3 percent growth in 08 and 09)) while continuing their efforts to collect delinquent loans. The renewal of credit to healthy customers caused a decline in the amount of new lending to riskier clients, as a result the average credit per borrower increased from 216 000 FCFA to 422 000 FCFA in only 2 years (Figure 2). The shift in client target towards the higher end of the market was done to the detriment of the most disadvantaged population, even if some MFIs have since launched new products for "small businesses". This trend was also reflected in the steep

Figure 2: Change in average of loan balance per borrower: 2007-2009



Results are the medians of our trend sample for 2007- 2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

increase of the average loan balance / GNI per capita ratio between 2007 and 2009, growing from 88 percent to 131 percent.

Savings Activity

The steady growth in the number of savers in the last 2 years (+12 percent in 2008 and +11 percent in 2009) combined with that of the average amount saved (+10 percent in 2009) explains the growth of the volume of savings collected by more than 20 percent in 2009.

The faster growth of the volume of savings deposits relative to the growth of the volume of loans granted reinforced the weight of savings as one of the primary funding sources for assets (median value is 45 percent). The total savings amount is close to that of the loan portfolio (97 percent) and represents a « cheap » financing option. The detailed study of the development of the savings activity in the « MFIs Performance » chapter of this report will offer a better understanding of the characteristics by country and outreach level of MFIs within peer groups « country » and « outreach ».

2. *National strategies for the development of the microfinance sector*

- ***A feature of the region is the implementation of a national strategy for the development of the sector by each country. The strategies aim at improving coordination between different actors. Most of these strategies are now in their second generation and can therefore be reviewed.***

In addition to the laws governing microfinance in the WAEMU, all the countries of the Union have adopted a National Strategy for the Microfinance Sector (NSMF)[3] to establish strategy strengthening the sector by coordinating the actions of different actors (MFIs, professional associations, regulators and governments, donors).

These strategies are accompanied by an action plan for implementation covering several years. In many cases, national strategies and their action plans were developed with the support of the United Nations Capital Development Fund (UNCDF) and are in their second generation (Mali and Togo), whereas others did not reach the implementation phase (Côte d'Ivoire) or experienced a long latency period (Benin). Several factors determine the conditions for implementation of these strategies and their results:

- The quality of the sector's initial diagnosis
- The funding mechanisms that are put in place
- The commitment of donors to fund the activities set forth in the action plans is a crucial element, without which the implementation is impossible. Indeed local resources could in fact cover only a limited part of these often ambitious action plans.

Three local examples illustrate these various aspects that cut across the lessons learned from an analysis of 29 policy papers and national microfinance strategies conducted by CGAP in 2007.

When Senegal prepared a mid-term review of the implementation of the action plan contained in the Sector Policy Letter, the level of achievement was considered generally satisfactory by domestic authorities. The strong mobilization of donors around this strategy succeeded in financing 86 percent of the action plan's budget (not counting refinancing facilities whose budget is covered at 64%). Future evaluation will assess the sustained positive changes induced by the funding of this action plan. While Senegal adopted a projects and programs approach, each donor directly funds activities within its priorities under the coordination of the Microfinance Authority.

In Mali, a different funding mechanism was used. Two technical and financial partners (Canadian Cooperation and the Danish Embassy) signed an agreement with the government to finance the implementation of the action plan of the NSMF through a common basket called Common Funding Mechanism (CFM). Founded on the principles of the Paris Declaration, the project management of this agreement was provided by the state services whose activities were integrated with national budgetary program and is in accordance with national procedures. A first joint review by donors/government highlighted the complexity of institutional and funding mechanisms in place as well as the lack of

[3] Names can differ from a country to another, for example the Directive Plan in Guinea Bissau or the Sector Policy Letter in Senegal

capacities, skills and experiences of the administration which prevented it from providing the required technical assistance or appropriately selecting speakers to deliver it.

The evaluation of the implementation of Burkina Faso's NSMF action plan revealed, among other things, another important aspect concerning the weakness of the initial diagnosis and recommendeda thorough evaluation of the sector before deciding on the content of a new phase of the action plan in order to "identify and support a future and systemic vision, and a new paradigm for the microfinance sector in Burkina Faso."

These are many lessons to be shared among different countries of the WAEMU, which could improve the efficiency of the implementation of national microfinance strategies the results of these strategies and the strengthening of the sector's infrastructure.

3. Market's infrastructure

- ***A regional support program for the strengthening of the sector***
- ***The emergence of electronic payment products***

A regional program to strengthen the sector: AFR 017

The head of the microfinance sector's consolidation in the WAEMU region, the Central Bank of West African States (BCEAO), developed a Support Program for Decentralized Finance (PRAFIDE) in 2004, supported by partners including the Government of the Great Duchy of Luxembourg through a sub-regional project called AFR/017 "Promoting Inclusive Financial Sectors in WAEMU".

Over a period of five years (2008-2012), this sub-regional project was endowed with a budget of 14 billion FCFA and is jointly run by the BCEAO and Lux-Development. This project works across the board at the three level of the sector: MFIs, market structure and institutions.

Five studies were conducted to contribute to the professionalization of the microfinance sector, focusing on:

- ✓ A methodological guide to internal control systems for decentralized financial systems (MFIs)
- ✓ A methodological guide to external audits for MFIs
- ✓ A guide for institutional transformation of MFIs in the WAEMU
- ✓ A study on the sustainability of MFIs Professional Associations (AP/SFD)
- ✓ The update of MFIs' Management Information Systems (MIS) to ensure compliance with sector specific accounting rules. The project developed a computer application, called the Gateway (royalty free) that automatically generates accounting statements and regulatory non-financial reporting from over a dozen commonly used MIS in the sub-region.

To implement the findings of these studies, a dissemination phase for the tools developed was engaged and has so far resulted in:

- ✓ The popularization of the new legal framework and of the New Accounting Standards (NAS) to the Ministerial Monitoring Structure (MMS), Ministerial Promotion Structures (MPS) and Professional Associations (PA/SFD).[4]
- ✓ In the framework of strengthening internal control, 15 officers were recruited to train more than 300 focal points from 240 MFIs within the region.
- ✓ In the context of strengthening MFIs' external audits, 15 chartered accountants, members of the NOCA (National Order of Chartered Accountants), have also been recruited and trained. They will undertake the training of their colleagues.

Moreover, to complete the list of ongoing projects, the project launched two studies on the establishment of a security fund for the microfinance cooperative networks of WAEMU and on a guidebook of sanctions. In addition, the project is trying to establish a sub-regional credit bureau in order to limit cross lending issues.

[4] PA/SFD : Professional Associations SFD. Following the study on the sustainability of SFD's professional associations, the AFR/017 project committed to fund the priority action plans of said associations to the tune of 36,000 € per institution over the period 2010-2012. Regarding training for NRC, the project has, since 2009, funded several training programs based on AP/SFD, for a total of 1200 trainees.

The rise of remote banking products

Thanks to an innovative use of technology, notably mobile phones and systems based on smart cards, remote banking offers the potential to significantly increase the number of people that may have access to formal financial services. Remote banking also allows a reduction of the cost of financial services and provides convenient access to a wide range of affordable financial products to low-income populations. Thus, in only three years (2007-2009), the world famous Kenyan experience known as M-PESA, which provides money transfer services through mobile phones, enrolled 9.5 million customers in a country where the amount of bank accounts is only 8.4 million.

During the year 2009, two mobile phone operators in the WAEMU area, Orange and MTN, started to offer remote banking services, starting with Côte d'Ivoire, who has a mobile phone penetration rate of 63.3 percent, the regions highest[5]. In 2010 this project was extended to Mali, Senegal and Niger for Orange and to Benin for MTN. The operators ZAIN in Niger and Tigo in Senegal also offer these services.

Like M-PESA, Orange and MTN entered the market of remote banking services by offering programs like an electronic wallet. These features were respectively named Orange Money and Mobile Money and included domestic money transfers and bill payment. After a commercial launch in August 2009, Orange Money recorded 150,000 customers at the end of December 2009, and since then, this number has multiplied by 4. As a result of a partnership with MFIs, other services such as savings collection and loan disbursements and repayments should be added gradually. A pilot project for loan repayments collection using the Orange Money platform is underway with an MFI from Cote d'Ivoire. International money transfers are also being considered.

The BCEAO was among the first regulators to adopt rules allowing the issuance of electronic money by non financial operators[6]. It is in this regulatory framework that mobile phone operators, in partnership with commercial banks, are currently spreading their remote banking operations.

Meanwhile, technological operators with a regional focus such as INOVA or FERLO[7] developed their own technological platform allowing the use of mobile phones or smart cards to conduct remote banking operations for MFIs.

A recent study from CGAP[8] looked at data from 18 remote banking services providers, including Orange and MTN in Côte d'Ivoire, in terms of outreach and costs of remote banking services. This study demonstrated that these services reached a significant proportion of customers without prior access to banking services (on a sample of 8 pioneer remote banking suppliers, 37 percent of active customers had previously no access to banking services) at an average cost 19 percent lower than regular comparable banking costs.

The increased supply of remote banking services raised several regulatory questions affecting issues such as the fight against money laundering, terrorism financing, regulation of non-banking actors or how to balance between consumer protection goals and access to innovation[9].

However, these questions cannot hide the fact that the results obtained so far suggest real and promising perspectives for the development of access to financial services in the WAEMU area for people who were deprived of them and more generally for low-income populations.

4. *Sector Financing*

- ***An overall increase in commitments from donors in the region marked by sharp national disparities.***
- ***Most of the commitments originated from donors (82 percent) but this share has declined compared to funds coming from investors.***

[5] According to the International Telecommunication Union, at the end of 2009. The average rate for WAEMU at the end of 2009 was 38.66 percent.
[6] Instruction N°01/2006/SP on July 31 2006 related to the issuance of electronic money and to electronic money providers.
[7] WWW.i-novagroup.com – www.ferlo-sncom
[8] http://www.cgap.org/p/site/c/template.rc/1.9.47614/ Focus note n°66, September 2010, "Branchless Banking 2010: Who's Served? At What Price? What's Next? Claudia McKay and Mark Pickens.
[9] Detailed information on these issues are available at the following address: http://www.cgap.org/p/site/c/template.rc/1.26.14108/ resulting from work done at a seminar on remote banking in francophone Africa, held in Dakar (Senegal) in June 2010.

The 2009 survey by CGAP on levels of commitment from donors and investors, entitled « CGAP Cross-Border Funding Survey 2010» described the levels of microfinance portfolios of the largest international donors in investors worldwide. WAEMU relevant data was extracted from this global study; due to the lack of country level data, the study is only able to identify 60% of cross borders financing towards the WAEMU[10]. In order to measure the evolution of these commitments, a uniform sample of donors was selected, these entities have shared their information during the 2007-2009 period.

At the end of 2009, the area combines a total commitment of 500 million dollars (all international donors combined). Our 2007-2009 trends sample cumulates 307 million dollars of « country commitments » according to the criteria explained above.

NB : It is important to distinguish this study on funding **from international donors of the entire microfinance sector (micro, macro and meso levels)** and the « IMF funding structure » part (further below) corresponding to the study of the **MFIs' funding structure and analysis of the debts from all donors combined.**

Table 2: Change in funders' commitments by country: 2007-2009

	Commitments by country (USD)			Country ranking by level of commitments		
	2007	2008	2009	2007	2008	2009
Benin	50 to 100	50 to 100	2 to 50 mln	2	2	4
Burkina Faso	2 to 50 mln	2 to 50 mln	2 to 50 mln	6	5	3
Ivory Coast	2 to 50 mln	2 to 50 mln	2 to 50 mln	7	6	7
Mali	50 to 100	50 to 100	50 to 100	1	1	1
Niger	2 to 50 mln	2 to 50 mln	2 to 50 mln	5	4	5
Senegal	2 to 50 mln	50 to 100	50 to 100	3	3	2
Togo	2 to 50 mln	2 to 50 mln	2 to 50 mln	4	7	6

Source: CGAP Cross-Border Funding Survey 2010, CGAP 2010

**The significant decrease of commitments recorded in Benin between 2008 and 2009 was due to the closure of two projects that were not renewed.*

Most of these funds (82 percent) came from donors (bi- and multilateral agencies, foundations and NGOs). However, the trend showed a decline of these commitments' « market share » to the benefit of investors (DFI – Development Funding Institutions). This trend reflects a decreased commitment of donor's commitments while the commitments of investors remained relatively stable in absolute terms.

Senegal and Mali, though, experienced a growth of their investors' commitments. It is interesting to cross this information with the content of Table 1 (ranking countries according to commitment levels). Indeed, these two countries received the highest amount of funding thanks to the largest market confidence. Conversely, Togo and Côte d'Ivoire ranked last.

In terms of beneficiaries and use of these funds, 80% of the funds were granted to MFIs and almost 50% were dedicated to capacity building (against only 12% globally). The breakdown of financial instruments used to award these funds was the following:

- 60 percent grants
- 31 percent debts
- 8 percent guarantees
- 1 percent are capital investment

[10] The survey gathers information from 61donors/investors and 90 MIIs and covers between 85 and 95% of cross-border funding at the global level. Regional projects, as well as funding from individual and institutional investors could not be identified at the country level and hence at the sub-region level. One of the most important microfinance support program for the WAEMU region called AFR 017 ($30 million worth of commitments) is a multi-country program and hence is not accounted for in the funding identified for the sub-region. Thus we estimate that only 60% of the cross-border financing for microfinance in WAEMU are identified in this study.

The sector was still heavily subsidized as far as funding from international donors is concerned, and guarantees still played an important role in raising funds (8% of the portfolio, to be compared with 5% for all of Sub-Saharan Africa and 4% globally). The low rate of capital investment is due to the very nature of the MFIs that are predominantly mutual MFIs whose capital is not open to investors other than members.

This external financial windfall remains necessary in the current market's environment in order to allow the sector to develop its internal capacity to create a diversified supply of high quality financial services and to finance its growth.

iii. MFIs Performances

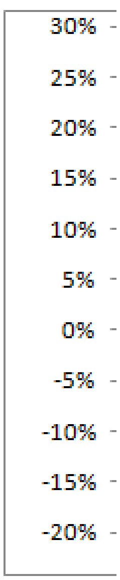
1. Growth

1.1 Lending

- ***A slower growth of the credit activity between 2007 and 2009 within the region with various developments within the countries of the Union.***
- ***"Gender" study : The return of women borrowers insufficient to offset the decrease in previous years***

For most countries in the region, the number of borrowers stagnated in 2008 relative to 2007 (Figure 3), revealing a certain homogeneity of responses to the financial crisis, namely a tendency to focus on debt recovery to the detriment of recruiting new customers (Senegal, Togo, Mali, Burkina). Only Benin experienced a strong growth due to the dramatic portfolio increase of a single MFI.

Figure 3: Change in number of borrowers (%): 2007-2009

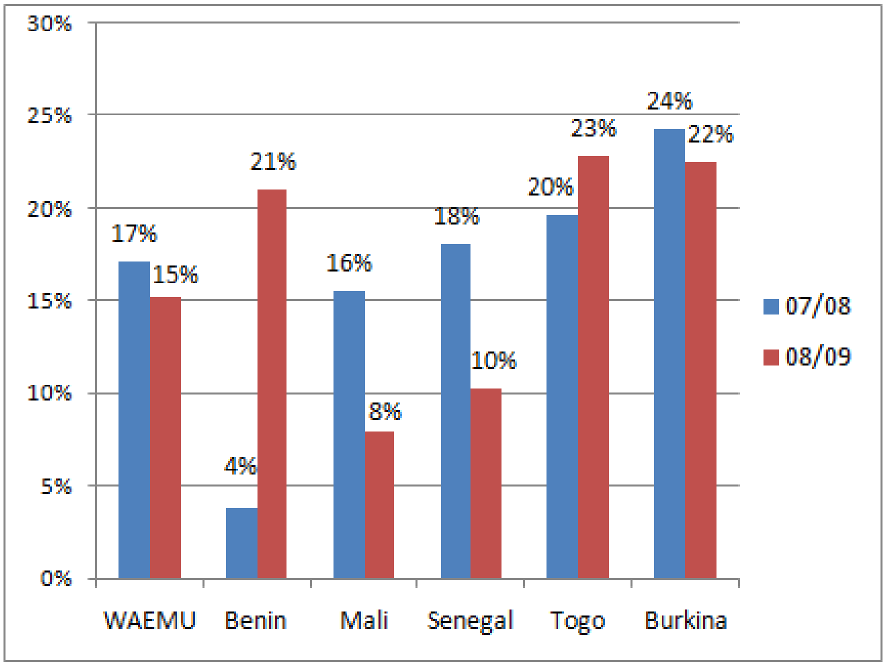


Results are the medians of our trend sample for 2007- 2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

In 2009, growth in the number of borrowers increased up in Senegal, Togo and Burkina Faso, coupled with the continued increase of number of borrowers in Benin, more than compensated for the decrease of borrowers' number in Mali between 2008 and 2009. The decrease in Mali was mainly due to the restructuring of networks and difficulties encountered by certain MFIs in Mali that resulted in a decline of fundraising from local banks.

While Senegal and Togo are the countries with the fastest growth in number of borrowers, Senegal recorded a slower increase in portfolio volume between 2008 and 2009 (Figure 4) because of deterioration of the credit portfolio and a decline in outstanding loans from large networks, between January and June 2009. This was mainly the result of the continued decrease of the SME portfolio of MFIs during the first trimester of 2009. However, the sector recovered in the second semester, developing its lending activities on this type of clientele.

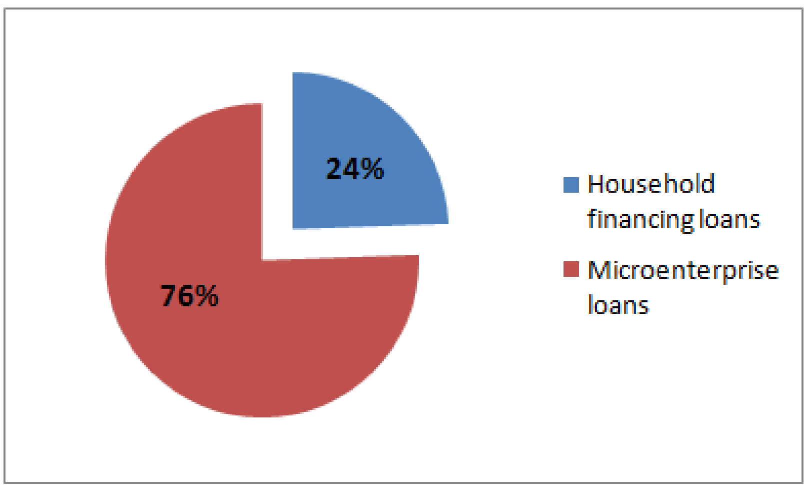
Figure 4: Change in volume of loan by country (%): 2007-2009

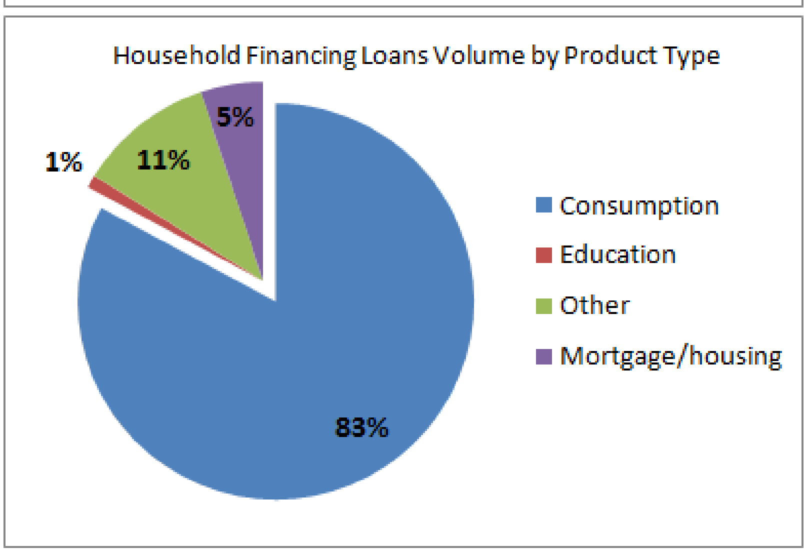


Results are the medians of our trend sample for 2007- 2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

With regards to the kind of products offered, 76 percent of the loans were subscribed as productive loans (microenterprise) and 24 percent were household financing loans. Among the 24 percent of household loans, 83 percent were dedicated to consumption (Figure 5).

Figure 5: Loan by product type (Microenterprise / household)





Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

In the continuation of the « gender » analysis started last year in the report WAEMU 2009, the following analysis measures changes in the number of women borrowers in the « outreach » peer group.

Table 3: Change in gender for «outreach» peer groups

	WAEMU			Large MFIs			Medium MFIs			Small MFIs		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2007	2008
# borrowers	679,583	696,675	720,479	483,416	501,112	521,198	177,279	173,845	176,166	18,888	21,718	23,115
Change		17,092	23,804		17,696	20,086		-3,434	2,321		2,830	1,397
Change %		*2.50%*	*3.40%*		*3.70%*	*4.00%*		*-1.90%*	*1.30%*		*15.00%*	*6.40%*
# male	308,004	381,665	389,112	249,511	305,800	326,196	51,054	66,090	53,470	7,439	9,774	9,445
Change		73,661	7,448		56,290	20,396		15,036	-12,620		2,335	-0,329
Change %		*23.90%*	*2.00%*		*22.60%*	*6.70%*		*29.50%*	*-19.10%*		*31.40%*	*-3.40%*
# female	371,579	315,010	331,367	233,905	195,312	195,002	126,225	107,755	122,696	11,449	11,944	13,670
Change		-56,569	16,356		-38,594	-0,310		-18,470	14,941		0,495	1,726
Change %		*-15.20%*	*5.20%*		*-16.50%*	*-0.20%*		*-14.60%*	*13.90%*		*4.30%*	*14.40%*
Female %	*54.70%*	*45.20%*	*46.00%*	*48.40%*	*39.00%*	*37.40%*	*71.20%*	*62.00%*	*69.60%*	*60.60%*	*55.00%*	*59.10%*

Results are the medians of our 2007-2009 trend sample; « outreach » peer group : « small » MFIs <10 000 active borrowers, « medium » MFIs between 10 000 and 30 000 active borrowers and « large » MFIs > 30 000 active borrowers
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

Regarding our WAEMU sample, the decline in the number of registered borrowers in 2008 was mainly due to the decline in women borrowers, since the number of male borrowers had increased from almost a quarter. In 2009, the number of men stabilized (+1.8 percent) while that of women increased by 5 percent. This return of women in 2009 only partially covered the strong decrease of 2008 (-55 725 versus +15 512 in our sample), corresponding to a net loss of more than 40 000 women borrowers in three years. While in 2007 women were the majority of the customers in the MFIs of our WAEMU sample (55 percent), they became a minority in 2008 (45.34 percent). The year 2009 did not fundamentally alter the gender breakdown.

The study of the « outreach » peer group allows a better understanding of changes in the distribution of women according to MFIs characteristics.

Within « large » MFIs (see definition in Table 3), women saw a sharp decline in their numbers (more than 16 percent) to represent less than 40 percent of the borrowers. In 2009 this number stabilized while the number of men borrowers increased (+6.7 percent), resulting in a reduced share of women borrowers to only 37.4 percent of total borrowers for this group. The return of women is more pronounced for « medium » MFIs since their proportion almost returned to the 2007 level. In this category of MFIs, including MFIs that almost exclusively serve women, the significant decrease in male borrowers (-12 620) in 2009 was more than offset by the increase in the number of women borrowers (14 941), women representing again around 70 percent of total borrowers. The changes in shares of women in « small » MFIs showed an increase (+6.9 percent) of the number of women bringing their relative share close to 60 percent. In 2009, the combined effects of a decrease in the number of male borrowers and an increase of female borrowers offset the fact that in 2008, among new customers, there were twice as many men than women.

The year 2009 showed a strong come-back of women in the MFIs peer groups, in which they were already the majority (small and medium), largely offsetting the strong decreases in 2008. However, among the large MFIs where women were a minority, their number remained stable, resulting in a decreased share, which reflected a range of products that was ill-suited for their needs.

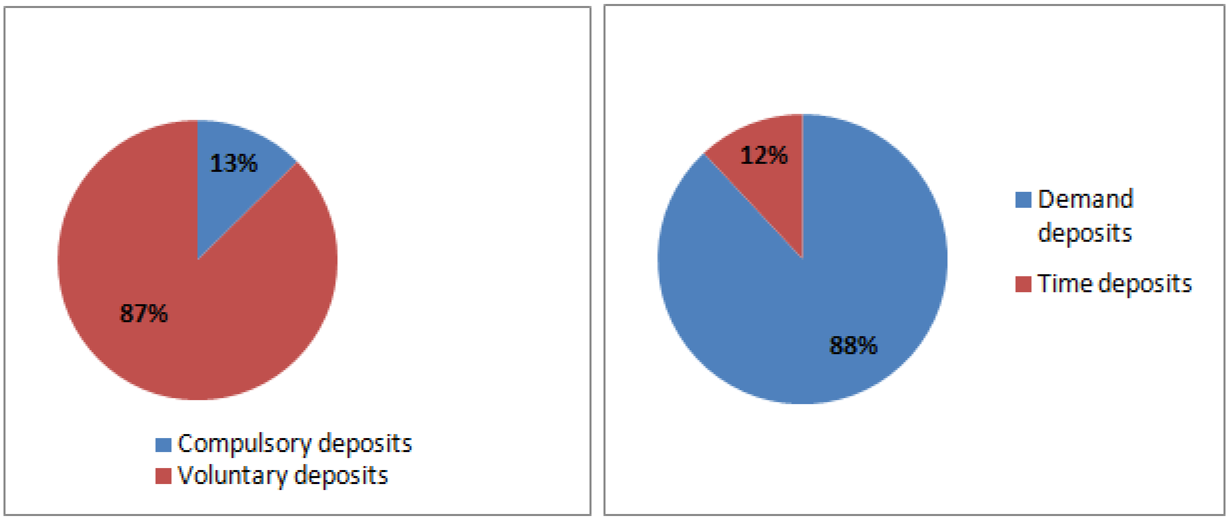
1.2 Savings

- ***A stagnant growth in number of savers between 2007 and 2009, but a steady increase in volumes of collected savings.***

In terms of savings activity, there is a degree of homogeneity in the growth of savings volumes for the WARMU countries, evolving in roughly similar proportions in the recent year (with the exception of Burkina Faso). Voluntary savings were predominant with a share of 87 percent of total savings (against

13 percent for mandatory savings). The same proportion was also reflected in the type of voluntary savings collected, of which 88% was derived from demand deposits against only 12% from term deposits, this latter product offering being less common in the region (Figure 6).

Figure 6: Deposit amount by type of product



Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

In most countries the increase in savings volume had more to do with the increase of the number of savers rather than an increase of the average amount deposited. The table below highlights the stability of average deposited amounts over two years.

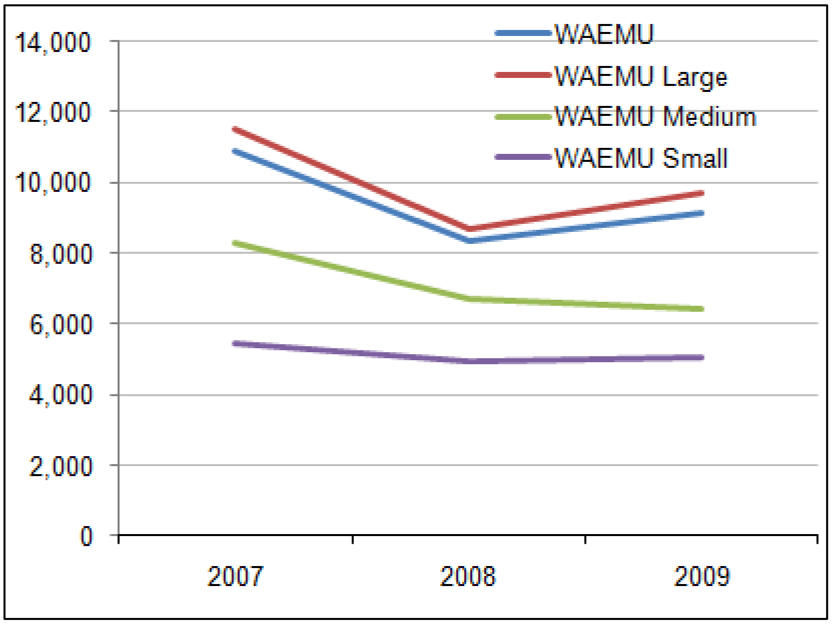
Table 4: Average Deposit Balance per Depositor by country (FCFA): 2007-2009

	2007	2008	2009	07-08	08-09
WAEMU	83 546	83 323	91 365	0%	10%
Benin	47 705	53 491	50 710	12%	-5%
Mali	62 058	54 094	65 019	-13%	20%
Senegal	132 227	126 379	130 459	-4%	3%
Togo	112 248	105 367	113 030	-6%	7%
Burkina	75 676	77 599	99 311	3%	28%

Results are medians from our trend sample for 2007-2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks
Niger and Cote d'Ivoire are omitted from the figure due to the limited number of MFIs for these two countries.

In contrast, variations and disparities were higher within the « outreach » peer group, and they showed an interesting trend. Indeed, all the MFI categories experienced increases in the number of savers, but it was much stronger within small MFIs (+46 percent) and medium MFIs (+ 65 percent) compared to large MFIs (+18 percent). Nonetheless, the increase in savings volume was relatively uniform across the 3 categories and represented around 30 percent. This dual trend explains the strong disparities found in the changes of the average amount of savings deposits (Figure 7).

Figure 7: Average Deposit Balance per Depositor (FCFA) for « outreach » peer group



- The average amount for the WAEMU area has sharply increased in the past two years and is getting close to the average amount of 100K CFA.
- This trend concerns essentially large MFIs, and most notably large mutual MFIs.
- The bigger the MFI, the higher the average savings amount per customer.

Results are medians from our trend sample for 2007-2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

Depositors from large MFIs were saving, on average, twice as much as those from small MFIs because the large ones were able to attract and retain the « high end » customers, driving the average amount progressively from a median of 80 to 100K CFA in two years.

However, small MFIs who attracted clients with a limited saving capacity saw the average savings amount per customer stagnate around 50K CFA.

Finally, medium-sized MFIs underwent a significant decrease in the average amount deposited due to the strong increase of the number of depositors.

These differences indicate different strategies. Large MFIs no longer consider the growth in number of depositors as the main pillar of their global growth strategy, while small and medium MFIs, who need to attract an ever growing number of depositors to fund themselves cheaply and to reach a critical size allowing economies of scale, still do. Large MFIs went from a “quantitative” to a “qualitative” growth by targeting higher-end clients (as illustrated by the growing average savings amount for this kind of MFI) who represent a better source of profit and increased financial performances.

2. *Financial Performance*

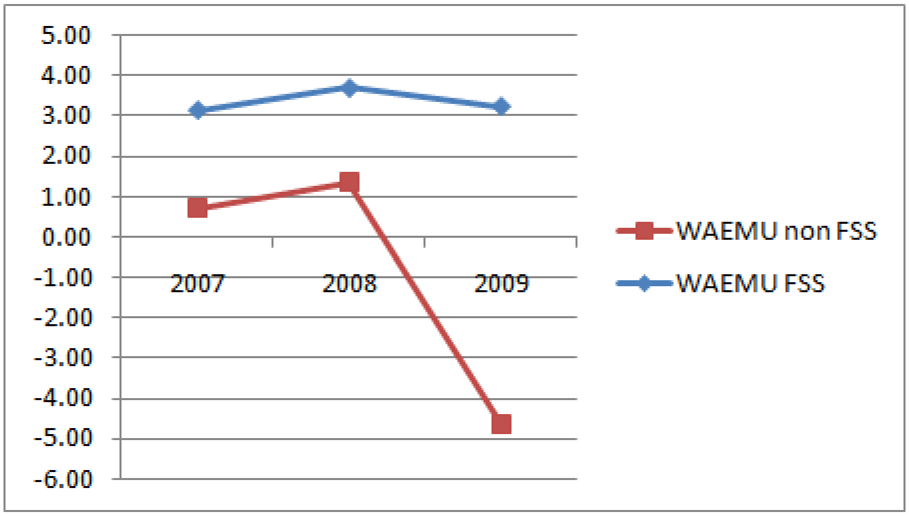
- ***A sector always at the edge of profitability.***

After experiencing a sharp increase in 2008, return on assets returned to more modest levels, from 2 percent to a level barely above 1 percent.

If large MFIs followed a trend that is close to that of the median MFIs, medium MFIs, in contrast, posted a negative return on assets while small MFIs had a relatively high return on assets considering the area (above 3.5 percent).

MFIs that are not already financially self-sufficient (non FSS) saw their return on assets deteriorate sharply between 2008 and 2009 while those who were self-sufficient only recorded a slight decrease of profitability by maintaining a return on assets superior to 3 percent (Figure 8).

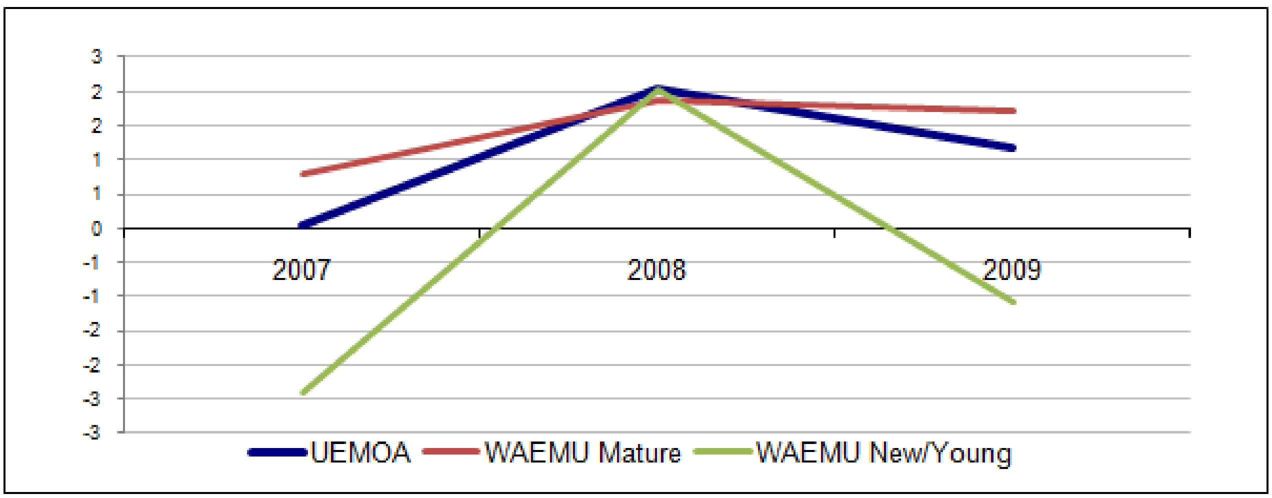
Figure 8: Change in return on asset for "profitability" peer group: 2007-2009



Results are medians from our trend sample for 2007-2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

Figure 9 also shows the highest resiliency of mature MFIs enabling them to control their profitability in a context of declining activity.

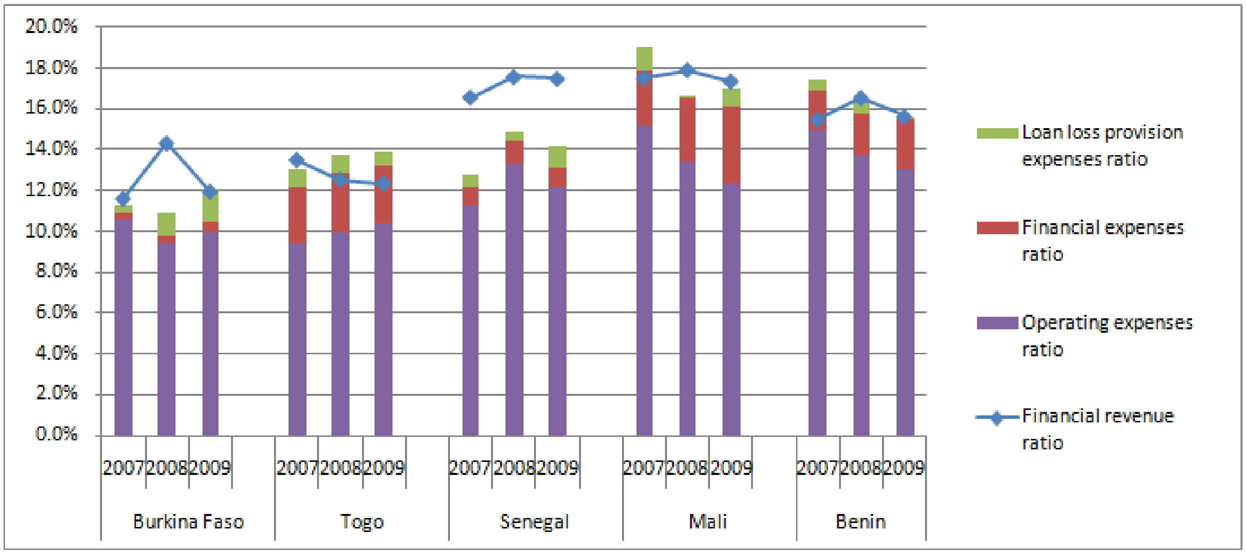
Figure 9: Change in return on asset for "age" peer group: 2007-2009



Results are medians from our trend sample for 2007-2009;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

At the country study level (Figure 10), it is interesting to note the general decline in the ratio of assets' financial products in all the countries of the area. This was mainly explained by the steady increase of loans write-offs not offset by an increase in volume of loan portfolio (PAR 30 remains relatively stable between 2007 and 2009). Concerning this ratio, countries fit in two different groups. Mali, Senegal and Benin recorded ratios around 16 t o18 percent while Togo and Burkina Faso had ratios around 12 to14 percent. These two groups are similar concerning expenses, the first one recorded operating expenses between 12 and 15 percent, the second one around 10 percent. The common feature to both groups concerns their struggle to achieve financial viability, to the exception of Senegal which seemed to best optimize its expenses and financial revenues thus reaching financial self-sufficiency in the median.

Figure 10: Change in breakdown of return on asset by country: 2007-2009



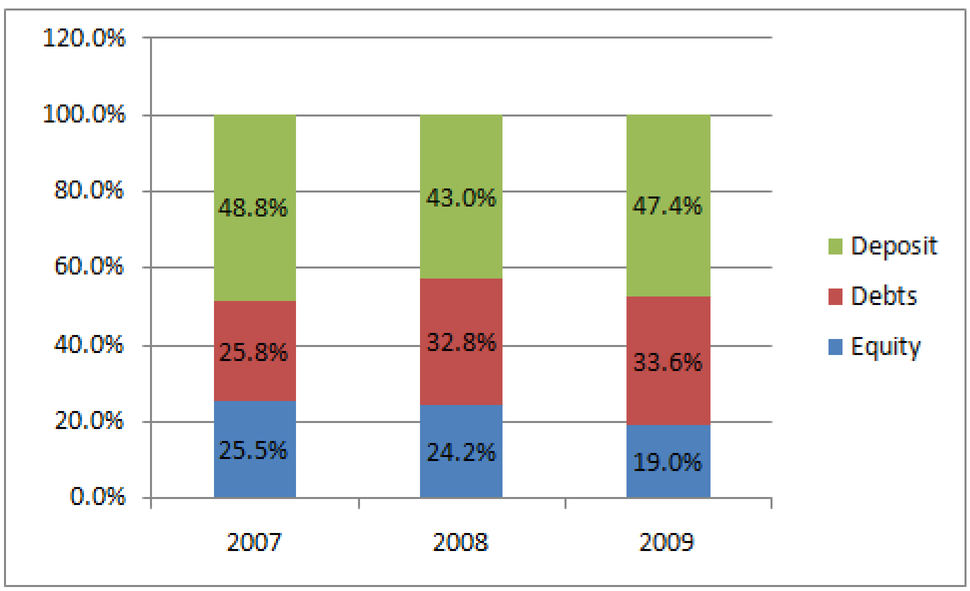
Results are the medians of our 2007-2009 trend sample;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

Financial expense levels remained relatively stable in the area. Three countries were characterized by their capacity to raise more funds through debt: Mali, Senegal and Benin.

3. MFIs Funding Structure

Given the regulatory framework that legislates the microfinance sector and the maturity of the sector in the Union, MFIs mainly financed their activities with depositors' savings. The share of debt financing continuously grew, showing the strong capacity of the areas MFIs to contract debts, mainly due to an increased supply from local banks.

Figure 11 : Change in Financial structure: 2007-2009



Results are the sums of our 2007-2009 trend sample;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

As demonstrated by the CGAP study « CGAP Cross-Border Funding Survey 2010 » mentioned earlier, Mali was the WAEMU country that enjoyed the largest share of funding for the entire microfinance sector (at the micro, macro and meso level). It was also the country (out of a sample of 23 MFIs who shared their funding information) where MFIs have raised the highest share of their funding in the form of debts. In Mali debt financing represented 55 percent of total MFIs funding, followed by Benin (22 percent) and Senegal (17 percent). In contrast, parallel with the portfolio volumes for the sector, Senegal provided three times the volume of credit of Mali while experiencing three times fewer resources in the form of debts. Senegal was also the country that collected the highest amount of savings, thus financing a portion of its activities at lower costs.

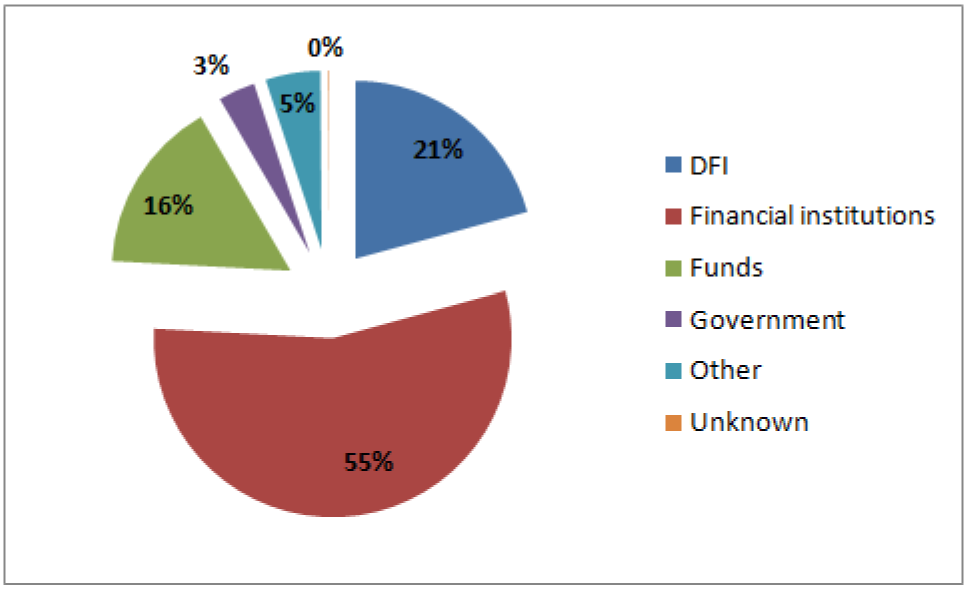
As far as debt features were concerned, there were wide discrepancies in terms of interest rates and maturities between the different countries. Mali registered the lowest weighted average rate due to a large share of certain MFIs' financing with heavy subsidization (Table 5). Barring Mali out of the sample, the weighted average rate in the region was 7.3 percent.

Table 5: Interest rates and terms on borrowing by country

	Weighted Average Rate	Duration
Mali	2.2	47
Benin	6	21
Burkina Faso	7.1	60
Senegal	7.7	45
Togo	8.3	26
Niger	10.4	ND

Additionally, excluding Mali for its predominant share of financing by funds, financial institutions funded up to 55 percent of the MFIs, followed by DFIs and funds. (Figure 12)

Figure 12: Sources of funding by lender type and rate range (2009)



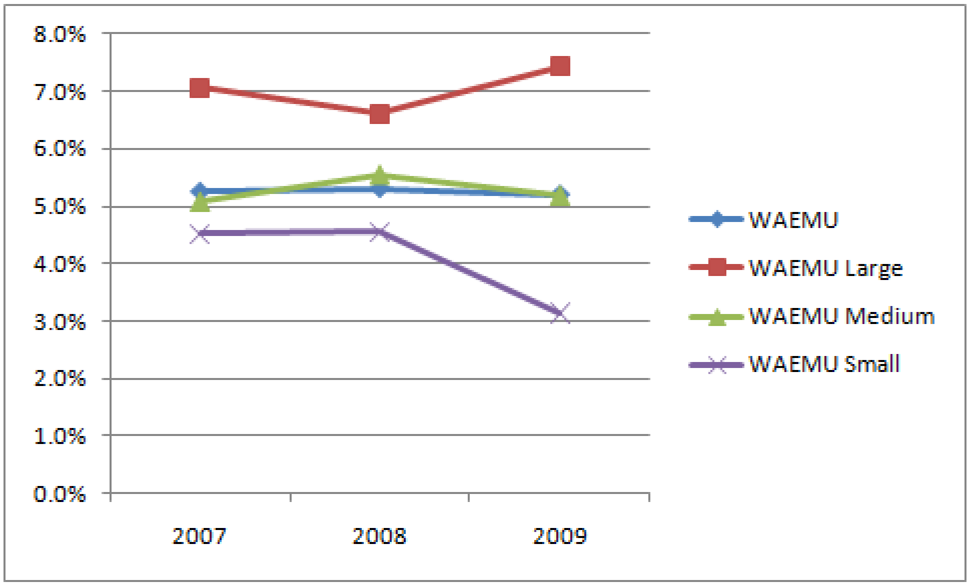
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks
DFI/Government: *development donors such as development financing institutions, governments, central banks, bilateral and multilateral development organizations and development programs.*
Financial Institutions: *Commercial banks, public and cooperative banks.*
Funds: *Any type of microfinance financial instrument and NGO/foundations funds.*
Others: *NGOs, individuals and private companies.*

4. Portfolio at Risk and Write-offs

- ***Stabilization of the PAR30 for the WAEMU area, hiding disparities between peer groups.***
- ***Within WAEMU, the write-offs steadily increased since 2007***

Within our sample, « small » MFIs did a better job than the « large » MFIs to keep control of their PAR 30. "Large" MFIs especially struggled with the quality of their portfolio related to SMEs. One might think that "small" MFIs (less than 10 000 clients) are also the youngest (less than 3 years) which would explain the low level of risk; however, in our "small" MFIs sample, 80 percent of the MFIs were "mature" (10 years or older). The control of portfolio quality seems to be related to an MFIs experience and knowledge of clientele. MFIs that have a small number of agencies (between 4 and 8 in the median between 2007 and 2008), scattered around a small geographical area, have better customer care and customer loyalty. This ensures both a knowledge of client needs (to tailor products to their needs) while reinforcing the trust between the MFI and its clients.

Figure 13: Change in PAR30 for « outreach » peer group: 2007-2009

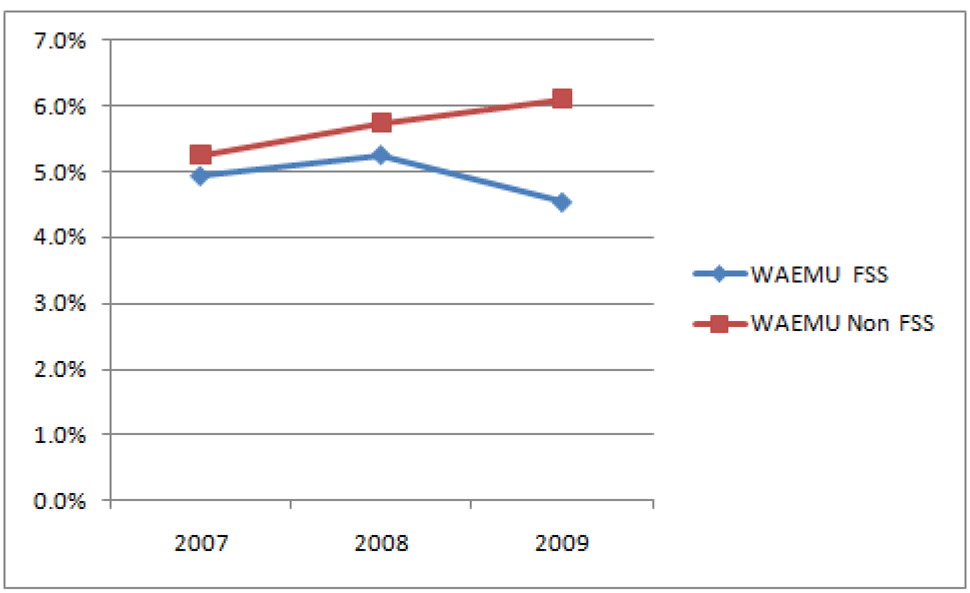


Results are the sums of our 2007-2009 trend sample;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

This finding is confirmed at the level of loans write-offs, which for the « small » MFIs peer group is among the lowest level of the sector, falling from 2.1 percent to 0.7 percent between 2007 and 2009. For "Medium" and "Large" MFIs though, the write-off rate increased reaching 1.1 and 1.9 percent respectively against 0.2 and 1.5 percent in 2007.

In terms of profitability criteria, the PAR 30 analysis of the « financially self-sufficient » peer group revealed that financially self-sufficient MFIs had a noticeably improved PAR 30 improving noticeably (around 4.5 percent) while those who are not financially self-sufficient saw their PAR 30 steadily deteriorate since 2007, reaching close to 6 percent.

Figure 14: Change in PAR30 for « profitability » peer group: 2007-2009



Results are the sums of our 2007-2009 trend sample;
Source: Microfinance Information Exchange, Inc., 2009 Benchmarks

The trend noticed above in the « size » peer groups was also visible regarding loan write-offs. Large and medium MFIs cleansed their portfolios more than the small MFIs, showing their greatest difficulty in recovering a portion of their deteriorated portfolios.

At the country study level, we noticed that some countries have evolved similarly with regards to PAR 30 and loan write-offs. Indeed, Senegal and Togo both saw their PAR 30 gradually deteriorate since 2007, reaching high levels of 6 and 8 percent respectively, above the regional median. Meanwhile, their write-off rates also steadily increased.

Benin, on the other hand, had been suffering for the last 3 years from a very high PAR 30 and write-off rate, even though the latter was in steady decline. This trend is opposite to that of Mali which had a relatively low PAR 30 and write-off rate that has been steadily decreasing for the past 2 years (from 4 to 1 percent between 2008 and 2009). A growing number of the area MFIs have recently been placed under receivership, confirming the trend of portfolios' deterioration. This trend is the result of portfolio management and governance issues for MFIs, some of which have struggled with negative equity.

iv. Conclusion

Microfinance in WAEMU continues to grow, reaching an ever increasing number of clients. The restructuring undertaken by a number of MFIs and the consequences of applying the new regulatory framework should reinforce the sector to enable it to increase its profitability and outreach. Moreover, the strengthening of professional associations (APSFD), the creation of external audit firms working on microfinance-specific audits, as well as the future creation of a credit bureau should also participate to the strengthening of fundamentals, promoting solid and healthy growth. However, a growing number of MFIs placed under receivership shows the fragility of some aspects of the industry. This problem is particularly serious in the Union since most of the MFIs are collecting savings from customers; liquidating some of them could mean the loss of clients' savings, potentially causing a destabilization of the sector. This highlights the role of supervision in the evaluation of management and governance of MFIs. The provisions concerning the supervision of MFIs under the new rules involving the banking commission and the BCEAO should contribute to strengthening controls to limit the likelihood of bankruptcy.

Charles Cordier
Lead Analyst, Francophone Africa
MIX

*MIX wishes to thank CGAP for its collaboration in the writing of this report and especially Corinne Riquet, CGAP representative for francophone Africa.

Data gathering and processing

For benchmarking purposes, MIX collects and processes financial and outreach data of MFIs according to international standards of microfinance as applied in the *MicroBanking Bulletin*. Raw data are collected from MFIs, reformatted according to the IFRS (International Financial Reporting Standards) presentation standards and verified using the audited financial statement, rating reports or other available assessments and control reports. Performance indicators are then restated using the industry standards in terms of data processing to eliminate the effects of subsidies, differences on bad loans provisioning policies, and to incorporate the impact of inflation on the institution's performance. This process allows performance comparisons between institutions.

MIX wishes to thank the institutions who took part in the sector benchmarking project.

		Participating MFIs- WAEMU
Benchmarks 2009 (39 MFIs) **2007-2009 Trends (23 MFIs)** *Italicized*	Benin	*Alidé, FECECAM, PADME, Vital Finance*, PAPME, CBDIBA/RENANCA, FINADEV
	Burkina Faso	*GRAINE sarl, RCPB*, CVECA BM, LSK,UCEC Sahel, URC BAM
	Mali	*CVECA Kita/Bafoulabé, Kafo Jiginew, Kondo Jigima, Miselini, Nyèsigiso, Soro Yiriwaso*,UCCEC GY, Jigiyaso Ba, RMCR
	Niger	*MECREF*, ASUSU CIIGABA
	Senegal	*ACEP Sénégal, CMS*, DJOMEC, *MEC FEPRODES, PAMECAS, U-IMCEC, Caurie SARL*, Microcred
	Côte d'Ivoire	UNACOOPEC-CI, CFCC, RCMEC
	Togo	*FUCEC, WAGES, MGPCC Dekawowo, TIMPAC*

Peer Group	Definition	Description
Profitability	WAEMU FSS (21 MFIs)	MFI with a Financial Self Sufficiency ≥ 100%
	WAEMU Non FSS (18 MFIs)	MFI with a Financial Self Sufficiency < 100%
Outreach	WAEMU small (13 MFIs)	Number of borrowers < 10,000
	WAEMU medium (9 MFIs)	Number of borrowers ≥ 10,000 and ≤ 30,000
	WAEMU large (17 MFIs)	Number of borrowers > 30,000
Region	Africa WAEMU (39 MFIs)	Countries : Benin, Burkina Faso, Mali, Niger, Senegal, Togo, Côte d'Ivoire
	Africa without WAEMU (111 MFIs)	Countries : South Africa, Angola, Cameroun, Congo, Congo DRC, Ethiopia, Gambia, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Swaziland, Tanzania, Chad, Uganda, Zambia
Age	WAEMU new (6 MFIs)	Age ≤ 3 years
	WAEMU young (4 MFIs)	3 years ≤ Age ≤ 8 years
	WAEMU mature (29 MFIs)	Age ≥8 years

	Outreach			Sustainability	
INSTITUTIONAL CHARACTERISTICS	**WAEMU Large**	**WAEMU Medium**	**WAEMU Small**	**WAEMU ASF**	**WAEMU non ASF**
# MFIs	17	9	13	21	17
age	18	9	12	13	12
total assets	53,308,588	7,149,633	2,251,631	8,904,330	4,703,237
total offices	60	8	7	33	15
total staff	293	90	30	109	102
FINANCING STRUCTURE					
capital asset ratio	16.0%	19.8%	26.3%	23.1%	8.3%
debt equity ratio	4.26	2.49	0.99	3.33	0.99
deposits to loans	81.1%	50.4%	80.8%	56.9%	98.2%
deposits to total assets	52.1%	33.8%	47.4%	38.2%	60.0%
gross loan pf to total assets	65.3%	65.6%	53.9%	65.6%	60.5%
OUTREACH INDICATORS					
total borrowers	41,570	15,418	2,047	17,154	9,927
percentage female borrowers	39.0%	82.9%	42.1%	56.4%	51.6%
total loans outstanding	41,570	15,418	2,047	17,154	11,634
gross loan portfolio	31,007,162	4,533,658	1,577,446	6,675,640	4,980,547
average balance borrower	1,032	264	296	838	853
average balance borrower per capita	134.9%	41.3%	35.0%	109.5%	86.7%
average outstanding balance	1,032	264	296	803	848
average outstanding balance per capita	134.9%	41.3%	35.0%	109.5%	86.3%
number of depositors	118,828	27,830	10,331	31,739	29,655
number of deposit accounts	118,828	27,830	10,331	31,743	29,655
deposits	14,077,339	1,812,078	894,902	2,628,187	3,273,644
average balance saver	173	63	111	125	136
average balance saver div capita GDP	24.0%	9.0%	25.0%	19.0%	17.0%
average savings account balance	163	58	111	113	136
average savings account balance per capita	22.0%	8.0%	25.0%	18.0%	16.0%
MACROECONOMIC INDICATORS					
GNP per Capita	765	765	542	641	765
GDP Growth Rate	3.5%	3.8%	3.5%	3.5%	3.7%
Deposit Rate	3.5%	3.5%	3.5%	3.5%	3.5%
Inflation Rate	2.5%	2.5%	2.8%	2.5%	2.8%
Financial Depth	33.7%	28.6%	25.5%	25.5%	33.7%
OVERALL FINANCIAL PERFORMANCE					
return on assets	0.8%	0.0%	0.0%	1.5%	-2.9%
return on equity	7.6%	0.0%	0.0%	4.5%	0.0%
operational self sufficiency	104.5%	102.2%	99.2%	113.4%	67.8%
financial self sufficiency	104.5%	102.2%	93.4%	113.4%	66.0%
REVENUES					
financial revenue ratio	16.8%	15.3%	10.3%	16.8%	12.5%
profit margin	4.6%	-22.1%	-7.0%	11.2%	-51.6%
yield on gross portfolio nominal	20.7%	20.8%	21.5%	20.8%	18.8%
yield on gross portfolio real	17.6%	18.7%	17.0%	18.4%	17.0%
EXPENSES					
total expense ratio	16.3%	16.4%	9.1%	14.2%	18.0%
financial expense ratio	2.4%	1.2%	0.0%	1.5%	1.5%
loan loss provision expense ratio	1.1%	0.1%	0.4%	0.4%	1.0%
operating expense ratio	12.5%	13.2%	8.1%	11.1%	13.1%
personnel expense ratio	5.6%	4.8%	3.1%	4.8%	5.1%
administrative expense ratio	6.7%	7.1%	4.6%	6.1%	7.3%
adjustment expense ratio	0.8%	0.4%	1.8%	1.6%	0.4%
EFFICIENCY					
operating expense loan portfolio	19.5%	24.8%	19.0%	17.8%	28.7%
personnel salary loan portfolio	8.5%	9.6%	6.7%	7.3%	12.0%
average salary GNI per capita	11	6	3	9	7
cost per borrower	166	41	62	105	156
cost per loan	166	41	54	103	146
PRODUCTIVITY					
borrowers per staff member	93	191	70	115	60
loans per staff member	107	191	70	115	73
borrowers per loan officer	399	464	197	391	316
loans per loan officer	399	464	212	391	316
voluntary savers per staff member	352	344	256	342	289
savings accounts per staff member	461	344	256	352	307
personnel allocation ratio	29.3%	38.5%	24.6%	32.1%	29.0%
RISK ET LIQUIDITY					
portfolio at risk 30 days	6.5%	3.2%	9.0%	4.5%	9.1%
portfolio at risk 90 days	4.1%	1.5%	3.1%	2.7%	5.0%
write off ratio	2.4%	0.4%	0.7%	1.3%	3.9%
loan loss rate	2.6%	0.3%	0.3%	1.2%	3.8%
risk coverage	31.4%	24.7%	28.2%	24.7%	31.2%

non earning liquid assets as total assets	14.1%	8.6%	18.0%	10.9%	18.0%

	Region		*Age*		
INSTITUTIONAL CHARACTERISTICS	**Africa without WAEMU**	**WAEMU**	**WAEMU Mature**	**WAEMU Young**	**WAEMU New**
# MFIs	111	39	29	4	6
age	11	13	16	8	4
total assets	7,589,160	8,279,195	8,904,330	1,546,800	5,651,516
total offices	12	20	34	23	6
total staff	122	105	120	62	63
FINANCING STRUCTURE					
capital asset ratio	24.2%	18.9%	18.0%	-1.1%	25.1%
debt equity ratio	2.43	2.31	2.23	-0.95	2.32
deposits to loans	56%	61.7%	80.8%	87.8%	50.6%
deposits to total assets	37.6%	44.7%	47.5%	38.0%	35.7%
gross loan pf to total assets	62.7%	64.0%	62.6%	55.5%	66.7%
OUTREACH INDICATORS					
total borrowers	11,079	12,480	15,888	4,986	12,007
percentage female borrowers	61%	51.6%	40.2%	38.8%	81.6%
total loans outstanding	11,478	15,418	15,888	4,986	12,007
gross loan portfolio	4,533,658	5,483,375	5,864,740	5,080,818	4,382,308
average balance borrower	417	853	966	1,153	186
average balance borrower per capita	59.7%	99.0%	131.5%	225.2%	28.6%
average outstanding balance	388	838	941	1,153	186
average outstanding balance per capita	58.2%	92.4%	131.5%	225.2%	28.6%
number of depositors	30,986	29,925	43,274	15,600	17,733
number of deposit accounts	30,833	29,925	43,274	15,600	21,468
deposits	2,818,472	3,143,445	3,290,371	1,518,994	1,840,328
average balance saver	101	136	141	96	94
average balance saver div capita GDP	15.0%	19.0%	23.0%	18.0%	13.0%
average savings account balance	94	121	136	96	94
average savings account balance per capita	15.0%	18.0%	23.0%	0.0%	13.0%
MACROECONOMIC INDICATORS					
GNP per Capita	638.799	640.754	640.754	586.478	702.8905
GDP Growth Rate	3.8%	3.5%	3.7%	3.1%	2.5%
Deposit Rate	6.7%	3.5%	3.5%	3.5%	3.5%
Inflation Rate	8.5%	2.5%	2.5%	3.4%	3.2%
Financial Depth	25.5%	28.6%	28.6%	0.0%	29.6%
OVERALL FINANCIAL PERFORMANCE					
return on assets	-0.2%	0.0%	0.5%	-8.6%	-3.9%
return on equity	1.9%	2.7%	4.5%	32.5%	0.5%
operational self sufficiency	100.4%	102.3%	105.5%	74.1%	83.5%
financial self sufficiency	98.8%	102.2%	104.5%	0.0%	80.6%
REVENUES					
financial revenue ratio	22.0%	15.3%	14.7%	14.3%	17.8%
profit margin	-2.9%	0.0%	2.7%	-94.2%	-27.3%
yield on gross portfolio nominal	30.3%	20.8%	20.7%	18.1%	27.2%
yield on gross portfolio real	21.8%	17.9%	17.5%	0.0%	23.2%
EXPENSES					
total expense ratio	24.4%	14.8%	14.5%	22.9%	21.9%
financial expense ratio	2.7%	1.5%	1.7%	5.8%	1.8%
loan loss provision expense ratio	1.3%	0.7%	0.7%	1.9%	1.0%
operating expense ratio	18.1%	12.2%	11.7%	15.2%	17.8%
personnel expense ratio	8.4%	4.8%	4.8%	7.7%	8.2%
administrative expense ratio	10.1%	6.6%	6.5%	7.5%	9.8%
adjustment expense ratio	2.5%	0.8%	1.1%	0.0%	0.4%
EFFICIENCY					
operating expense loan portfolio	30.3%	19.7%	19.5%	24.0%	25.2%
personnel salary loan portfolio	13.8%	8.8%	8.8%	12.2%	10.9%
average salary GNI per capita	9	8	8	10	8
cost per borrower	137	110	131	245	47
cost per loan	132	105	131	0	47
PRODUCTIVITY					
borrowers per staff member	93	93	93	60	145
loans per staff member	99	107	107	60	145
borrowers per loan officer	234	350	353	189	416
loans per loan officer	248	350	353	189	416
voluntary savers per staff member	255	341	342	206	252
savings accounts per staff member	261	344	344	206	284
personnel allocation ratio	43.3%	31.8%	29.0%	0.0%	45.2%
RISK ET LIQUIDITY					
portfolio at risk 30 days	5.8%	5.9%	6.5%	36.6%	11.0%
portfolio at risk 90 days	3.1%	3.1%	3.1%	26.4%	4.3%
write off ratio	1.3%	1.7%	1.8%	14.9%	2.3%
loan loss rate	0.8%	1.3%	1.3%	9.8%	2.3%
risk coverage	56.8%	29.1%	29.1%	30.9%	26.3%
non earning liquid assets as total assets	17.0%	14.1%	11.0%	0.0%	17.4%

Indicator Definitions and Comparative Benchmarks

Number of MFI	Sample size of group
Age	Years functioning as an MFI
Total Assets	Total assets adjusted to inflation and standardized loan portfolio provisioning and write-offs
Offices	Number, including head office
Personnel	Total number of employees

FINANCIAL STRUCTURE

Capital / Asset Ratio	Total Equity, adjusted / Total Assets, adjusted
Debt / Equity Ratio	Total liabilities, adjusted/ Total Equity, adjusted
Deposits to Loans	Total voluntary Deposits/ Gross loan Portfolio, adjusted
Deposits to Total Assets	Total voluntary Deposits/ Total Assets, adjusted
Gross Loan Portfolio/ Total Assets	Gross Loan Portfolio, adjusted/ Total Assets, adjusted

SCALE INDICATORS

Number of Active Borrowers	Number of Borrowers with loans outstanding, adjusted for standardized write-offs
Percent of Women Borrowers	Number of active women borrowers / Number of active borrowers, adjusted
Number of Outstanding Loans	Number of outstanding loans, adjusted for standardized write-offs
Gross Loan Portfolio	Gross loan portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Gross loan portfolio, adjusted / Number of active borrowers, adjusted
Average Loan Balance per Borrower / GNP per Capita	Average Loan Balance per Borrower/ GNP per Capita
Number of Voluntary Deposit Accounts	Number of voluntary deposits and fixed term deposits
Voluntary Deposits	Voluntary deposits and fixed term deposits balance
Average Deposit Balance per Depositor	Voluntary Deposits/ Number of Voluntary Depositors

MACROECONOMIC INDICATORS

GNP per Capita	USD
GIP Growth Rate	Annual Average
Deposit Rate	%
Inflation Rate	%
Financial Penetration	M3/ GIP

PROFITABILITY AND SUSTAINABILITY

Return on Assets	Net Operating Income adjusted and Net of Taxes/ Average Total Assets, adjusted
Return on Equity	Net Operating Income adjusted and Net of Taxes / Average Total Equity, adjusted
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
Financial Self-Sufficiency	Financial Revenue, adjusted/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense) adjusted

REVENUE

Financial Revenue Ratio	Financial Revenue adjusted/ Average Total Assets adjusted
Profit Margin	Net Operating Income adjusted/ Financial Revenue adjusted
Yield on Gross Loan Portfolio (nominal)	Financial Revenue from Loan Portfolio / Average Gross Loan Portfolio
Yield on Gross Loan Portfolio (real)	(Yield on Gross Loan Portfolio (nominal) - Inflation rate)/ (1 + Inflation rate)

EXPENSE

Total Expense Ratio	(Financial Expense + Net Loan Loss Provision Expense + Operating Expense) adjusted/ Average Total Assets adjusted
Financial Expense Ratio	Financial Expenses adjusted/ Average Total Assets
Loan Loss Provision Expense Ratio	Net Loan Loss Provision Expense adjusted/ Average Total Assets
Operating Ratio	(Operating Expense + in kind donations)/ Average Total Assets adjusted
Personnel Expense Ratio	Personnel Expense / Average Total Assets adjusted
Administrative Expense Ratio	Administrative Expense adjusted/ Average Total Assets Adjusted
Adjustments Expense Ratio	Net Operating Income – Net Operating Income not adjusted/Average Total Assets adjusted

EFFICIENCY

Operating Expense/ Loan Portfolio	Operating Expense adjusted/ Average Gross Loan Portfolio adjusted
Cost per Borrower	Operating Expense adjusted/ Average Number of Active Borrowers adjusted
Personnel Expense/ Loan Portfolio	Personnel Expense adjusted/ Average Gross Loan Portfolio adjusted
Average Salary/ GNP per Capita	Average Personnel Expense / GNP per Capita

PRODUCTIVITY

Borrowers per Staff Members	Number of Active Borrowers adjusted/ Number of Personnel
Borrowers per Loan Officer	Number of Active Borrowers/ Number of Loan Officers
Savings accounts per Staff Members	Number of Savings Accounts/ Number of Personnel
Personnel Distribution Ratio	Number of Loan Officers/ Number of Personnel

PORTFOLIO QUALITY

Portfolio at Risk > 30 Days	Outstanding Balance, Loans Overdue > 30 days/ Gross Loan Portfolio, adjusted
Portfolio at Risk > 90 Days	Outstanding Balance, Loans Overdue > 90 days/ Gross Loan Portfolio, adjusted

Write-offs Ratio	Value Write-offs adjusted/ Average Gross Loan Portfolio adjusted
Risk Coverage	Loan loss reserve adjusted/ PAR > 30 days
Liquid Assets No Prod./ Total Assets	Cash and Bank adjusted / Total Assets adjusted