

# **THE MICROBANKING BULLETIN**

**Focus on Transparency**

ISSUE No. 7  
NOVEMBER 2001

A SEMI-ANNUAL PUBLICATION DEDICATED TO THE FINANCIAL PERFORMANCE OF  
ORGANIZATIONS THAT PROVIDE BANKING SERVICES FOR THE POOR



## The MicroBanking Standards Project

The *MicroBanking Bulletin* is one of the principal outputs of the MicroBanking Standards Project, which is funded by the Consultative Group to Assist the Poorest (CGAP).

### Project Purpose

By collecting financial and portfolio data provided voluntarily by leading microfinance institutions (MFIs), organizing the data by peer groups, and reporting this information, this project is building infrastructure that is critical to the development of the industry. The primary purpose of this database is to help MFI managers and board members understand their performance in comparison with other MFIs. Secondary objectives include establishing industry performance standards, enhancing the transparency of financial reporting, and improving the performance of microfinance institutions.

### Project Services

To achieve these objectives, the MicroBanking Standards Project provides three services: 1) customized financial performance reports; 2) the *MicroBanking Bulletin*; and 3) network services.

MFIs participate in this project on a *quid pro quo* basis. They provide us with information about their financial and portfolio performance, as well as details regarding accounting practices, subsidies, and the structure of their liabilities. Participating MFIs submit substantiating documentation, such as audited financial statements, annual reports, program appraisals, and other materials that help us understand their operations. With this information, we apply adjustments for inflation, subsidies and loan loss provisioning to create comparable results. *We do not independently verify the information.* Neither the MicroBanking Standards Project nor CGAP can accept responsibility for the validity of the information presented or consequences resulting from its use by third parties.

In return, we prepare a confidential financial performance report for each participating institution. These reports, which are the primary output of this project, explain the adjustments we made to the data, and compare the institution's performance to its peer group as well as to the whole sample of project participants. These reports allow MFI managers and board members to benchmark their institution's performance.

The third core service is to work with national and regional associations of microfinance institutions to enhance their ability to collect and manage performance indicators. This service is provided in a variety of different ways, including guidance to these networks on collecting, adjusting and reporting data at the local level, collecting data on behalf of a network, and providing customized data analysis to compare member institutions to external peer groups. This service to networks allows us to help a wider range of MFIs to improve their financial reporting.

### New Participants

Organizations that wish to participate in the MicroBanking Standards Project, either to receive customized reports or network services, should contact: [mbb@microbanking-mbb.org](mailto:mbb@microbanking-mbb.org), Tel (202) 659-9802/4, Fax (202) 659-9816. Currently, the only criterion for participation is the ability to fulfill fairly onerous reporting requirements. We reserve the right to establish minimum performance criteria for participation in the *Bulletin*.

### Bulletin Submissions

The *Bulletin* welcomes submissions of articles and commentaries, particularly regarding analytical work on the financial performance of microfinance institutions. Submissions may include reviews or summaries of more extensive work elsewhere. Articles should not exceed 2,500 words. We also encourage readers to submit responses to the content of this and previous issues of the *Bulletin*.

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**ISSUE No. 7**  
**NOVEMBER 2001**

DEDICATED TO THE FINANCIAL PERFORMANCE OF ORGANIZATIONS THAT PROVIDE BANKING SERVICES FOR THE POOR

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*The MicroBanking Bulletin is funded by the Consultative Group to Assist the Poorest (CGAP)*

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We would like to thank the following institutions for their participation in this issue

Region	Country	No. of MFIs	Name of Participants
<b>Africa (n=31)</b>	<i>Benin</i>	4	FÉNACREP, FICA, PADME, Vital-Finance
	<i>Ghana</i>	10	Ahantaman, Amenfiman, Asawinso, Citi Savings & Loans, Kintampo, Mfantese-man, Manya Krobo, Nkoranman, Nsoatreman, Sinapi Aba Trust
	<i>Kenya</i>	1	KWFT
	<i>Malawi</i>	1	FINCA Malawi
	<i>Mali</i>	3	Kafo Jiginew, Nyésigiso, Piyeli
	<i>Senegal</i>	2	ACEP, PAMÉCAS
	<i>South Africa</i>	1	SEF
	<i>Tanzania</i>	3	FINCA Tanzania, PRIDE Tanzania, SEDA
	<i>Togo</i>	1	WAGES
<i>Uganda</i>	5	CERUDEB, Faulu, FINCA Uganda, FOCCAS, UWFT	
<b>Asia (n=32)</b>	<i>Azerbaijan</i>	1	FINCA Azerbaijan
	<i>Bangladesh</i>	3	ASA, BRAC, BURO Tangail
	<i>Cambodia</i>	3	ACLEDA, EMT, Hattha Kaksekar
	<i>Georgia</i>	1	Constanta
	<i>India</i>	5	Basix, FWWB India, Grama Vidiyal, SHARE, Swayam Krushi
	<i>Indonesia</i>	7	BRI, BDB, BRP-A, BPR-B, BPR-C, BPR-D, BPR-E
	<i>Kazakstan</i>	1	KCLF
	<i>Kyrgyzstan</i>	1	FINCA Kyrgyzstan
	<i>Mongolia</i>	1	XAC
	<i>Nepal</i>	1	Nirdhan
	<i>Pakistan</i>	3	Network Leasing Corporation, AKRSP, KASHF
	<i>The Philippines</i>	3	CARD, RSPI, TSPI
	<i>Sri Lanka</i>	1	SEEDS
	<i>Thailand</i>	1	BAAC
<b>Eastern Europe (n=18)</b>	<i>Albania</i>	2	BESA, FEFAD
	<i>Bosnia and Herzegovina</i>	9	AMK, Bospo, LOK, Mercy Corps, MEB Bosnia, Mikrofin, Prizma, Sunrise, World Vision Bosnia
	<i>Bulgaria</i>	1	Nachala
	<i>Croatia</i>	1	NOA
	<i>Macedonia</i>	1	Možnosti
	<i>Poland</i>	2	Fundusz Mikro, Inicjatywa Mikro
	<i>Russia</i>	1	Opportunity International - Russia
	<i>Yugoslavia</i>	1	MCM
<b>Latin America (n=60)</b>	<i>Argentina</i>	1	Emprender
	<i>Bolivia</i>	8	Agrocapital, BancoSol, Caja de los Andes, Crecer, FIE, FONDECO, PRODEM FFP, ProMujer Bolivia
	<i>Brazil</i>	4	Banco do Povo de Juiz de Fora, CEAPE/ Pernambuco, Portosol, Vivacred
	<i>Chile</i>	1	Contigo
	<i>Colombia</i>	6	Actuar, AGAPE, CMM/ Medellín, FINAMÉRICA, FMM Popayán, FWWB Cali
	<i>Costa Rica</i>	1	ADRI
	<i>Dominican Republic</i>	2	ADOPEM, Banco Ademi
	<i>Ecuador</i>	11	15 de Abril, 23 de Julio, Banco Solidario Ecuador, Cacpeco, FED, FINCA Ecuador, Oscus, Riobamba, Sagrario, San Francisco, Tulcán
	<i>El Salvador</i>	3	Calpiá, CAM, OEF
	<i>Guatemala</i>	7	Acredicom, Chuimequená, COOSAJO, Ecosaba, FINCA Guatemala, Moyután, Tonantel
	<i>Haiti</i>	1	FINCA Haiti
	<i>Honduras</i>	3	FINCA Honduras, FINSOL, World Relief Honduras
	<i>Mexico</i>	2	Compartamos, FINCA Mexico
	<i>Nicaragua</i>	4	ACODEP, Chispa, FAMA, FINCA Nicaragua
	<i>Peru</i>	5	CM Arequipa, FINCA Peru, Mibanco, ProEmpresa, Solución
<i>Venezuela</i>	1	BanGente	
<b>Middle East &amp; North Africa (n=7)</b>	<i>Egypt</i>	2	ABA, RADE
	<i>Jordan</i>	1	Microfund for Women
	<i>Lebanon</i>	1	Al Majmoua
	<i>Morocco</i>	1	Al Amana
	<i>West Bank and Gaza</i>	2	FATEN, UNRWA

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## From the Editor

Transparency in microfinance implies that information about the performance of a microfinance institution (MFI) is provided candidly and completely, and that people who see that information have a common understanding of what it means. Why do MFIs and the microfinance industry need transparency? There are two main reasons: i) to improve performance and ii) to access capital.

First, how do managers and directors know if their MFI is doing well? The best way is to compare it to other similar institutions, a practice known as benchmarking. If it is performing worse than its peers, they know that they need to find ways to improve. For benchmarking to work, the financial data on the institutions must be comparable, which requires transparency.

Second, all MFIs need money, whether it is from donors, investors, lenders or depositors. But most of these sources of capital are requiring an increasing amount of transparent information to decide whether to place their money in an MFI.

Microfinance has not been known for its transparency. Data on the financial performance of MFIs used to be hard to come by. When it was available, indicators were often not defined, leaving observers to wonder what the numbers really meant. Whether this was done purposefully or not, it left the impression that MFIs were not telling the full story or they had something to hide.

Fortunately the tide has changed. Increasingly, financial performance information is being presented publicly. The fact that nearly 150 MFIs send annual financial statements to the *Bulletin*, and that numerous MFIs are opening their doors and their records to independent rating agencies, are enormous steps in the right direction. While these are the most apparent signs of increasing transparency, *MicroBanking Bulletin* Issue No. 7 documents other initiatives that are underway by affiliate networks, national associations, central banks, and industry bodies like CGAP and SEEP.

This issue of the *Bulletin* is the first of a two-part series. The next issue, due out in May 2002, will focus on the related topic of standardization. It will include articles about efforts to agree on common performance indicators and ratio definitions, which are finally making significant headway.

### Contents of this Issue

The first article, by the *Bulletin* staff, highlights forthcoming initiatives of the MicroBanking Standards Project to improve transparency. These initia-

tives include supporting national networks to conduct a *Bulletin*-like benchmarking service and putting the *Bulletin's* database on the Internet so that users can design their own peer group criteria for benchmarking purposes.

### Feature Articles

The feature articles describe the transparency advances that are taking place within the microfinance industry. The wide-ranging article by Bob Christen, the Chair of the *Bulletin's* editorial board, gives background to the opaque roots of microfinance. He then describes in detail four classes of financial evaluation—audits, assessments, benchmarking and ratings—that need to be improved to enhance the credibility and attract investors. Fortunately, for each type of evaluation major initiatives are underway or have been launched to improve quality. Christen concludes by summarizing the challenges for building credibility.

The other feature article, by Warren Brown and Till Bruett, reports on the work of SEEP's Financial Services Working Group to analyze the performance monitoring systems of affiliate networks from both the network's and the affiliate's perspective. The article identifies efforts to improve the quality of performance monitoring while reducing the burden on the affiliates. However, from the perspective of the affiliate MFIs, further improvements are needed. One of the most intriguing findings is that the affiliate MFIs were more willing to share institutional performance information than the networks.

### In Their Own Words

To gain a better understanding of the tools and technologies used by affiliate networks to promote transparency, the *Bulletin* invited several leading affiliate networks to submit an article on their performance monitoring systems. Five networks responded by our publication deadline: WOCCU, Opportunity International (OI), DID, Women's World Banking (WWB) and ACCION.

The two credit union networks, WOCCU and DID, show their advanced stage of transparency by using a case study approach. In WOCCU's case, Anna Cora Evans describes the use of the PEARLS system to monitor Ecuadorian credit unions during the recent financial crisis—which the credit unions weathered better than other financial institutions. Marisol Quirion from DID provides performance data on PAMÉCAS, a savings and credit cooperative network in Senegal, which has grown exponentially over the past five semesters, and enhanced profitability, while maintaining strong asset quality.

The other three networks describe their performance monitoring systems by presenting their affiliates' overall or average performance. Tim Head presents the benchmarking system used by OI, which compares partner performance by region and by lending methodology. Ann Miles explains the participatory process by which the WWB affiliates established minimum performance standards that could be used for disaffiliation of under-performing affiliates. ACCION's Lynne Curran describes her organization's experience with off-site performance monitoring and presents group data for NGOs and regulated financial institutions.

All five networks use performance standards, benchmarks, or both to motivate their affiliates. While they collect information at different intervals, they all recognize that timely and quality feedback to their affiliates is an essential component of making a performance monitoring system effective.

The final article is by Luc Vandeweerd from the ILO and Eric Ekue from the Central Bank of West African States. Through the PASMEC project, the Central Bank collects performance information on 300 MFIs in seven countries. Their experiences highlight the transition from general performance monitoring to off-site supervision by regulators.

### Peer Groups and Performance Indicators

This issue shows a net increase of twenty-four MFIs, with thirty new participants, primarily from Africa and Asia, and six MFIs that were dropped from the sample for not renewing their information.

The increase in participation has enabled us to create two new peer groups. In the last issue, two peer groups were cross regional: Africa/MENA and Asia (Central)/MENA. These have now been reorganized into three region-specific peer groups: Africa Large, Asia (Central), and MENA. The other new peer group is African Community Banks and Cooperatives, which tend to be small financial intermediaries serving the low-end market.

The increase in the number of peer groups has forced us to change the table layout, which will hopefully make them easier to read. As always, we welcome feedback and suggestions on how the *Bulletin* can be improved.

The additional analysis tables (Tables A to E) present performance averages for the same eight variables as in the last issue: 1) age, 2) scale of operations, 3) lending methodology, 4) target market, 5)

region, 6) level of financial intermediation, 7) charter and 8) non-profit/ for-profit status. In this issue, data for each variable is separated into two sections: all MFIs and financially self-sufficient (FSS) MFIs.

The performance of FSS MFIs represents industry-wide performance standards. Historically, the *Bulletin* has used an FSS ratio of 90 percent as the threshold for inclusion in this subset. This low cut-off mark was established because the adjustment process, which determines the difference between operational and financial self-sufficiency, is not an exact science. As the numbers of FSS MFIs continue to grow (see Figure 1), it seemed like a good opportunity to raise the bar on performance standards by moving the threshold to 99.5 percent, which still leaves a small cushion for the adjustment judgment calls.

**Figure 1: Financial Self-Sufficiency over Time**

MBB No.	Date	Total MFIs	FSS-MFIs (> 99.5%)	FSS-MFIs (≥ 90%)
1	Dec. '97	28	19 (68%)	21 (75%)
2	Jul. '98	72	28 (39%)	34 (47%)
3	Jul. '99	86	36 (42%)	40 (47%)
4	Feb. '00	104	49 (47%)	60 (58%)
5	Sep. '00	114	48 (42%)	65 (57%)
6	Apr. '01	124	46 (37%)	64 (52%)
7	Nov. '01	148	57 (39%)	83 (56%)

Note: Percentage to total MFIs is given in parentheses.

### Final Note

Lastly, it is with deep regret that we announce the death of Dirk van Hook, Chief Executive of the Centenary Rural Development Bank of Uganda in May 2001. Dirk was a supporter of the *MicroBanking Bulletin* and a leader in the microfinance industry. With an impressive banking and microfinance resume, Dirk took over Centenary in 1997. Within four years, the number of customers doubled and Centenary became one of the most profitable and respected banks in Uganda. He also oversaw a number of innovations, including the introduction of new information technology and the development the bank's agricultural operations. At the time of his death he was on the brink of initiating Africa's first weather insurance scheme as a protection for this agricultural portfolio. The bank's administrative manager described Dirk as 'someone who had unique leadership qualities, very charismatic, and quick in decision making.' He will be sorely missed.

*Craig Churchill*  
International Labour Organization

# MICROBANKING STANDARDS PROJECT INITIATIVES

## Transparency Initiatives

Isabelle Barrès and Geetha Nagarajan

Although the CGAP-funded MicroBanking Standards Project is commonly known for its primary output, the *MicroBanking Bulletin* (MBB), this publication is only one way in which the project promotes transparency. The project contributes to the increased reliability and availability of microfinance performance data by working on the following fronts:

- Creating standards and evaluation criteria;
- Creating appropriate tools for data collection and analysis;
- Providing technical assistance to Microfinance Institutions (MFIs), networks, central banks and apex organizations involved in performance monitoring;
- Advocating for transparency;
- Promoting benchmarking.

This article describes two complementary initiatives to increase transparency: the “Performance Monitoring and Benchmarking Toolkit” and the “*MicroBanking Bulletin* On-line Database”.

### Performance Monitoring and Benchmarking Toolkit

The MicroBanking Standards Project has developed a toolkit to assist local MFI networks to more effectively serve their members in establishing performance standards and comparing their results to similar institutions. The toolkit is also appropriate for apex organizations or central banks that monitor the financial performance of MFIs.

This toolkit, funded by the Canadian International Development Agency and USAID’s Microenterprise Best Practices project, assists organizations to gather and analyze MFI financial information. This initiative started in June 2000 when two local networks volunteered to participate in a pilot phase to ensure that the toolkit software addresses networks’ requirements.<sup>1</sup>

<sup>1</sup> The networks were GHAMFIN (Ghana) and the Microfinance Centre for Central and Eastern Europe and the New Independent States (MFC, Poland).

### Overview of the MBB Toolkit

The toolkit consists of an Access-based database, statistical software, a user manual, a sample questionnaire, and relevant resource information. It draws on the experiences of the MicroBanking Standards Project while addressing the specific needs of networks, whose members include MFIs at different stages of development.

It guides users through a step-by-step process of performance monitoring and benchmarking:

- **Data Collection:** A sample questionnaire for MFIs includes the minimum information necessary for performance monitoring;
- **Data Verification:** Strategies for avoiding common measurement problems and inaccuracies help users evaluate the quality of the financial data;
- **Data Input and Adjustments:** The core of the toolkit is database software that facilitates data entry and automates common adjustments (for details on adjustments, see Appendix I on page 81);
- **Data Validation:** Rules of thumb based on common microfinance data help identify possible errors and prompt the user for further analysis. A comparative report showing unadjusted versus adjusted financial statements provides an additional test of whether appropriate adjustments were applied;
- **Data Analysis:** The database generates three sets of reports in English, French, or Spanish: i) a comparison of unadjusted and adjusted financial statements; ii) a benchmark report comparing individual MFI performance to peer groups; and iii) a time-series report to track the historical performance of individual MFIs;
- **Benchmarking:** A statistical program embedded in the software enables analysts to use the *Bulletin* benchmarks or to design their own benchmarks based on sub-groups of their MFIs.

The common database structure of the *Bulletin* and the toolkit will enable the project to regularly send updated data to toolkit users (i.e., peer group infor-

## The Microfinance Centre for CEE and the NIS (MFC): A Pilot Case for the Toolkit

Justyna Pytkowska

The MFC is a network of 62 microfinance organizations in Central and Eastern Europe and Asia. Its mission is to promote the development of a strong and sustainable microfinance sector in the region to increase access to financial services, support microenterprise development, create jobs, and improve living standards and economic opportunities for low-income people. As part of its mandate, the MFC has systematically collected key data on program activities for the purpose of tracking the performance of member organizations and promoting transparency. Beyond data collection, MFC is also a hub for processing and disseminating information on the operations of microfinance organizations.

Using the tools and methodology of the MicroBanking Standards Project, MFC has managed to improve its data collection and management. Since it started using the toolkit in November 2000, the MFC has been able to intensify the process of data collection and to conduct financial analyses for its member organizations.

MFC also collaborates with the *Bulletin* in data collection and analysis of network members that qualify to participate in the *Bulletin* to minimize their reporting burden. As of end of July 2001, there were 13 organizations at different stages of development reporting to the MFC, of which 8 also participated in the *Bulletin*. With an increasing number of members submitting their financial information, the MFC will be able to create benchmarks for microfinance institutions in the CEE and NIS that will complement *Bulletin* benchmarks.

mation and country statistics), while collaborating with them for data collection and analysis of MFIs that also participate in the *Bulletin*. These will represent a subset of the total number of MFIs analyzed by toolkit users, as networks use the toolkit to widen benchmarking to MFIs at different performance levels. Their benchmarking will complement the *Bulletin's* performance standards, which focus on leading institutions.

### Web-based Customized Benchmarks

Another initiative of the MicroBanking Standards Project is opening access to the project's database by allowing users to create their own benchmarks on the Internet. This service is expected to be available on our website in early 2002.

The *Bulletin's* database is a tremendous, yet underutilized resource for the microfinance industry. Although data is provided to the public in a variety of different ways (see Tables 1 to 7 and A to E starting on page 36), users have not been able to define their own parameters for benchmarking purposes. Therefore, we are developing an interactive website that will allow users to widen the research and benchmarking potential of the database while maintaining data confidentiality.

Once operational, users will be able to access a processed database containing 45 financial ratios. The ratios are constructed based on the raw data provided by the participating MFIs and are processed by the project staff applying standard adjustments. This database will be updated every six months, in line with the latest *Bulletin*.

The database will allow users to construct benchmarks according to their own specifications based on variables such as: lending methodology, financial self-sufficiency status, age, target market, country, or region. For example, a user can request benchmarks for financially self-sufficient, individual lending MFIs over 7 years old in Latin America that reach the low-end market. Assume the results of this query contain five to six MFIs. Users then select which ratios they want, and the program will construct descriptive statistics for the group. For confidentiality purposes, if the group contains fewer than three MFIs, the user will need to widen the search.

### Conclusion

Increased transparency serves the industry by enabling best practices to emerge through benchmarking. With comparable information, MFI management, board members, regulators, funders and services providers will have a clearer picture of an MFI's performance. Increased transparency also helps different information seekers coordinate efforts to become more efficient in helping MFIs increase their outreach.

Stay tuned for updates on the status of these and other initiatives, and send us your comments and suggestions [mbb@microbanking-mbb.org](mailto:mbb@microbanking-mbb.org). They are most welcome and help us make our services user-friendly and demand-driven.

*The Bulletin staff wish to thank Justyna Pytkowska from the MFC and Roland Koomson from GHAMFIN for their input and suggestions for improving the Performance Monitoring and Benchmarking Toolkit.*

# FEATURE ARTICLES

## In Search of Credibility: Transparency and the Microfinance Industry

Robert Peck Christen

Microfinance is fast becoming an industry. Regardless of whether one considers microfinance as a social enterprise to alleviate poverty or the future of retail banking in developing countries, it is fair to say that the proliferation of microfinance is generally a good thing. To grow exponentially, however, microfinance needs to attract private capital, and to do that it needs to enhance its credibility. At the heart of this problem is the ability to produce transparent and reliable information.<sup>2</sup>

### Background

Although other financial institutions are now entering the industry's discourse, mainstream microfinance is represented by non-governmental organizations (NGOs) that offer microcredit to low-income households. Historically, most microcredit NGOs operated with virtually no external information demands. For years, most information from microcredit NGOs was limited to the heart-wrenching stories used to raise funds from donors.

By the early 1980s, leading microcredit NGOs realized that microlending had the potential to grow substantially, become sustainable and reach millions of low-income families. They recognized that it was possible to obtain high repayment rates from loans to the poor, and to charge sufficient interest rates to cover operational costs.

Managers of these operations determined that they needed better tools to understand their business. Thus began a quest for optimal management information systems (MIS) and performance indicators that continues today. But because microcredit NGOs were born outside the financial sector, and because they had strong non-profit roots, they were not comfortable using the performance indicators of the banking industry.

As a result, the microfinance community established its own indicators. The most notable new ratio was sustainability. Since a non-profit institution

could not generate profits, NGOs developed a cost recovery model for analyzing financial performance. Sustainability ratios relate income to expenses to reveal whether an organization covers its costs with income generated by its lending activities.

NGOs began to develop other performance indicators that told managers about portfolio quality, operational efficiency and productivity. Additional information helped improve performance among industry pioneers, some of whom began financing part of their loan portfolio by borrowing from banks. As more Microfinance Institutions (MFIs) access funds from non-donor sources, the trappings of a developed financial system are appearing.

Today, the microfinance industry has rating agencies, performance benchmarking, due diligence procedures, financial statements disclosure guidelines and training for auditors. As investors enter the microfinance field, there is growing interest in tools to validate information about MFI financial performance.

The result has been a substantial set of techniques and terminology that, rather than enhance the credibility of microfinance, may confuse the very individuals the industry is trying to convince. Inconsistencies include:

- External audits that fail to capture the real financial position of MFIs;
- Performance indicators that share common names yet whose underlying basis for calculation can be quite different;
- Evaluations conducted by rating agencies that do not provide actual ratings;
- Benchmark exercises that fail to take into consideration the notion of peer groups; and
- A lack of standards for assessment and risk evaluation of an MFI's financial performance.

These situations are a natural occurrence in an infant industry, but they need to be rectified.

This article, divided into two parts, aims to clarify the different steps in the financial evaluation process. The first section discusses the key elements involved in the financial disclosure and evaluation of

<sup>2</sup> This article is adapted from three CGAP reports on financial transparency: "Resource Guide to Microfinance Assessments" (Focus Note 22), "Financial Transparency: A Glossary of Terms" and "Focus on Financial Transparency," all published in November 2001.

MFIs, while highlighting various transparency initiatives that are taking place. The second section summarizes challenges and next steps toward building transparency in the microfinance industry.

### Elements of the Evaluation Process

Although the terms *auditing*, *assessing*, *measuring*, *benchmarking*, *ranking*, and *rating* may sound synonymous, each operation is distinct and serves a specific purpose. Each operation is complementary, forming a link in the evaluation chain that runs from gathering data to measuring risk. While some of the techniques at the risk evaluation end of the spectrum are clearly built upon a solid foundation at the audit end, each tool stands alone in serving certain purposes. But unless the role of each operation is clear, efforts to promote transparency and improve practices among microfinance institutions may lead to greater confusion. This section describes four different classes of financial evaluation: audits, assessments, benchmarking and ratings.

#### Audits

There are many types of audits. The most common are external audits of financial statements, but there are also internal audits, audits of management information systems (MIS), and audits of particular accounts or departments. There is even a "poverty" audit that verifies the extent to which an MFI complies with its own targeting criteria.

In all of these, the key element that makes it distinct from other tools is that an audit focuses on the extent to which something complies with predetermined guidelines. For example, an audit of annual financial statements reviews an MFI's accounting policies to see whether they are in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, the annual audit expresses an opinion about whether the financial statements represent a true and fair picture at a particular point in time.

In a standard audit, most of the time and effort go into testing the consistency of the accounting practices: are transactions posted to the correct accounts and can the totals in these accounts be trusted? To determine whether these accounts can be trusted, auditors perform a set of procedures including control tests and tests of balances on these accounts.

A typical test on the loan portfolio balance consists of sending letters to randomly selected borrowers with the estimated outstanding balance. In this letter, auditors ask the client to confirm the balance and, if they have a discrepancy, to return the letter with the corrected tally. It should not be a surprise that this test does not really reveal loan portfolio

misrepresentation in MFIs. Most clients would not bother to send back the letters; many are illiterate; many would not know how to calculate their outstanding balance; and others would not want to upset their loan officer if there was a discrepancy.

Reliance on an audit to verify that a loan portfolio has a certain level of risk, as reflected in the loan loss provision or annual write-off amounts, probably puts faith in an inadequate instrument. In fact, the opening paragraph of the audit opinion is quite clear in saying that the financial statements are accurate based on the information provided to the auditor, and that the institution complies with a certain accounting standard. But the accounting standard rarely says anything about provisioning and write off policies of non-performing loans, which is a tremendous shortcoming when seeking to understand the financial position of an MFI.

To assist the microfinance community with external audits, the Consultative Group to Assist the Poorest (CGAP) and its collaborators have developed a series of tools and web-based services:

- The **Disclosure Guidelines for Financial Reporting by Microfinance Institutions** list the financial information that must be included, either in the financial statements or in the notes that accompany them;
- The **Handbook on External Audits of Microfinance Institutions** is divided into two parts, one for audit clients and another for auditors;
- The **Audit Information Center** is a web-based service for MFIs, donors and auditors to provide on-line support on how to contract, conduct and use MFI audits;<sup>3</sup>
- To provide transparency on microfinance MIS software, the **Information System** service helps MFI managers select a software package suitable for their organization.<sup>4</sup>

External audits play an important role in generating credibility for MFIs and set the basic building blocks for many other tools discussed below. If auditors do a poor job of reflecting the MFI's financial position, then performance indicators, assessments, benchmarks, and ratings become meaningless. Nevertheless, external audits do not generally attempt to address core business risk, evaluate management risk, or even seek out fraud. These tasks are left to other instruments.

<sup>3</sup> The Audit Information Center is accessible at <http://www.ids.ac.uk/cgap/audit/index.html>.

<sup>4</sup> This service is accessible at [http://www.cgap.org/iss\\_site/index.html](http://www.cgap.org/iss_site/index.html).

The topic of **internal control** has been mostly overlooked in microfinance. Yet, internal control should play a vital role in the design of microfinance delivery systems given the decentralized organizational structure that is necessary and usual in MFIs. Internal control mechanisms to prevent fraud include requiring two signatures on checks, making sure that cash is never handled by only one individual, having supervisors immediately visit clients who appear delinquent on MIS reports, and having staff review the paper trail on loan documentation.

An internal audit department typically designs and supports these practices. Besides promoting internal controls, an internal audit department participates in reviewing the financial statements prepared by the accounting department. Normally, an internal audit department reports directly to the Board of Directors to maintain autonomy from the institution's management and operations.

Too often, MFIs rely on traditional internal auditors to improve controls. Unfortunately, internal auditors share the same bias as external auditors; they look primarily at compliance with formal procedures. To the extent that the design of these procedures is effective in fraud prevention, a compliance audit may be sufficient. In practice, however, many MFIs have not built fraud prevention into their delivery procedures, so a compliance audit proves quite weak. Formal paper trail documentation may not reveal or prevent phantom loans, parallel loans, kickbacks, bribery and other types of deceit. Microfinance institutions need internal audit departments that have operational experience and can design a review process that will dissuade loan officers from systematically engaging in fraudulent behavior.

The Microfinance Network, a global association of leading microfinance practitioners, recently published a guide to **Improving Internal Control** that picks up on many of these themes.<sup>5</sup> This helpful tool builds on the practical experience of a number of industry leaders in confronting fraud and designing systems for internal control.

#### Assessments

As with audits, assessments (also known as appraisals or evaluations) are varied in their type and purpose, although they share a number of analytical elements. Assessments usually include quantitative and qualitative elements. Most assessments review key areas of an MFI's management such as capital adequacy, portfolio quality, liquidity, profitability and general competence.

<sup>5</sup> Campion, Anita. (2000). *Improving Internal Control: A Practical Guide for Microfinance Institutions*. Washington, DC: Microfinance Network with GTZ, Technical Note No. 1.

An assessment is based on many inputs including audited financial statements, business and funding strategies, the institution's forward valuation, portfolio aging, an analysis of an institution's information systems, governance structure, operations and staffing, client interviews, and the economic and market environment. An assessment identifies shortcomings and provides recommendations for improvements. Unlike external audits, assessments are not evaluations of compliance, but rather holistic performance evaluations.

Approaches to microfinance assessments are driven by three factors. First, mainstream evaluation practices are being pushed by donors and microfinance networks. For them, the need to measure risk is secondary to the need to measure performance, assess the quality of management and identify technical assistance needs. As a result, their evaluations tend to be exhaustive and resource intensive. These expensive evaluations are difficult to update regularly, which is a problem in the fast-changing environment where an MFI's portfolio can deteriorate in as little as three months.

Second, because regulated MFIs are relatively new, standards that govern formal financial institutions do not exist in microfinance. Microfinance evaluators cannot rely on a body of standardized financial information that analysts expect from commercial banks or finance companies.

Third, because of the underlying weakness in the quality of financial information, assessment agencies must go beyond their traditional role of evaluating and rating based on evidence (such as loan details, client satisfaction, and minutes of boards meetings) that is normally checked by audit firms. This broad mix of functions makes the MFI evaluation process—and evaluation reports—lengthy and complicated. The cost of evaluations ranges from US\$5,000 to US\$25,000, which is a large sum relative to most MFIs' budgets.

Most assessments are tailored for a specific purpose. For example, ACCION's CAMEL tool was developed to strengthen management and generate a common framework for comparing the performance of affiliates across countries on a confidential basis. The World Council of Credit Unions (WOCCU) developed its quantitative PEARLS system to monitor performance of credit unions, especially for use in its institutional strengthening programs. The Small Industries Development Bank of India (SIDBI) uses evaluations of M-CRIL, an MFI rating agency, as due diligence before issuing grants or loans to MFIs.

### *Performance Standards and Benchmarking*

All industries have standards to identify acceptable and exceptional performance. In microfinance, **performance standards** are based on a series of financial ratios that capture how well an MFI is doing in a number of key areas. Performance standards for the industry are determined by the results of industry leaders. While examples of successful programs can be used to benchmark the expected performance of others, standards become far more powerful if they represent the results of a large number of institutions over a substantial period of time. Standards that represent the results of many MFIs succeed in diluting the context of specific explanations for successful achievement and highlight the general nature of the accomplishment.

**Benchmarking** compares performance against these standards. Whereas performance measurement is done on an absolute basis, benchmarking puts performance in context by comparing it to similar organizations. An MFI that appears highly profitable may be only average when compared with its peers. The goal of benchmarking is to identify ranges of performance (from best to worst) for different MFI categories. These ranges determine how far practices can deviate from averages or prescribed standards, and eventually, can lead to scoring systems for rating.

The process of establishing benchmarks can be conceptually challenging. Financial ratios do not always have unambiguous interpretations. Take capital adequacy, for example, a ratio measuring the protection of assets. Some analysts believe that strong capital adequacy benefits a microfinance institution. Others believe that strong capital adequacy dilutes resources and weakens financial management. The question is, what is the impact of various capital adequacy strategies on different kinds of microfinance institutions? More efforts are needed to explore different industry practices and establish unambiguous benchmarks.

The *MicroBanking Bulletin* collects the broadest database of financial information on MFIs and has the greatest ability to generate benchmarks for similar subsets of MFIs. For instance, it is not helpful to compare the profitability of BRI's Unit Desa in Indonesia with that of Fundusz Mikro, a Polish MFI that has fewer clients than BRI has branches. On the other hand, it is useful to compare small, NGO-based MFIs across Eastern Europe and Central Asia if they all serve a similar target group.

Most of the 148 MFIs that currently report to the *Bulletin* are among the better performers in their regions and share a concern for achieving financial sustainability. The "Financial Performance Report"

that participating MFIs receive is a powerful management tool. In addition, data published in the *Bulletin* form the basis for developing industry standards around a number of key management issues.

Local and international apex organizations and networks are starting to play an important role in encouraging their members to adhere to common reporting standards. Ultimately, these efforts will broaden the base of quality financial information coming out of the microfinance industry and increase benchmarking in more local contexts. While the peer groups listed in the *MicroBanking Bulletin* have the advantage of representing an international norm and creating performance standards based on the performance of leaders, apex organizations that report the same data for a number of MFIs in any particular market should ultimately provide relevant local comparisons.

### *Ratings and Prudential Supervision*

A rating provides an opinion for uninformed investors to use in deciding whether to get involved with a particular MFI. Raters generate a score that allows investors who know nothing about the specific business to invest their funds according to their own risk preferences. While raters actually perform many of the same tasks and analysis as assessors, they go one step further. They must center their attention on elements within the MFI's activities that pose risk to investors, especially the quality of the MFI's loan portfolio.

At present, there is a nascent interest in genuine MFI ratings to serve socially responsible investors, and there is a growing demand from banking supervisors to develop rating-like techniques to evaluate the transforming NGOs that are coming under their authority. Rating and prudential supervision share one common characteristic: a requirement that the evaluator come to a definitive, unqualified opinion about an institution's current performance and about the risk that its future performance will deteriorate substantially from that level.

A **rating** is designed to produce a simple grade for the quality of an institution's performance that can be understood by potential investors. The "AAA", "B" or junk bond rating sends clear signals about the potential risk associated with an investment. It is the rater's job to sort through normal business risk and classify the institution according to its risk profile. Rating is a fundamentally different task than an assessment, even though a rater would use many of the same analytical techniques.

Virtually none of the audit and assessment tools discussed above get to the heart of the issue of loan portfolio quality. The forthcoming **Microcredit**

**Portfolio Assessment Tool**, to be published by CGAP, will provide investors and regulators with techniques for evaluating whether MFIs' claims about the risk profile of their loans hold up under closer examination.

Microfinance institutions exhibit somewhat different risks from banks, although they are both financial institutions. Yet, the fact that banks and microfinance institutions exhibit different risks does not mean that tools to rate a bank's creditworthiness are not useful for MFIs or that the international credit rating scale cannot be shared. After all, hotels, telecommunications companies, consulting firms, mortgage companies, and brokerage houses are all different, yet if they get an "A" rating, it means that their risks are similar.

Besides differences in the risks posed by commercial banks and microfinance institutions, there are also differences in funders' motivations. The motivations of commercial investors—who invest their own funds in expectation of attractive returns—are significantly different from those of a donor concerned about maximizing client benefits and outreach. This distinction is important because it influences the market for rating and evaluation exercises. With the notable exception of a few countries like Bolivia and Peru where bank superintendents are engaged in the prudential supervision of MFIs, there is only a nascent market for commercial rating. A market for ratings would arise if potential investors weighed investment decisions based on the risk evaluation done by a rater.

Most MFI investors are "soft money" sources whose decisions are based on a host of criteria, only one of which is financial performance and risk classification. New investors, however, such as Dexia Micro-Credit Fund, Triodos Bank and LaCif,<sup>6</sup> are more seriously concerned about credit and fiduciary risks. Some of these new MFI investors are developing partnerships with international rating agencies like Fitch IBCA to use web-based technologies to track risks on a regular basis. A narrow investor market and the unclear financial advantages of being rated make it difficult for rating agencies to turn a profit serving this sector. Complicating matters is the dearth of qualified microfinance analysts.

To address this market weakness, the Inter-American Development Bank (IDB) and CGAP recently established a pilot **Rating Fund** to help finance ratings/assessments of microfinance institutions by certified agencies. The Rating Fund is an integral part of efforts to promote institutional devel-

<sup>6</sup> LaCif is a private investment fund for Latin America based in Lima, Peru.

opment and transparency of microfinance information. Its objectives are to: (i) encourage demand from MFIs that are interested in knowing how they are performing financially, (ii) build a supply of competent rating and assessment services, and (iii) encourage a greater flow of private investment to the microfinance sector by improving the quality and frequency of information on MFI performance.

The Rating Fund will finance up to 80 percent of the costs of an initial rating or assessment and will fund subsequent updates on a declining basis.<sup>7</sup> Strong preference is given to MFIs that agree to full public disclosure of their audited financial statements and summary rating report. The outputs of this initiative will include, in addition to the assessments themselves, public disclosure on the web of the audited financial statements from rated MFIs, feedback from MFIs on the agencies that rated or assessed them, and a description of the processes and methodologies used by approved rating and assessment organizations.

Like raters, banking **supervisors** have the responsibility to determine the degree of risk presented by the MFI because investors, creditors, and depositors rely on them to perform this function. As in traditional banking, the main reason why regulatory authorities are inclined to supervise microfinance is to protect depositors and to ensure that reckless lending does not threaten the stability of the financial system. Even though this topic is gaining increasing attention, experimentation with microfinance supervision is so recent that there are few historical precedents to guide the debate.

### Challenges to Building Credibility

As the microfinance industry seeks to build credibility with potential investors, several challenges stand out as priorities.

#### *Improve the completeness of information contained in audited financial statements*

The most important building block for enhancing transparency is to improve the completeness of the information presented in audited financial statements. This is the purpose of the "Disclosure Guidelines for Financial Reporting by Microfinance Institutions," which clarify the type of information that is needed to properly evaluate portfolio quality, provisioning and write off policies, cost of funds and inflation adjustments, the nature and amount of operational subsidy received by the program, and other accounting policies.

<sup>7</sup> For more information, including a list of approved rating agencies and descriptions of their methodologies, see [http://www.cgap.org/html/mfis\\_ratingfund.html](http://www.cgap.org/html/mfis_ratingfund.html).

It is also vital to improve the quality of external audits. Frequently, large audit firms assign their most inexperienced staff to non-profits. NGOs generally pay relatively little for audits and do not represent attractive long-term clients to large auditor firms. Consequently, they receive poor service. CGAP's "Handbook on External Audits of Microfinance Institutions" is a step in the right direction, but more work of this sort is needed to improve audit quality. Most importantly, MFIs and donors must demand a higher standard for the work to be done by auditors.

*Facilitate benchmarking by increasing the number of MFIs reporting financial performance*

Propagating benchmarks for peer groups that MFI managers feel adequately represent their reality may be the most cost effective means of improving the financial performance of the industry. If they feel the benchmark is fair and valid, managers will compete among themselves and against that standard to improve their performance.

**SEEP's Network Development Services** program is collaborating with the MicroBanking Standards Project, which produces the *Bulletin*, to assist national MFI networks in monitoring and appraising their members' performance more effectively, leading to improved standards through expanded peer data collection and disclosure. This initiative equips networks with the tools and knowledge to become meaningful monitors of MFI performance (Editor's note: see MicroBanking Standards Project Initiatives in this issue).

*Standardize definitions and methods of calculation of basic performance indicators*

Today there is a developing consensus around how to measure financial performance in the microfinance industry. This consensus includes a number of adjustments to financial statements to compare the performance of MFIs that operate in different inflationary environments, with differing degrees of subsidy, and that use different accounting policies to record non-performing loans and write-offs.

There is not, however, consensus on what financial ratios to measure or how they are defined. The hundreds of indicators used to evaluate MFIs reflect a variety of practices, definitions, wordings, cultures and calculation methods. This maze of ratios and definitions makes reporting more difficult and costly for MFIs, which often have to tailor their reports to different funders.

To address this problem, MicroRate, PlaNet Finance, major donors, the MicroBanking Standards Project and MFI networks are developing a set of standard financial ratios using an agreed-upon nomenclature that should clarify the use and meaning

of a core set of indicators for analysis. The agreed-upon definitions and ratios should be published by the end of 2001.

*Increase ongoing reporting and monitoring of financial performance*

The microfinance industry is dominated by short-term assets (three to six month average loan term) and short- to medium-term institutional liabilities (one year to three years at best). Even though the causes of financial collapse have deep roots, and may take time to build up, an MFI can face a severe financial deterioration in a few months as a result of poor portfolio quality. Accounting figures older than six months are completely outdated. Most MFIs and their support networks have very weak intermediate (quarterly or semi-annual) reporting requirements, much less actual reviews. Since analysts cannot depend on transparent capital markets with strong regulated disclosure rules, the cost of monitoring MFIs in between the annual evaluations becomes high.

However, the situation is slowly changing. LaCif makes it a condition for each borrowing MFI to report monthly a number of key financial data. Blue Orchard Finance S.A.<sup>8</sup> is also requesting the same conditions in its loan contracts.

The assessment tools used by many microfinance affiliate networks resemble a supervisory audit that a commercial bank conducts annually for each of its branches. But for MFIs, these on-site evaluations are too expensive to be staged annually. Thus, one solution is to combine quarterly financial reporting with a full-fledged evaluation every three to four years.

*Reduce the cost of on-site evaluation*

Financial assessments of MFIs are expensive and highly specialized.<sup>9</sup> In fact, microfinance assessment practice is often more rigorous and detailed than commercial credit ratings. So far, no microfinance rating agency has been successful in developing a sustainable business model and finding a sufficiently large market for their services.

<sup>8</sup> Blue Orchard Finance S.A. is a Swiss asset management company specialized in micro-finance. It acts as management adviser to Dexia Asset Management for the Dexia Micro-Credit Fund.

<sup>9</sup> The cost of rating an MFI according to best standards is estimated by ACCION, MicroRate and PlaNet Finance at between US\$5,000 to US\$25,000 (with the low end for ratings renewal and the high end for first time ratings in Africa) for the team of analysts, covering salaries, travel expenses, secretarial work, etc. Some 10 working days of two to three people are required to complete a full rating exercise.

This does not mean that analysts should lower their standards, but it does suggest that they need to reengineer their systems to lower costs. Some organizations are experimenting with Internet platforms to allow frequent reporting and improved communication with analysts. Smaller agencies could also achieve greater leverage by merging or linking up with larger rating agencies, or collaborating more closely with each other. Rating agencies could also seek greater collaboration with auditors to relieve the raters from their current extracurricular auditing responsibilities. Some evaluators are also lowering costs by developing analytical capacity at a regional level.

Building a strong and dependable body of analysts is a serious challenge for a rating/assessment company, yet this is where most of its value lies. It is extremely costly to maintain a team of well-qualified analysts in view of relatively poor rating revenues and expensive travel costs. While some rating agencies hire part-time consultants to reduce costs, heavy reliance on external consultants does not seem to be an appropriate way to build knowledge and a better understanding of industry practices.

## Conclusions

The microfinance industry is experiencing the rapid development of infrastructure to increase transparency. While the language surrounding many of these initiatives implies much more of a commercial

market orientation than is evidenced by actual practice, these are credible attempts to improve financial reporting across many programs in many regions. It is necessary, however, to continue to work on the elementary building blocks of financial reporting, which are solid MIS, internal controls, and external audits. Too much of what continues to get reported by MFIs is simply inaccurate and misleading, though not necessarily intentionally so.

Great work is needed to promote basic disclosure and reporting standards upon which valid benchmarking can be constructed. In addition, a critical mass of performance information will need to be built up to validate performance standards to which successive generations of MFIs can be held.

Finally, the current emphasis on assessments and ratings needs to be driven by the motivation to improve MFI financial management, rather than the need to perform donor due diligence or provide investor ratings. Attempts to please donors and to attract investors are unlikely to succeed unless based on a drive for better management and performance within each MFI. Not to do so would constitute a large missed opportunity to improve overall industry performance.

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## What is a Network?

Almost all of the articles in this issue of the *Bulletin* refer to networks of microfinance institutions. Two types of networks are mentioned most frequently:

**Affiliate Networks** (international) are formal alliances of MFIs that typically share a common mission or methodology. These MFIs, usually operating in different countries, are either created by or linked to an apex institution (often based in a developed country), which provides technical assistance and often financial resources, including start up grants, loan guarantees and direct investments. To some extent, the apex of an affiliate network is evaluated based on the success of its members, and therefore it has incentives to actively support individual affiliates, or to disaffiliate those that do not perform acceptably. Examples of affiliate networks include FINCA, Freedom from Hunger, and Women's World Banking.

**Local Networks** (national or regional) are professional associations of MFIs (and sometimes providers of business development services) in a particular country or region. These associations, often consisting of a diverse membership, typically come together to influence public policy. These networks are sometimes referred to as lateral learning networks because they serve as forums for sharing best practices. They often provide or facilitate training for their members as a whole, but do not usually offer technical assistance to individual members. Examples of local networks include GHAMFIN in Ghana, the Credit and Development Forum in Bangladesh, and the Microfinance Centre for Central and Eastern Europe and the New Independent States in Poland.

Unfortunately, there are numerous exceptions to this categorization. Discussions about networks can get very confusing. For example, national federations of credit unions are like affiliate networks *at a local level*, but they may be linked to an international affiliate network like WOCCU or DID. Even more confusing, the SEEP Network is a lateral learning network of affiliate networks (based in North America) that is also providing technical assistance to local networks in developing countries. For more on networks, see Nexus No. 36, March 1997, available on [www.seepnetwork.org](http://www.seepnetwork.org).

## Performance Monitoring by Affiliate Networks

Warren Brown and Till Bruett

Many affiliate networks have developed tools to monitor the performance of their affiliates/members. In 2000, SEEP's Financial Services Working Group (FSWG) commissioned a study to compare the various performance-monitoring tools used by SEEP members.<sup>10</sup> The purpose of the comparison was to analyze the perceived effectiveness of the tools from the viewpoint of both the networks and their affiliates. Based on the analysis, the report provides recommendations on how to strengthen performance-monitoring systems.<sup>11</sup> This article summarizes the full report.<sup>12</sup>

The participating networks were:

- ACCION International
- CARE
- Catholic Relief Services
- Développement International Desjardins
- FINCA International
- Freedom from Hunger
- Opportunity International
- Pro Mujer
- Save the Children
- VITA
- Women's World Banking
- World Council of Credit Unions
- World Vision

### What is Performance Monitoring?

The term performance monitoring refers to the data collection mechanisms used by an external agency, in this case, the affiliate network, to oversee the financial health of microfinance institutions on an ongoing basis. The mechanisms used can be quantitative or qualitative, incorporating remote data collection (off-site) and visits to the MFIs (on-site).

There is a general agreement across the participating networks regarding the objectives of performance monitoring systems. The most frequently cited objectives are to:

- Compare and motivate affiliate performance against network-specific and broader microfinance benchmarks;
- Identify needs for technical assistance;
- Provide affiliate managers with useful information;
- Safeguard the investment of network and donor funds;
- Detect fraud and mismanagement.

While the information required to satisfy each of these objectives individually is straightforward, the collective implications of these multiple objectives create serious challenges. In many performance monitoring systems, certain objectives are sacrificed at the expense of others.

### How do Networks Monitor Performance?

There is a high degree of similarity among the performance monitoring systems used by affiliate networks in terms the methods used, information sought and performance indicators analyzed. Variations in the design and format of the tools, as well as in the frequency of their application, are outweighed by the similarities in goals and approaches.

#### *Off-Site Performance Monitoring*

The bases for all off-site performance monitoring methods are reports prepared by the affiliates and regularly submitted to the network. Generally, networks have developed straightforward spreadsheet-based tools to facilitate data entry by the affiliate and consolidation and analysis at the network level, and request this information in electronic form monthly or quarterly.

The information requested is drawn from financial statements, and additional information on loan portfolio performance and non-financial data (for example, the gender of clients). Only one network, ACCION International, requires affiliates to provide significant non-financial impact information as part of their off-site performance monitoring.

While each network has its own logic for the selection and definition of performance indicators, most look at the same core set of financial ratios, including indicators of sustainability, efficiency, portfolio quality, growth and solvency.

<sup>10</sup> SEEP members are the affiliate networks.

<sup>11</sup> This report is an outcome of a project by SEEP's Financial Services Working Group in which thirteen affiliate networks conducted a two-part assessment of their performance monitoring systems. Part I consisted of a self-analysis by each network's monitoring system. Part II consisted of telephone interviews with two or three affiliates/members from each network to understand the perspectives of the institutions being monitored.

<sup>12</sup> The original report is *SEEP's Financial Services Working Group Performance Monitoring Systems Project*. Brown, Warren, Tony Sheldon and Charles Waterfield (September 2000). Washington, DC: The SEEP Network, Unpublished Draft. For a copy, contact [seep@seepnetwork.org](mailto:seep@seepnetwork.org).

### *On-Site Performance Monitoring*

The discussions of on-site performance monitoring mechanisms focused on evaluation visits conducted by the network representatives rather than those conducted by third parties (such as external audits). On-site methods include visits by headquarters personnel to the affiliate to interview management, staff and clients, review files, board minutes and policy manuals, and observe the MFI's operations.

Besides providing a deeper understanding of the reality behind the quantitative information, on-site monitoring visits give networks an opportunity to evaluate a variety of non-financial factors, including internal controls, management and governance, human resources and administration.

On-site monitoring is generally provided on a selective rather than a consistent basis, and is often initiated as part of a qualification or certification process. Many networks incorporate on-site monitoring into technical assistance visits.

Increasingly, networks are using board representation as a type of on-site monitoring. Through participation in board meetings, networks obtain the detailed information necessary to monitor performance and can exert greater influence with management in suggesting corrective actions.

### **What Works and What Does Not?**

From the networks' perspective, the current mechanisms of off-site monitoring are reasonably effective in providing valuable information at a relatively low cost. However, two significant issues plague most networks, limiting the effectiveness of their off-site monitoring systems:

- *Late, incomplete or inconsistent reports:* Off-site performance monitoring depends on the information that affiliates put into the system. The quality of their performance monitoring is undermined by late, incomplete or inconsistent reports from affiliates;
- *Limited capacity for networks to respond or provide feedback:* Few networks have the capacity to provide effective feedback to their affiliates, limiting the ability of the monitoring systems to improve performance over time.

Although affiliates were generally satisfied with off-site monitoring tools, they raised similar issues, with a predictable twist in perspective. The vast majority claim to submit reports on time "almost always" and cite problems in getting their systems to produce the results in the format required by the network. They also point to an overwhelming volume of information requests from donors and networks as

the primary cause of late reports (in the rare instances when they are late). Indeed, one MFI manager noted: "I spend 25 to 40 percent of my time just looking over and signing off on performance reports to different organizations. That is no way for a General Manager to be spending his time." Another manager laments: "We have thirty different reports to prepare every year!"

Older, more commercial MFIs were less motivated to report because of the limited value in providing information to networks, particularly when they report frequently to local banking superintendents. In contrast, younger NGOs value the rigor and regularity of network off-site monitoring requests, particularly when accompanied by feedback and analysis from the network. When networks are unable or unwilling to provide feedback and analysis of the results, affiliates see the off-site reporting as less valuable and are, consequently, less likely to respond on time with quality data.

Although both networks and affiliates viewed off-site monitoring as essential, it is not sufficient. On-site monitoring provides a more complete picture and allows networks to understand what is behind the numbers. The importance of governance and management of smaller MFIs makes the on-site monitoring experience especially important. Affiliates tended to be more satisfied with networks' on-site performance monitoring, perhaps because it addresses the twin challenges of off-site monitoring: late and incomplete data and network feedback. In terms of improvements, networks want to reduce the cost of such visits, while affiliates focused on transforming on-site visits from 'audits' to more interactive problem-solving sessions.

Additional challenges with on-site performance monitoring include:

- Difficulties with availability and qualifications of staff conducting evaluations;
- Coordinating with affiliates on times for visits;
- Ensuring that performance monitoring visits continue to be valuable to affiliates;
- Duplication of efforts by networks and third-party evaluations.

Both networks and affiliates cited inconsistencies in the definition of performance indicators as an additional problem for both on- and off-site monitoring.

### **Networks vs. Affiliates' Perspectives**

Affiliates consistently conveyed a different perspective on performance monitoring from that presented by the networks. Although the affiliate perspective was significantly influenced by the size and type of the institution, overall they expressed a strong de-

sire for performance monitoring to offer greater value to the MFI rather than focusing exclusively on

meeting the networks' requirements.

### Recommendations

Increasing the value to affiliates could significantly enhance affiliate ownership of, and participation in, performance monitoring, and therefore increase the value to the network by generating more timely, accurate, and complete information. Suggestions from the affiliates and networks for improving monitoring techniques include:

#### *Off-site Monitoring:*

- **Minimize the time required** for affiliates to complete the reports, through the use of network-specific templates to collect monitoring data and trying to connect off-site monitoring systems directly to affiliates' Management Information System (MIS);
- **Provide timely feedback** to affiliates, including qualitative assessments and quantitative benchmarks to make performance monitoring **a meaningful management tool for affiliates**;
- Use off-site information as a **basis for the design of** on-site technical assistance;
- **Adapt off-site approaches** to the needs of different affiliates, taking into consideration the maturity of the institution and the relationship between the network and the affiliate;
- **Coordinate performance monitoring requests** from networks, donors and others, including the elimination of donor requirements for separation of results by source of funds.

#### *On-site Monitoring:*

- **Focus on providing relevant technical assistance**, as defined by the affiliate, rather than solely on audit or control issues;
- **Identify innovations and "good practices"** that affiliates and/or the broader microfinance community have developed that can be disseminated by the network during monitoring visits;
- Improve the coordination between the network and the affiliates for **scheduling on-site visits**.

A surprising finding from the study was the affiliates' willingness to share their performance information to achieve greater transparency and increased access to benchmarks, while networks were more protective of affiliate information. Networks may want to explore with affiliates how to make affiliate performance information more accessible to a broader audience.

While there are many areas where networks can strengthen their monitoring systems, it is important to recognize that affiliates also have important roles and responsibilities in this process. The affiliates are best positioned to accurately and completely represent the challenges and objectives that they face in the performance monitoring process. Affiliates should communicate the problems with existing systems to the networks and identify and suggest possible solutions.

### Conclusion

The results of this multi-perspective analysis indicate that much progress has been made in monitoring the performance of MFIs and that both networks

and affiliates believe that existing systems are satisfactory. However, there is clearly plenty of room for continued improvement. The challenge is to streamline the performance-monitoring process, and reduce costs and preparation time, while increasing the quality of the information and the analysis. Three emerging areas identified in the study—the role of technology, the increased sharing of affiliate information, and potential for standardization—may hold the key to increasing value to affiliates and usefulness for networks.

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# IN THEIR OWN WORDS

## Strengthening WOCCU's Partners in a Time of Crisis Using PEARLS Financial Monitoring: The Case of Ecuador

Anna Cora Evans

The World Council of Credit Unions, Inc. (WOCCU) began its technical assistance program in Ecuador in late 1995. Funding of US\$3 million for the program was provided by USAID's Office of Microenterprise Development through September 2001. As program participants, the 23 Ecuadorian credit unions started using WOCCU's PEARLS Monitoring System as a tool for managers to monitor and improve their performance. Developed as an off-site monitoring tool, PEARLS has allowed networks and affiliates to speak the same language, increasing the value of feedback and analysis.

### Macroeconomic Context

Credit unions in Ecuador at the beginning of the 21<sup>st</sup> century operated during a period of stark financial crisis and political instability. Ecuador has struggled with high inflation and extreme devaluation. In December 1995, inflation stood at 22 percent. This rate rose to 63 percent in December 1999 and reached 91 percent by December 2000. In December 1995, the exchange rate was 2,700 sucres to US\$1; by December 2000, it had fallen to 25,000 sucres for US\$1. In 1998 and 1999, the banking system experienced a solvency and liquidity crisis. By 2000, 16 of the 42 banks that were operating in 1998 had collapsed, including four of the five largest banks.

At year-end 2000, the Ecuador Superintendency of Banks supervised 19 of the 23 credit unions, and the other four were in the process of becoming supervised. As regulated financial institutions, the credit unions faced two major constraints: 1) an interest rate ceiling of 18 percent,<sup>13</sup> and 2) a requirement not to write off loans until they have been delinquent for three years. Hence, the credit unions could not write off loans more than 12 months overdue, as recommended by PEARLS.

### Credit Union Performance

Despite the restrictions imposed on financial institutions and harsh economic conditions in Ecuador,

<sup>13</sup> The interest rate ceiling was imposed in 2000, and excluded fees associated with loan generation. To counteract the effects of the interest rate ceilings, institutions were charging 1-6% on fees as of September 2001.

WOCCU's program participants performed remarkably well during the crisis.

### *Breadth of Outreach*

In December 2000, the 23 WOCCU credit unions had US\$110.7 million in assets, with an average size of US\$4.8 million, and a range between approximately US\$1 million and US\$10 million.

**Figure 1: Membership of 23 WOCCU  
Ecuadorian Program Participants**

	Dec. '96	Dec. '98	Dec. '00
Number of Members (savings and credit)	522,001	631,947	669,914
(+) Children/ Youth (savings only)	8,617	38,090	54,251
(+) Non-Members (savings only)	0	51,056	119,893
Total Number of Users	530,618	721,093	844,058

Source: WOCCU Ecuador Statistical Report, December 2000.

Expanding the outreach of affordable financial services is an important tenet of the credit union philosophy; PEARLS targets a minimum 5 percent membership growth per year. At year-end 2000, the credit unions served 844,058 members and clients (Figure 1). The PEARLS indicator S10 (see Figure 2), growth in membership (excluding non-member clients), does not meet the 5 percent goal; however, the 23 credit unions experienced significant growth in non-member clients. This growth reveals the success that the Ecuadorian credit unions had in attracting depositors. These credit unions had no non-member clients or youth savers at project start in late 1995.

### *Depth of Outreach*

In 2000, the 23 credit unions issued 155,085 loans (of which 39.7 percent were to women). The average loan size originally disbursed was US\$619, or 47.2 percent of GNP per capita,<sup>14</sup> while average loan size for women was US\$558.

<sup>14</sup> GNP per capita for Ecuador in 1999 was US\$1,310 (World Development Indicators, The World Bank). 2000 data not available.

Figure 2: WOCCU Ecuador: 12 Key PEARLS Financial Ratios (% , growth in US\$ terms)

	GOAL	Dec.'96	Dec.'97	Dec.'98	Dec.'99	Dec.'00
<b>P Protection</b>						
P1.Allowance for Loan Losses/ Allowances Required for Loans Delinquent > 9 Months* (%)	100.0%	100.0	100.0	100.0	100.0	100.0
<b>E Effective Financial Structure</b>						
E1.Net Loans/ Total Assets (%)	70-80%	69.3	75.3	71.2	49.5	70.8
E5.Savings Deposits/ Total Assets (%)	70-80%	56.0	57.6	52.9	51.2	64.5
E8.Institutional Capital: Unencumbered Reserves and Retained Earnings/ Total Assets (%)	Minimum 10%	4.7	8.0	11.1	21.1	20.3
<b>A Asset Quality</b>						
A1.Total Loan Delinquency/ Gross Loan Portfolio (%)	<=5%	17.5	11.6	12.0	10.6	5.5
A2.Non-Earning Assets/ Total Assets (%)	<=7%	13.1	11.8	14.5	17.4	14.8
<b>R Rates of Return &amp; Costs (annualized)</b>						
R7.Total Interest (Dividend) Cost on Shares/ Average Member Shares (%)	Market Rates >= Interest cost on deposits	15.3	13.0	14.3	1.8	0.2
R9.Total Operating Expenses**/ Avg. Total Assets (%)	<10%	10.7	10.9	8.1	8.5	12.3
R12.Net income/ Average Total Assets (%)	Sufficient to maintain capital ratio of 10%	4.1	5.1	5.0	1.4	1.9
<b>L Liquidity</b>						
L1.(Short Term Investments + Liquid Assets - Short Term Payables)/ Total Deposits (%)	Minimum 15%	25.5	18.4	22.9	53.3	18.3
<b>S Signs of Growth (over prior year)</b>						
S10.Members (%)	Minimum 5%	12.4	3.8	16.7	3.7	2.2
S11.Total Assets (%)	> Inflation	20.7	43.6	-26.9	-49.0	79.9
Annualized Inflation Rate (%)		28	31	43	63	91

Source: WOCCU Ecuador PEARLS Report, December 2000.

\*The PEARLS Monitoring System Goal for P1 is 100% provisions for outstanding balances of loans delinquent > 12 months; however, in the unique case of Ecuador, the Superintendency of Banks requires that provisions are made at 100% for > 9 months.

\*\*Operating Expenses for WOCCU correspond to the *Bulletin* Administrative Expenses (see page 33).

Almost two-thirds of the loans disbursed (63 percent) were for amounts less than US\$500. In addition, the credit unions had 745,992 passbook savings accounts in December 2000. The overall average deposit was US\$71 (5.4 percent of GNP per capita). Over four-fifths of the passbook deposits were for amounts less than US\$100. The credit unions also had 19,565 fixed deposit accounts with an average balance of US\$932.

#### Profitability

PEARLS's unadjusted Return on Assets (UROA), indicator R12, has remained positive throughout the project period (1995-2001). The UROA goal is not to maximize profits, but to generate profits sufficient to maintain a minimum institutional capital ratio (E8) of 10 percent. The credit unions, formerly poorly capitalized, have built up their capital to approximately double the minimum requirement. The capital reserves, in addition to full provisions for loan losses (ratio P1), have allowed the credit unions not only to survive, but also to grow during the financial crisis.

#### Efficiency

Credit unions tend to have lower operating expenses than other microfinance institutions. While

MFIs typically use the average gross loan portfolio as the denominator in their operating or administrative expense ratios, PEARLS uses average total assets as the denominator of its Operating Expense ratio (R9)—credit unions have costs associated not only with administering the loan portfolio, but also with managing deposit and share accounts. These credit unions have remained close to the 10 percent maximum goal for the past five years. For a microfinance comparison, if the denominator was the average gross loan portfolio, then the operating expense ratio<sup>15</sup> would be 18.9 percent, compared to 28.6 percent for the *Bulletin*'s Latin America group and 18.3 percent for MicroRate's best performers.<sup>16</sup>

#### Portfolio Quality

PEARLS monitors delinquency (total portfolio at risk > 30 days, ratio A1) with a watchful eye given the historical patterns of credit union performance. The Ecuadorian credit unions lowered their total

<sup>15</sup> Corresponds to the *Bulletin*'s Total Administrative Expense/ Loan Portfolio ratio, which includes adjustments for in-kind subsidy and provisioning for portfolio at risk.

<sup>16</sup> Jansson, Tor and Frank Abate (November 2001). *Performance Indicators for Microfinance Institutions*. Washington, DC: MicroRate with the Inter-American Development Bank, Technical Guide.

delinquency from 36 percent in December 1995 to 5.5 percent<sup>17</sup> in 2000 (compared to the PEARLS target of a maximum of 5 percent). The credit unions have full provisions for all loans delinquent over 9 months, as mandated by the Ecuador Superintendency of Banks.

#### *Capital and Liability Structure*

The Effective Financial Structure section is one of PEARLS' more useful elements for credit union managers, helping them to track how assets, liabilities and capital are structured. The net loans to total assets of the credit unions (E1) shrunk in 1999, but climbed back to 70.8 percent of total assets in 2000, demonstrating growth of 158 percent in US\$ terms. The data also show an emphasis on savings mobilization, even in the context of the financial crisis that included a one-year freeze on half of all deposits in financial institution in March 1999. Although savings deposits to total assets (E5), at 64.5 percent in 2000, does not meet the goal of 70 to 80 percent, savings deposits grew 127 percent from 1999 to 2000 (in US\$ terms).

Because the WOCCU methodology emphasizes savings-driven growth, the financial cost of member shares (R7) should be higher than savings deposits. The Ecuadorian credit unions have yet to comply with this target, as they offer less than 1 percent on shares and almost 6 percent on savings.

#### *Other Financial Disciplines*

Since credit unions offer voluntary accessible savings accounts, liquidity management is essential. When WOCCU's technical assistance began in 1995, the credit unions, at 5.8 percent, were far from the liquidity (L1) goal of 15 percent. When loans decreased in 1999, the credit unions then had too much liquidity (53 percent) and no safe place to invest their funds since banks were collapsing and credit unions were not authorized to invest money abroad. The situation improved in 2000, with the liquidity ratio reaching 18 percent.

PEARLS also tracks the ratio of non-earning assets to total assets (A2). Keeping this ratio low is a key element of credit union management. The credit unions have not yet met the goal of a maximum of 7 percent for A2, with an average ratio of 14 percent during the program period (Dec. 1995–Sep. 2001).

### **WOCCU Financial Monitoring Beyond PEARLS: A Benchmarking Exercise**

The aforementioned key PEARLS indicators provide a snapshot to assess performance over time.

<sup>17</sup> Includes those long-delinquent loans of up to three years that the credit unions are not legally able to charge-off.

It is useful to review credit union performance vis-à-vis other financial institutions supervised by the Ecuador Superintendency of Banks to gain a comparative perspective. The asset growth of the credit unions compared to other types of regulated financial institutions is noteworthy (see Figure 3).

**Figure 3: Growth in US\$ from 1999-2000 (%)**

	Assets	Net Loans
Banks	-0.7	-19.7
Finance Companies	8.7	35.0
Mutuals	14.0	30.0
WOCCU Project Participants	79.9	158.0

Sources: Ecuador Superintendency of Banks, WOCCU Ecuador PEARLS Report, December 2000.

During the financial crisis in Ecuador, the formal banking sector resisted making loans. From 1999 to 2000, not only did the total loan portfolio of the 23 credit unions rise, but also the number of loans disbursed (from 120,480 loans in 1999 to 155,085 in 2000). Notwithstanding this growth, the credit unions have yet to regain their pre-crisis peak portfolio of US\$124 million in net loans in 1997.

### **Conclusion**

WOCCU technical assistance to these 23 credit unions ended in September 2001. A key to their survival and growth during the crisis, and an element that makes them poised for future growth, is the build-up of institutional capital. This ratio (E8) grew from 2.7 percent to 20.3 percent from 1995-2000, providing a cushion against external shocks. The PEARLS monitoring system facilitated early detection of problems, and helped to ensure continued service to over 840,000 Ecuadorians.

A final, yet external, element contributing to credit union success was publicity from the Ecuador press, including performance indicators of credit unions and banks, which created a public perception that these supervised Ecuadorian credit unions were safe institutions. In an early 2001 in-depth special report on credit unions, the headline of the Ecuador financial newspaper *El Financiero* reads: "Credit Unions: During the year 2000, a period of growth and soundness."<sup>18</sup>

Anna Cora Evans is Development Finance Analyst at WOCCU. The author thanks Cesar Izurieta, Mario Galárraga, Nathalie Gons, and David Richardson for materials used in writing this article. For references, please contact the author. More information on the PEARLS system can be obtained through [www.woccu.org](http://www.woccu.org).

<sup>18</sup> *El Financiero*: "Cooperativas: Durante el 2000 un periodo de crecimiento y solidez." February 26, 2001, page 5.

## Performance Measurement and Benchmarking: Experience of the Opportunity International Network

Timothy Head

The Opportunity International Network Partners have begun to examine average loan sizes by both product and gender, trying to understand why men often receive larger loans than women with lending methodologies specifically designed for women. This analysis is remarkable because just a few years ago, the Network had limited ability to compare financial and program performance information within and among its 50 Partner Organizations around the world.

Over the past two years, the Opportunity International Network has placed a high priority on promoting transparency by increasing the availability and consistency of high-quality comparative information across the Network. The Network has four core values: Respect, Commitment to the Poor, Integrity, and Stewardship. Out of these values grow the Network's commitment to accountability, transparency and communication. The Partners are accountable to each other, and to donors, service providers, and MFI peers to reflect these core values and maintain high standards of performance.

Now, the Opportunity Partners report to each other in a spirit of transparency, which enables comparison, analysis, and communication. The Partner Reporting System (PRS) and *Opportunity Quarterly* form the foundation of accountability, performance measurement and comparative information.

### Performance Measurement

Opportunity's Partner Reporting System captures more than 100 variables of financial and program data on a quarterly basis. These data provide information for measuring performance using ratio and trend analysis of critical indicators for each Network member. The standard indicators facilitate comparison across the Network. Opportunity currently uses 20 quantitative indicators to measure outreach, loan portfolio quality, efficiency, profitability and sustainability (see Figure 1).

MFI's are aware of the importance of balancing competing objectives. While expanding the depth and breadth of outreach to the poor is the Network's primary motivation, this can be achieved only with high quality, efficient and sustainable operations. In the same way, a variety of measures and indicators must be understood together to obtain an accurate picture of an organization's performance.

Although the Network is motivated to reach as many poor clients as possible, it would be limiting if it measured outreach only by the number of borrowers. Also important is the average loan size and the percent of loans made to women, both of which suggest the clients' level of poverty. In the future, Opportunity plans to measure the average initial loan size and client turnover rate. These additional indicators are expected to permit better understanding and comparison of the MFI and client growth, and indicate if the organization is able to grow along with its clients.

Because the loan portfolio is an MFI's primary revenue-generating asset, managing *portfolio quality* is critical. The amount of delinquency at any time is important, but it must be measured together with the current default rate, as well as historic and anticipated levels of default.

The *efficiency* of operations often dictates the level of outreach, the quality of the portfolio, and the sustainability of the organization. The operating cost ratio measured by operating costs relative to the number and value of loans measures the organization's efficiency - the cost of maintaining the portfolio. Since loan officers are the main income generators, particular attention must be paid to their productivity, including their client and portfolio loads.

The *sustainability* of an organization is not guaranteed by a high number of clients, a quality portfolio and efficient operations. To understand and compare an MFI's long-term prospects, one must measure the productivity of performing assets, the level of dependence on outside funding, and the organization's ability to cover operating expenses (including financial expenses) with earned income.

### Performance Benchmarking

Comparative information is critical to determining how the greatest impact can be achieved from limited technical, financial, and human resources. Benchmarking allows Partners to see their contribution to the whole Network, challenges them to grow and develop through competition with others, and facilitates learning from the experiences of organizations around the world.

**Figure 1: Performance Indicators for Opportunity International Partners By Region, September 2001**

Indicators	Africa (n = 5)	Asia (n = 19)	Eastern Europe (n = 8)	Latin America (n = 7)	Opportunity Network (n=39)
<b>I. Client Outreach</b>					
Number of active borrowers	58,525	164,262	16,195	45,359	284,341
Outstanding gross portfolio (US\$)	4,552,618	11,748,226	18,312,719	6,026,251	40,639,813
Average loan size (US\$) [value of loans disbursed/ no. of loans made] (for the 12-month period)	139	116	1,290	151	196
Loans made to women (%)	73.6	90.7	55.5	84.9	84.3
<b>II. Loan Portfolio Quality</b>					
Portfolio in arrears > 30 days (%)	3.3	9.7	2.7	5.8	5.2
Portfolio at risk > 30 days (%)	6.4	14.8	8.5	7.6	10.0
Loan loss ratio (%) [total loan loss provisions/ avg. gross outstanding loan portfolio]	1.5	2.2	3.2	5.5	3.1
Reserve ratio (%) [Loan loss reserve/ gross outstanding loan portfolio]	2.6	3.9	3.9	3.8	3.7
<b>III. Efficiency</b>					
Cost per dollar lent (US\$) [(administrative expense + loan loss provision expense)/ total value of loans disbursed]	0.41	0.18	0.17	0.29	0.22
Cost per loan made (US\$) [(administrative expense + loan loss provision expense)/ total number of loans disbursed]	56	21	223	44	44
Administrative expense ratio (%) [administrative expense/ average total assets]	54.0	16.8	17.0	25.2	22.1
Clients per loan officer	259	195	122	164	194
Outstanding portfolio per loan officer (US\$)	20,144	14,441	137,690	21,834	28,424
<b>IV. Sustainability and Profitability</b>					
Return on Assets (%) [net operating income/ average total assets]	37.3	24.3	19.7	35.6	25.8
Return on Portfolio (%) [net operating income/ average total gross loan portfolio]	63.4	42.8	24.5	55.1	38.4
Operational self-sufficiency (%) [operating income/ operating expenses]	66.8	107.7	94.9	112.6	95.9
Financial self-sufficiency (%) [operating income/ operating expense + (inflation rate * total non-fixed assets)]*	57.8	101.3	91.4	104.2	88.8
Donations and grants (%) [donations and grants/ average assets] (for the 12-month period)	37.7	10.7	12.5	9.7	14.1

Source: *Opportunity Quarterly*, Opportunity International.

\* This formula assumes that there are no liabilities (total non-fixed assets = total capital – total fixed assets). As Opportunity International Partners' funding structure is evolving, the formula will be updated remain valid for Partners partially funded by liabilities.

The *Opportunity Quarterly*, a print and electronic publication, serves as the primary tool for communicating comparative data throughout the Opportunity International Network. It includes more than 50 qualitative and quantitative indicators from each Network Partner and helps in comparing performance among the members.

In addition to sections detailing both fundraising and aggregate performance, the *Quarterly* contains three sections dedicated to the comparison and analysis of Partner performance. The first section is a Financial Analysis of the performance of each Partner by region. This analysis is further divided into the four critical components: client outreach, loan portfolio quality, efficiency, sustainability and profitability (see Figure 1).

The second section, on Loan Product Analysis, compares the relative performance of different lending methodologies within and among Partners. Three different methodologies are considered for

analysis: individual lending, trust banks (similar to village banks), and other group loans. Indicators used are similar to those used in the Financial Analysis, but comparisons by loan product enable a much fuller understanding of the similarities and differences between organizations (see Figure 2).

The third section of the *Quarterly* provides a Performance Standards Ranking comparing progress of each Partner against established quantitative and qualitative standards. Here every Partner in the Network is ranked on six key indicators: 1) portfolio in arrears above 30 days, 2) number of active borrowers, 3) average loan size relative to GDP per capita, 4) operational self-sufficiency, 5) governance and 6) transformation.

Each indicator is assessed a value between 0 and 5, with 5 being the strongest score. For instance, an arrears rate between 4 and 8 percent is assessed a 3, and 9,000 clients a 4. From an

**Figure 2: Performance of Opportunity International Partners, by Loan Products and Regions, September 2001**

Region	Product Type*				Product Type			
	Individual	Trust Bank	Other	Total	Individual	Trust Bank	Other	Total
	Total Loan Portfolio Outstanding (US\$)				Total Number of Active Clients			
Africa	1,240,687	1,752,492	1,559,438	4,552,618	8,492	39,353	10,680	58,525
Asia	4,154,588	5,531,036	2,062,601	11,748,226	45,676	110,189	8,397	164,262
Eastern Europe	15,205,197	84,966	3,022,556	18,312,719	9,991	434	5,770	16,195
Latin America	2,699,478	2,451,071	875,701	6,026,251	4,585	34,070	6,704	45,359
Total	23,299,951	9,819,565	7,520,297	40,639,813	68,744	184,046	31,551	284,341
	Portfolio in Arrears > 1 day (% to gross outstanding portfolio)				Portfolio in Arrears > 30 days (% to gross outstanding portfolio)			
Africa	4.8	7.0	4.8	5.7	3.0	3.4	3.3	3.3
Asia	12.9	9.3	12.3	11.1	11.3	8.1	10.8	9.7
Eastern Europe	5.2	7.6	2.4	4.7	2.9	2.9	1.6	2.7
Latin America	12.6	8.2	8.7	10.3	8.1	3.8	4.3	5.8
Total	7.4	8.6	6.4	7.5	5.0	6.2	4.8	5.2

Source: *Opportunity Quarterly*, Opportunity International.

\***Individual product:** Loans made to individual clients; **Trust Bank product:** Loans made to a group of 15 or more self-selected members who co-guarantee the loan. They are drawn from the poorest sector. Groups also pursue social and spiritual goals; **Other loan products:** solidarity groups made of 5 or less members and village banks.

average of these six values comes an overall score. Partners are classified into three peer groups based on their scale of operations – small, medium and large according to the *MicroBanking Bulletin* criteria<sup>19</sup> – and are ranked by their overall performance. This ranking system has challenged Partners to change and grow through healthy competition, and has sparked some exciting exchanges of expertise and innovation from around the world.

The *Opportunity Quarterly* is a work in progress. Efforts are continuously made to improve the value of comparative information around the Network. For example, as the Opportunity International Network expands from NGOs to include Formal Financial Intermediaries (FFIs), several of the asset and equity based indicators used in the *Bulletin* are being incorporated in performance measurement.

### A Glance at the Performance of Opportunity International

The Financial and Product Analyses for the Opportunity International Network as of September 2001 are presented in Figures 1 and 2. As the regional differences highlight, portfolio quality is not as strong in Asia as in other regions, but outreach and efficiency are the strongest in that region. The Africa region is less efficient as measured by cost per dollar lent, but Eastern Europe ranks the lowest based on cost per loan, showing the need for a variety of indicators to gain a full perspective.

Differences also exist by product type. It is interesting to note that portfolio in arrears in Africa and Eastern Europe, in contrast to other regions, is higher for Trust Banks than individual loans. Whereas Trust Banks account for most of the loan portfolio in Africa, they account only for a small portion of the loan portfolio in Eastern Europe, illustrating the context-specific appropriateness of different products.

### Conclusion

As the Opportunity International Network has increased the value of comparative information, it has learned that while each indicator is important, it is impossible to understand or compare MFIs using any single indicator or report alone. Instead, an array of measures capturing the broad range of Network objectives gives a better picture of performance.

Opportunity International has also learned that comparative information, although essential, is only the first step—how that information is compiled, communicated, understood, and used is just as important. An ongoing discussion about average loan sizes has limited value if it remains only a discussion. And a discussion, let alone further analysis and decision making, has little or no value without high-quality, transparent information that can be used for comparisons.

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<sup>19</sup> The *MicroBanking Bulletin*, Issue No.6, April 2001, page 40.

## Financial Monitoring at the Développement International Desjardins: The Case of PAMÉCAS

Marisol Quirion

Created in 1970, Développement International Desjardins (DID) is a Canadian institution that specializes in providing technical support and investment to the community finance sector in emerging or developing countries. DID is a subsidiary of the Mouvement Desjardins, a large cooperative financial conglomerate.

This article illustrates the financial performance of one of DID's partners.<sup>20</sup> PAMÉCAS is a network of cooperatives created in 1996 in the urban and semi-urban area of Dakar, Senegal. The 28 saving and credit cooperatives making up the institution are gathered under a second level structure called National Union, mandated to offer centralized services to its member-owners, the cooperatives. Services supplied by the cooperatives to their members include savings products, both short and long term, and individual and group loan products.

### Financial Monitoring and Benchmarking

The analysis of financial indicators allows DID to monitor and assess the evolution and financial health of its partners. All DID partners are expected to complete a 3-page form twice a year that requires information useful for DID's biannual Management Report. This report provides indicators that measure individual performance and allows DID to develop performance standards.

DID measures microfinance success on six complementary dimensions: Profitability and Viability; Efficiency; Balance Sheet Structure; Asset Quality; Growth; and Outreach and Impact. All indicators are calculated on a consolidated basis, thus making it possible to evaluate the financial situation of the entire institution. However, analysis is also done for each cooperative individually. Data are presented on an annualized basis to facilitate comparisons between the various partners. Finally, DID pays careful attention to trends in the performance indicators, as shown in Figure 1.

### Comments on PAMÉCAS Performance

#### *Profitability*

Regardless of its structure or legal form, a microfinance institution must generate sufficient revenue to cover its costs in open market and competitive environments. Therefore, DID adjusts financial

<sup>20</sup> The term 'Partner' refers to any autonomous financial institution that DID is involved with in various countries.

statements to take into account the effects of inflation, subsidies on the cost of funds, and any other in-kind subsidies (such as technical assistance) or donations to calculate the Adjusted Return on Assets (AROA).

PAMÉCAS's AROA increased from -4.0 to 2.2 percent during the period covered in the analysis (June 1999 to June 2001). The network as a whole showed consistent increase in its financial self-sufficiency ratio, reflecting increased capacity to cover all operating costs, including adjustments. As of June 2000, the network had reached financial self-sufficiency.

#### *Efficiency: Cost Control and Productivity*

The productivity of employees appreciably increased during the period, with loan officers averaging more than 500 borrowers<sup>21</sup> and a level of 853 customers per employee as of June 2001. These high levels, due to PAMÉCAS' significant growth, should decline as the network recruits new staff. While increasing productivity should be encouraged, precautions should be taken to ensure that the increased caseloads do not translate into lower portfolio quality.

This context of growth also explains the improvement of expense indicators. Indeed, PAMÉCAS presents an administrative expense ratio (total adjusted administrative expenses/average loan portfolio) of 14.5 percent in June 2001 (corresponding to US\$9 per client), compared to 24.7 percent a year earlier.

#### *Importance of Capital Structure and Growth*

To evaluate the performance of cooperatives, three elements should be followed closely: rate of growth of savings and credit, evolution of non-productive assets, and size of equity. The faster growth in credit than savings over the period (as shown by the ratio "Loans as percentage of savings") required PAMÉCAS to mobilize external financing sources.

<sup>21</sup> Number of borrowers is defined as number of individual loans + (number of group loans \* average number of people in each group).

Figure 1: Summary Statistics for PAMÉCAS\*

INDICATORS (US\$)		June 30, '99	Dec 31, '99	June 30, '00	Dec 31, '00	June 30, '01
Profitability	Adjusted return on assets (AROA) (%)	-4.0	-3.6	0.3	1.8	2.2
	Operating self-sufficiency (%)	89.8	111.3	132.9	158.1	165.6
	Financial self-sufficiency (%)	66.7	81.3	101.7	112.2	118.4
Efficiency	Number of borrowers per loan officer	152	485	495	423	532
	Loan portfolio per loan officer (US\$)	47,018	63,496	81,910	117,128	111,167
	Administrative expense ratio** (%)	17.0	27.3	24.7	18.8	14.5
	Number of clients***/ staff	N/A	N/A	N/A	977.4	852.9
	Loans as percentage of savings (%)	56.0	67.5	68.8	82.2	72.8
	Average outstanding loan (US\$)	309	131	166	277	209
	Average savings balance (US\$)	84	55	56	59	62
Structure	Outstandings loans/ total assets (%)	48.6	51.0	51.1	61.3	55.6
	Non productive assets/ total assets (%)	2.3	1.8	1.5	1.5	1.5
	Savings/ total assets (%)	86.8	75.7	74.2	74.6	76.4
	Equity/ total assets (%)	13.0	13.5	13.2	15.5	16.2
Asset quality	Portfolio at risk, 1 day (%)	1.6	0.8	1.2	4.2	2.7
	Portfolio at risk, 30 days (%)	0.8	0.4	0.6	1.9	1.3
	Portfolio at risk, 90 days (%)	0.2	0.2	0.2	1.2	0.6
Growth	Membership growth (%)	85.1	132.5	114.8	48.3	36.6
	Savings growth (in local currency) (%)	107.8	82.3	53.4	68.9	59.6
	Loan growth (in local currency) (%)	127.3	98.2	88.5	105.9	68.8
Outreach and impact	Number of members**	37,792	42,806	53,893	64,432	75,134
	Number of clients	37,792	65,242	81,169	96,760	110,878
	Average number of members per Cooperative	1,400	2,416	2,899	3,456	3,960
	Volume of savings (US\$)	3,190,198	3,577,060	4,522,378	5,699,564	6,870,068
	Volume of outstanding loans (US\$)	1,786,669	2,412,865	3,112,578	4,685,131	5,002,525
	Total assets (US\$)	3,677,230	4,726,944	6,096,211	7,642,564	8,989,804

\*Selected indicators from in-depth analysis carried out biannually by DID.

\*\*The administrative expense ratio is defined as total administrative expenses/ average total loan portfolio.

\*\*\* The term "member" refers to individuals and/or groups who have acquired a social share of the cooperative, whereas the term "clients" refers to the to individual members and all group members (equals number of individual members + [number of groups \* average number of people in each group]) that have savings and/or loan products with PAMÉCAS.

The loan portfolio represented an increasingly significant proportion of total assets, but stayed below recommended levels of 60 or 70 percent, to maintain tight quality control.

#### Asset Quality

Although the results are better than the *Bulletin* peer group for the end of 2000 (1.2 percent for the portfolio at risk over 90 days compared to 1.5 percent for the Africa Large *Bulletin* peer group), the portfolio at risk (PAR) is showing signs that it will be necessary to remain attentive, especially in the context of high growth. PAR (over 1 day) went up during the analyzed period, from 1.6 to 2.7 percent, while the volume of outstanding loans almost tripled.

#### Outreach and Impact

As of June 2001, PAMÉCAS had more than 110,800 clients, including 75,000 members, and mobilized an average of US\$62 per saver. The av-

erage outstanding loan was US\$209 (equivalent to less than 50 percent of GNP per capita) in Senegal.

#### Conclusion

With the help of these indicators, it becomes possible to compare the partners' performance and identify best practices. Benchmarking of DID partners to regional averages and the *Bulletin* peer groups has helped motivate higher levels of achievement, and identify institutional weaknesses. The main objective of performance monitoring is to help our partners reach financial viability as fast as possible.

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## Women's World Banking: Performance Standards and Transparency

Ann Miles

The Women's World Banking (WWB) network, composed of 40 affiliates, affiliates-in-information and associates, is committed to transparency. Upon affiliation, members agree to share information and meet performance standards set by consensus among members. WWB's outreach is also extended to two associated networks:

- a) The **Global Network for Banking Innovation** in Microfinance (GNBI), comprised of 21 regulated financial institutions that provide retail and wholesale microfinance services;
- b) The **Africa Microfinance Network** (AFMIN) that includes ten national networks committed to building common performance standards, institutional capacity and policy changes.

### Setting Performance Indicators and Standards: The Process

To promote transparency, accountability and sharing of results and lessons with other members, WWB initiated performance monitoring in 1983 using the Affiliate Self-Assessment (ASA) tool that solicited information on the characteristics and impact of the affiliate's credit, savings and training activities. Indicators included the number of clients, average loan and deposit sizes, poverty level of clients, and end-use of loans. In 1993, WWB created the Affiliate Financial Update (AFU) to capture financial information and key performance ratios.

The process of setting performance standards at WWB started in the mid-1990s and has evolved over time. Initial efforts were made at the WWB's 1994 global meeting where the affiliates agreed to a set of key performance indicators to measure outreach, efficiency, portfolio quality and sustainability.

At the same time, WWB played a leading role with other microfinance practitioners and donors in building performance standards for the microfinance industry. In 1994, WWB convened 40 of the world's microfinance retail and network organizations, and members of the donor community, for the "United Nations Expert Group on Women and Finance". At that meeting, a set of key performance indicators for the microfinance industry was developed. These were shared with the Donor's Committee for Small and Microenterprises that formally adopted them in 1995.

In 1997, at the WWB regional meetings held in Africa, Asia, Latin America, and Europe, WWB affiliates established interim regional performance standards as a first step toward building network-wide **minimum absolute standards** and **incremental performance targets**. These were agreed upon by the affiliates in 1998.

WWB has approached performance indicators and standards through a consensus-building process that engaged affiliate leaders. This process has resulted in:

- High performing affiliates pressuring low performing affiliates to adopt solid standards;
- Authority to utilize common standards as the criteria for accessing technical and financial services from the WWB network;
- Grounds for disaffiliating low-performing affiliates;
- The promotion of transparency and accountability.

### Network Performance Standards

Performance indicators and standards agreed upon by WWB affiliate leaders during the 1998 WWB Global Meeting are summarized in Figure 1.

Five core performance indicators were chosen by affiliates because they were consistent with WWB's paradigm of sustainability and impact. These standards reflected what was most relevant to affiliates at that time. Operational and financial self-sufficiency (OSS and FSS) ratios were chosen rather than profitability ratios such as return on assets since the objective was for affiliates to move towards self-sufficiency rather than focusing on profit generation.

WWB works globally and does not promote a single methodology or structure. Therefore, efforts were made to choose indicators that could reflect performance of MFIs that operate in diverse regions, using different methodologies, and employ various governance structures. WWB has been flexible in revising the indicators in accordance with industry developments. For example, in 1998 repayment rate was the most common indicator used by the industry to evaluate portfolio quality. Since then, portfolio at risk has become a more recognized measure.

**Figure 1: Core Performance Indicators and Standards for WWB Partners**

Indicators	Minimum Absolute Standard	Annual Incremental Targets
<b>I. Outreach</b> Number of active borrowers	2,500	25% (e.g. move from 2,000 to 2,500)
<b>II. Portfolio Quality:</b> Repayment rate at 30 days Principal repaid/ (principal repaid + principal > 30 days past due)*	95%	Maintain > 95%
<b>III. Efficiency:</b> Cost per unit of money lent (Operating expenses)/ (average gross outstanding portfolio)	35%	-25% until it reaches 20% (e.g. with 0.40 cost per outstanding unit lent, need to reduce by 10%)
<b>IV. Operational Sustainability</b> (Operating income)/ (operating expenses)	90%	+15 percentage points until it reaches 100% (e.g. moving from 50% to 65%)
<b>V. Financial Sustainability</b> (Operating income)/ (operating expenses and imputed cost of capital)**	75%	+ 15 percentage points until 100% (e.g. moving from 50% to 65%)

Source: Affiliate Performance Updates, Women's World Banking.

\* Principal repaid over the course of the period; principal more than 30 days past due at the end of the period.

\*\* Imputed cost of capital = [(avg. equity – avg. net fixed assets) \* inflation rate] + [(avg. funding liabilities \* commercial lending rate) – interest paid on liabilities].

### Affiliate Performance 1996-2000

WWB evaluates affiliates' performance against these standards on an annual basis—semi-annually for those who access WWB financial products. Network members share their results at regional and global meetings, best practice workshops and during technical service visits to affiliates. Analysis of this data helps support mutually agreed upon action plans for the year. The indicators identify areas where affiliates can improve, and provide a valuable benchmarking tool. Furthermore, to qualify for certain financial products and services, WWB affiliates must meet additional financial standards for portfolio at risk, write-offs, portfolio composition, adjusted return on assets and leverage.

The trends for the past five years have been positive, with the majority of the affiliates now attaining the minimum performance standards set for the network and achieving operational self-sufficiency. The breadth of outreach has substantially improved and the average loan balance has declined over these five years, indicating the increased depth of outreach.

The 30-day repayment rate continues to be high at 98.5 percent and portfolio at risk at 30 days is strong, averaging 2.7 percent for the group (see Figure 2). The general improvements in performance over the past five years are directly and indirectly attributable to the performance monitoring system. The direct effect is that managers have better information for making policy and operational decisions, and they see how they are performing in comparison to their peers. The indirect effect is that WWB and the affiliates can use this information to identify technical assistance needs and priorities.

The WWB network has agreed on actions to bring affiliates into compliance with absolute network standards for the fiscal year ending 2001. Affiliates not making rapid progress towards that goal are being considered for disaffiliation.

The core performance indicators and standards only provide the WWB network with simple guidelines to assess portfolio quality, self-sufficiency and cost-effectiveness. WWB requests a variety of information to develop a full financial picture of the affiliate, including the Affiliate Performance Update (APU), audited financial statements, portfolio information, Microfin projections and external ratings (where available).

The Affiliate Performance Update (APU) was introduced in 1999 by merging the Affiliate Self-Assessment (ASA) and the Affiliate Financial Update (AFU) to track both performance and impact indicators. Additional indicators were included in the APU, such as the loan write-off ratio, and adjusted return on total assets and adjusted return on performing assets. The affiliates are now monitored using the APU. This tool complements and reinforces the network-wide performance standards and advances other strategic goals. When WWB collects APUs from microfinance affiliates, the data are generally supplemented with audited annual financial statements and portfolio reports for validation.

**Figure 2: Performance of the WWB affiliates, 1996 to 2000**

	1996	1997	1998	1999	2000*
Number of affiliates reporting	22	24	28	28	23
Number of active borrowers	91,980	146,633	211,708	267,412	340,032
Gross outstanding loan portfolio (US\$)	22,057,504	31,251,181	42,742,099	53,214,037	62,675,169
Average loan balance (US\$)	240	213	202	199	184
Repayment rate at 30 days (%)	97.4	95.3	94.5	97.9	98.5
Portfolio at risk at 30 days (%)	4.8	8.2	4.4	3.9	2.7
Cost per unit of money lent (US\$)	0.23	0.25	0.26	0.25	0.21
No. of affiliates with 100% Operational Self-Sufficiency	10	10	11	14	17
No. of affiliates with 100% Financial Self-Sufficiency	2	6	4	8	10

Source: Affiliate Performance Updates, Women's World Banking.

\* Of the 40 members in the network, three are 'affiliates-in-information' and seven are primarily organizations that have no direct credit and savings programs. The results for these affiliates are not included in the table. Data on seven additional affiliates are not yet available for 2000. Repayment rate and costs per unit lent are based on a weighted average of outstanding portfolio.

## Conclusion

As the performance standards of the network become the norm, WWB anticipates new discussions on performance indicators and standards for the future. It is encouraging to note that WWB associates such as GNBI disclose information similar to WWB members in the WWB directory and that AFMIN members are developing a system of

agreed performance indicators. These developments reinforce the commitment to transparency and high performance standards, and to the exchange and sharing of knowledge.

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## Performance Monitoring at ACCION: Tools and Network Results

Lynne Curran

ACCION International works with affiliates and partner institutions in Latin America, the United States, and Africa. This article presents the experience of performance monitoring of ACCION's Latin American network. ACCION uses both on- and off-site performance monitoring methods; the on-site system is mentioned briefly in the article, but the main focus is on the off-site performance monitoring.

### The Tools

ACCION International currently works with two complementary monitoring systems: the ACCION CAMEL and the Quarterly Financial Report.

#### *The ACCION CAMEL*

ACCION's most well known, and in-depth tool, was developed in 1992 as an on-site financial assessment for microfinance institutions.<sup>22</sup>

#### *The Quarterly Financial Report ('Informe Financiero Trimestral')*

This report, which ACCION began to use in the off-site analysis of its Latin American Network members in 1997, was significantly altered in 1999 to include some key CAMEL adjustments.<sup>23</sup> It includes client statistics, a portfolio-aging schedule, liability structure, and financial statements. It automatically calculates key ratios and indicators, which can be used as a management tool by MFIs to compare their performance to optimal standards.

In addition, ACCION produces an internal newsletter for network members four times a year, *MicroNoticias* ("MicroNews"), that includes an in-depth analysis of network performance during the quarter, as well as comparative charts and tables of key portfolio and financial indicators for all institutions in the network, classified by peer groups<sup>24</sup> (see Figure 2). With this information, the affiliates can benchmark their performance against other network members.

<sup>22</sup> The ACCION CAMEL experience is documented in Saltzman, Sonia B., Rachel Rock and Darcy Salinger. (1998). *Performance and Standards in Microfinance: ACCION's Experience with the CAMEL Instrument*. Washington, DC: ACCION International.

<sup>23</sup> Principal CAMEL adjustments included in the quarterly report are inflation, loan loss provisions, accrued interest, donations and subsidized debt. For further details, please see: Saltzman, Sonia B. and Darcy Salinger. (September 1998). *The ACCION CAMEL Technical Note*. Washington, DC: ACCION International.

<sup>24</sup> The peer groups are currently: regulated institutions, institutions in transformation and NGOs. The latter two are combined in this article.

### ACCION's Experience with Off-Site Performance Monitoring

ACCION has been struggling with the concept of off-site performance monitoring for many years. There was very little off-site performance monitoring prior to 1997, except for the monitoring of institutions accessing the Latin America Bridge Fund.<sup>25</sup> Instead, institutions in the network were only required to submit simple monthly statistics that were disseminated "as-is" on an annual basis.

Partly due to the collapse of its Colombian affiliate Finansol<sup>26</sup> in 1997, ACCION recognized the importance of regularly analyzing and monitoring the performance of affiliate institutions. To avoid a similar occurrence in the future, ACCION decided that one solution was to monitor affiliate performance more closely, looking out for signs of trouble.

With this new focus, ACCION redesigned the quarterly report used to analyze the performance of institutions accessing the Bridge Fund, and disseminated the new version to the entire network. Over the next few years, ACCION established a "Financial Analysis Unit" dedicated to data collection and analysis of the quarterly financial reports and monthly statistics. The Financial Analysis Unit also works closely with the Capital Markets Department, which manages the Latin America Bridge Fund and the Gateway Fund (ACCION's equity investment fund), to minimize duplication of reporting.

Although our off-site performance monitoring and financial analysis is becoming increasingly valuable, both to ACCION as well as its affiliates, off-site monitoring cannot replace the in-depth analysis we carry out during on-site CAMEL evaluations.

### What do the Tools Tell Us?

The following is excerpted and adapted from the quarterly financial analysis report of the ACCION Latin American Network, for the quarter ended March 31, 2001. Included here is the more general peer group analysis, with ranges and averages of various indicators for the institutions in the peer groups.

<sup>25</sup> ACCION's guarantee fund. For further information, please see Stearns, Katherine. (1993). *Leverage or Loss? Guarantee Funds and Microenterprise*. Washington, DC: ACCION International.

<sup>26</sup> For further information on the collapse of Finansol, see: Steege, Jean. (1998). *The Rise and the Fall of Corposol: Lessons Learned from the Challenges of Managing Growth*. Bethesda MD: Microenterprise Best Practices (MBP) Project, Development Alternatives/ USAID.

### Macroeconomic / Legal Environment

Recent economic slowdowns, recessions, and crises in many countries throughout Latin America have posed challenges to microfinance institutions trying to maintain healthy loan portfolios and expand their reach. Additionally, political changes in some countries are causing uncertainty regarding banking regulations.

As experienced in previous periods of economic uncertainty, populist politicians become more attractive to voters on the lower rungs of the economic ladder as they make promises of debt forgiveness, interest rate caps, and other tactics that negatively impact the ability of MFIs to serve current clients and to reach more microentrepreneurs in a sustainable manner.

### Growth

In spite of the problems the region has faced in the last two years, the Latin American Network demonstrated strong growth in active clients in the twelve-month period from March 31, 2000 to March 31, 2001. The number of active clients served by the ACCION Network increased by over 17 percent in the period, from 401,993 at March 31, 2000 to 471,534 at March 31, 2001 (see Figure 1).

The overall active portfolio managed by the Network grew 17 percent during the period, from US\$238.8 million at March 31, 2000 to US\$280.3 million at March 31, 2001.

**Figure 1: ACCION's Latin American Network – Outreach Indicators (as of March 31, 2001)\***

	Regulated Institutions (n=8)	NGOs** (n=10)	Total Network (n=18)
No. Active Clients	245,453	226,081	471,534
Total Outst. Loan Portfolio (million US\$)	199.1	81.2	280.3
Avg. Disbursed Loan Balance (US\$)	682	537	635
Avg. Outstanding Loan Balance (US\$)	678	359	520
Avg. First Loan (US\$)	658	377	537
Depth = Average Loan Balance/ GNP per Capita (%)	28.8	12.1	20.4

Source: ACCION International internal reports.

\*Averages here do not necessarily include all institutions, due to differing reporting formats. Averages also exclude the one primarily small/medium business lender in the network.

\*\*Including affiliates transforming into regulated institutions.

### Average Loan Balance

Seven of the 18 Latin American affiliates target the low-end market, defined as institutions with average loan balances less than 20 percent of the country's GNP per capita. The remaining 11 institutions have average loan balances that are less than 30 percent of their GNP per capita.

### Key Financial Indicators

The financial ratios in Figure 2 are based on annualized figures for 2000 (12-month period ending December 31, 2000), as opposed to the growth statistics in the previous section, which cover the twelve-month period ending March 31, 2001. The ratios included are not CAMEL-adjusted and are based on self-reported data.

**Figure 2: Sample "MicroNoticias" Comparative Chart: ACCION's Latin American Network (December 31, 2000)**

CAMEL OPTIMAL RANGE				Capital Adequacy		Asset Quality		Efficiency		Earnings				
				< = 6.0X		< 3%		< 20%		> 3%		> 15%		
	Number of Active Clients		Microfinance Portfolio (million US\$)		Leverage (Risk Assets/ Equity)		Portfolio at Risk >30 Days/ Total Portfolio (%)		Administrative Expense/ Average Portfolio (%)		Net Operating Income/ Average Assets (%)		Net Operating Income/ Average Equity (%)	
	Range	Avg.	Range	Avg.	Range	Avg.	Range	Avg.	Range	Avg.	Range	Avg.	Range	Avg.
Regulated Institutions (n=8)	3,101 to 64,141	29,447	3.0 to 77.8	24.1	0.9X to 5.0X	3.0X	0.4 to 19.7	7.9	11.6 to 54.9*	24.9*	-3.1 to 51.1*	8.9*	-15.6 to 60.6	9.5
NGOs** (n=7)	3,604 to 15,148	10,605	1.3 to 11.1	4.4	0.7X to 2.7X*	1.3X*	1.6 to 15.5*	9.0	13.8 to 58.9	36.2	-1.6 to 29.9	11.4	-2.4 to 41.5*	20.2
Total Network (n=15)	3,101 to 64,141	20,654	1.3 to 77.8	14.9	0.7X to 5.0X*	2.2X*	0.4 to 19.7*	8.4	11.6 to 58.9*	31.0*	-14.2 to 51.1*	10.2*	-22.8 to 60.6	14.9

Source: ACCION International internal reports.

\*Extreme outlier excluded

\*\*Including transforming institutions

### Asset Quality

In terms of portfolio quality, most institutions in the Network were facing high portfolio at risk rates at year-end 2000, when we consider that the CAMEL optimal range is less than 3 percent portfolio at risk over thirty days. However, we do note the important accomplishment of eight institutions in improving the quality of their portfolios during the year.

Among the regulated institutions, four reported excellent portfolio quality, and two had portfolio at risk over thirty days under 1.0 percent. However, it is interesting to point out that the difficult economic environment in a few countries (including Bolivia) negatively impacted the portfolio quality of large institutions in the Network, which brought the overall average portfolio at risk for the peer group to 7.9 percent.

### Administrative Efficiency

CAMEL performance standards hold that highly efficient institutions have total administrative expenses of less than 20 percent of average portfolio. The indicators for operating efficiency for the year ending December 31, 2000 range from a low of 11.6 percent to a high of 54.9 percent, when the extreme outlier is excluded. The average administrative efficiency ratio for regulated institutions in the network is notably lower than that for NGOs and transforming institutions (24.9 vs. 36.2 percent).

### Profitability

CAMEL performance standards target a return on assets (net operating income/average assets) over 3 percent. Although five institutions in the network reported losses for 2000, overall averages show that the institutions are maintaining excellent profitability levels.

### Leverage

The CAMEL optimal indicator of leverage for microfinance institutions is less than or equal to 6.0 times (X) the risk-weighted assets to total equity. At December 31, 2000, when one extreme outlier is not considered, the ratio for Network members ranged from a low of 0.7X to a high of 5.0X, all within the CAMEL range.

Seven institutions reported leverage under 2.0X at December 31, 2000, and could most likely increase their level of indebtedness to expand loan portfolios and outreach, thus sustaining significantly higher leverage ratios while remaining within the CAMEL range. Of those seven institutions with very low leverage, it is important to note that only two were regulated institutions, reflecting the increased ability of regulated institutions to diversify funding sources and access private funding.

### Lessons

The performance monitoring and analysis of the network has proven to be quite valuable to ACCION, at all levels, from technical assistance teams to our own board of directors. Additionally, one of the most valuable outcomes of the performance monitoring by the Financial Analysis Unit has been the feedback and analysis to affiliates. MFI managers like to see how their institutions compare with others, and enjoy noting improvements in comparative standings. To increase the effectiveness of off-site performance monitoring, the financial analysis team has been visiting affiliates to learn from them how it could be improved and to provide technical assistance on the reports and analysis.

As reported in the SEEP study<sup>27</sup>, there are many challenges to monitoring the performance of affiliate institutions effectively. The main problem is for affiliates to submit reports on a timely basis, as they are overwhelmed with reporting requirements and information requests. For this reason, ACCION has tried to make the quarterly report "user friendly", and has been working with donors and other agencies to reduce the reporting burden of affiliates. One of the first such collaborations is with the *MicroBanking Bulletin*, to facilitate reporting requirements of affiliates participating in the project.

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<sup>27</sup> Brown, Warren, Tony Sheldon and Charles Waterfield. (September 2000). *SEEP's Financial Services Working Group Performance Monitoring Systems Project*. Washington, DC: The SEEP Network, Unpublished Draft.

## From Performance Monitoring to Banking Supervision: The PA-SMEC Experience in West Africa

Luc Vandeweerd and Eric Ekue

PA-SMEC (Programme d'Appui aux Structures Mutualistes ou Coopératives d'Épargne et de Crédit)<sup>28</sup> supports microfinance institutions in West Africa. Initiated in 1992 by the International Labour Office (ILO) and the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO or Central Bank of West African States), it covers eight countries in the West African Monetary Union (WAMU).

PA-SMEC seeks to integrate microfinance into the regular activities of the Central Bank, including bank supervision, monetary policies and market development. To do so, it engages in four main activities: collecting and disseminating information about microfinance, capacity-building, engaging in policy dialogue and, occasionally, providing direct support (technical support and capacity building).

The most prominent of these activities is the collection of microfinance performance data. Since 1994, PA-SMEC has been building a database that currently covers 300 MFIs in seven of the eight countries<sup>29</sup> of the WAMU, which is approximately 85 percent of the MFIs operating in the region.

The database is updated and published every two years. The information includes financial data required by the current regulations, such as financial statements and annual reports. The database is published by country, and in an aggregate format for the whole region. The fourth edition of the database published in June 2001 includes data up to 1999.<sup>30</sup> In the future, the data will also be available through the BCEAO and ILO (Social Finance) websites, permitting a wider and easier access. The confidentiality of some data will be protected.

### Structure of the PA-SMEC Database

The contents of the database have evolved over time, and will continue to evolve, to include an increasing amount of financial and statistical data on

MFIs. The database report is currently divided into 3 parts:

**Part I:** Overview of the social and economic environment of the country, including regulations affecting the financial sector and interactions with other financial markets

**Part II:** Analysis by key characteristics (i.e., target market, methodology, products), financial structure (asset and liability analysis) and performance, as well as the social and economic impact

**Part III:** Annexes that contain statistical information on general and financial data (see Figure 1)

### Database Analysis

The database enables the Central Bank to analyze the performance of the microfinance industry by country and sub-region. They look carefully at a range of issues, including:

- Asset and liability structure of each individual MFI, groups of MFIs and all MFIs in a given country
- Level of parity between men and women (clientele, management, board)
- Variations in the quality of the loan portfolio
- Impact on poverty alleviation by looking at the number and value of transactions
- Level of financial self-sufficiency
- Pricing of products
- Level of dependence on donors for capital and technical assistance
- Depth of outreach – what market segments are they serving?
- Breadth of outreach – do most communities have access to financial services?

It is interesting to note that, while the BCEAO is fundamentally concerned about maintaining the health of the financial system and protecting small depositors, the PA-SMEC database serves a broader purpose than just off-site banking supervision. In fact, the Central Bank department tasked with this responsibility is called the Mission for the Regulation and Development of Microfinance.

<sup>28</sup> In English, it is the Support Program for Mutual Savings and Credit Institutions and Credit Unions.

<sup>29</sup> Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal and Togo. The first data gathering is taking place in Guinea-Bissau, which just joined the Union. All countries in the Union share a common currency, the CFA Franc.

<sup>30</sup> Access to the database is free for participating MFIs, and available for 10,000 CFA Francs, or about \$15, for others. It can be ordered through PA-SMEC c/o Office of the OIT – P.O. Box 414, Dakar, Senegal. Orders can also be faxed to (221) 823-3581 or ordered by e-mail at [pasmec@telecomplus.sn](mailto:pasmec@telecomplus.sn).

Figure 1: Sample Data from the PA-SMEC Database, WAMU Aggregates, December 1999

<b>Staffing</b>	Number of Management Staff 2,151	Number of Local Staff 3,719	Number of Expatriates 31	Total Number of Employees 5,901			
<b>Operating Income</b>	Financial Income (% of total operating income) 56.8	Other Income* (% of total operating income) 24.6	Reversal of Amortization (% of total operating income) 0.2	Reversal of Provisions** (% of total operating income) 11.7	Exceptional Income (% of total operating income) 6.7	Total Operating Income (%) 100.0	
<b>Operating Expenses</b>	Financial Expense (% of total operating expenses) 9.7	Loan Loss Provision Expense (% of total operating expenses) 20.0	Personnel Expense (% of total operating expenses) 22.5	Depreciation Expense (% of total operating expenses) 7.2	Other Administrative Expense (% of total operating expenses) 37.5	Exceptional Expense (% of total operating expenses) 3.1	Total Operating Expenses (%) 100.0
<b>Sources of Funds</b>	Total Savings (US\$***) 152,854,630	Number of Savers 1,572,785	Average Savings Balance (US\$) 97	Paid-in Capital (US\$) 48,701,197	Borrowings (US\$) 20,677,608	Donations (US\$) 12,811,737	Restricted Funds (US\$) 5,177,383
<b>Uses of Funds</b>	Total Outstanding Loan Portfolio (US\$) 148,637,119	Number of Loans 390,300	Average Loan Balance (US\$) 381	Total Value of Loans Disbursed During the Year (US\$) 162,927,942	Total Number of Loans Disbursed During the Year 435,937	Portfolio at Risk > 90 days (US\$) 14,980,905	Delinquency Rate (%) 10.1

Source: PA-SMEC Data Bank on Microfinance Institutions – West African Monetary Union 1999, 4<sup>th</sup> Edition (2001), MRDM – Central Bank of the West African States and International Labour Organization.

\*Other Income includes operating subsidies.

\*\*Adjustment account used when the MFI collects on past due loans that it had previously provisioned for.

\*\*\*1 US\$ = 652.95 CFA Francs, International Monetary Fund Statistics, 1999.

## Lessons

Other Central Banks that are interested in monitoring the performance of microfinance in their countries often look to the BCEAO for lessons:

- Data collection is a learning experience for all involved. The Central Bank needs to learn what information is appropriate and relevant to collect from MFIs, and the MFIs need to learn how to produce on a timely basis the data required. This process requires an ongoing and open dialogue, and it may take time;
- Bank supervision does not have to be the primary objective at the beginning. It is only in recent years that PA-SMEC has evolved into an off-site supervision tool, and then only for the largest MFIs;
- The information generated through the PA-SMEC database helped the Central Bank design the regulatory framework for MFIs. This information is a precondition for efficient interventions of the monetary authorities, it facilitates the creation of performance standards, and it in-

roduces a healthy dose of competition in performance among MFIs;

- To improve the quality of financial data, it requires a common accounting system, including a standard chart of accounts, and a common definition of key terms and ratios. Achievement of these objectives is likely to require a significant investment in training and capacity building of MFIs.

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# BULLETIN TABLES

## An Introduction to the Peer Groups and Tables

### Setting up the Peer Groups

The MicroBanking Standards Project is designed to create performance benchmarks against which managers and directors of microfinance institutions can compare their own performance with others. Since the microfinance industry consists of a range of institutions and operating environments, some with very different characteristics, an MFI needs to be compared to similar institutions for the reference points to be useful.

The *MicroBanking Bulletin* addresses this issue with its peer group framework. Peer groups are sets of programs that have similar characteristics—similar enough that their managers find utility in comparing their results with those of other organizations in their peer group. The *Bulletin* forms peer groups based on three main indicators shown in Figure 1: 1) **region**; 2) **scale of operations**; and 3) **target market**.

Since regions demonstrate different growth patterns, however, we have regionalized the scale criterion by raising the bar in some areas and lowering it in others. The *Bulletin* also has a category for target market: Small Business. To fall into this category, the depth indicator (average loan balance/ GNP per capita) needs to exceed 250 percent.

Besides these three primary indicators, the *Bulletin* also applied two secondary criteria to further homogenize the peer groups. First, all Latin American **credit unions** are grouped together, as are rural or community banks in Africa. Since these organiza-

tions are savings-driven (unlike most MFIs, which are credit-driven), they have a unique cost structure that makes comparison with other MFIs less useful.

The other secondary criterion applied in Latin America (for institutions that fall in the low-end category) is the **country income level**. The operating conditions in upper income (UI) countries, such as Argentina, Brazil and Chile, in terms of labor markets, levels of productivity, and customer characteristics that are quite distinct from the lower income (LI) countries in the region, and the large number of institutions offering low-end loans justify the breakdown into multiple peer groups.

### Peer Group Composition

The members of each peer group are listed in Figure 2 on the following page, and more detailed information about each institution can be found in Appendix II on page 85.

### Data Quality and Statistical Issues

Since the *Bulletin* relies primarily on self-reported data, we have graded the quality of that information based on the degree to which we have independent verification of its reliability. The data quality grade is NOT a rating of the institution's performance.

In the statistical tables that follow, the averages for each peer group are calculated by dropping the maximum and minimum values for each indicator. For the entire sample of MFIs, the top and bottom deciles were excluded. For more details on both Data Quality and Statistical Issues, see Appendix I on page 81.

Figure 1: Primary Peer Group Criteria

Region	Scale of Operations*	Target Market
	Total gross loan portfolio outstanding (US\$)	Average loan balance/ GNP per capita
Africa	Large: > 5 million	Low-end: < 20% <u>or</u> avg. loan balance ≤ US\$150
MENA**	Medium: 800,000 to 5 million	
Asia (Central)	Small: < 800,000	
Asia (Pacific)	Large: > 8 million	Broad: 20% to 149%
Asia (South)	Medium: 1 to 8 million	High-end: 150 to 249%
Asia Large	Small: < 1 million	
Eastern Europe	Large > 10 million, Medium: 1.5 to 10 million Small: < 1.5 million	Small Business: ≥ 250%
Latin America	Large > 12.5 million, Medium: 1.5 to 12.5 million Small: < 1.5 million	

\*Criteria for classification of scale of operations varies by region. See corresponding group of regions.

\*\*MFNA = Middle East & North Africa

Figure 2: A Guide to the Peer Groups

PEER GROUP	N	DATA QUALITY GRADE† (No. of MFIs with each grade)			PARTICIPATING INSTITUTIONS *
		AAA	A	B	
<b>1. Africa Community Banks and Cooperatives</b> Size: Small Target: Low-end	10	2	8	0	<b>Ahantaman, Amenfiman</b> , Asawinso, <b>FENACREP, FICA, Kintampo, MFAN</b> , MKRB, <b>Nkoranman</b> , Nsoatreman
<b>2. Africa Large</b> Size: Large Target: Broad	5	0	4	1	Kafo Jiginew, Nyésigiso, PADME, PAMÉCAS, PRIDE Tanzania
<b>3. Africa Medium</b> Size: Medium Target: Low-end/ Broad	7	0	3	4	Citi S&L, FINCA Malawi, FINCA Uganda, KWFT, SEF, UWFT, WAGES
<b>4. Africa Small</b> Size: Small Target: Low-end	7	2	1	4	Faulu, FINCA Tanzania, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance
<b>5. Middle East &amp; North Africa</b> Size: Small/ Medium Target: Low-end	7	1	3	3	ABA, Al Amana, Al Majmoua, FATEN, MFW, <b>RADE</b> , UNRWA
<b>6. LA Credit Unions</b> Size: All Target: Broad	14	0	14	0	15 de Abril, 23 de Julio, Acredicom, <b>Cacpeco</b> , Chuimequená, COOSAJÓ, Ecosaba, Moyután, Oscus, <b>Riobamba</b> , Sagrario, <b>San Francisco</b> , Tonantel, Tulcán
<b>7. LA Large</b> Size: Large Target: Broad/ High-end	11	1	9	1	Banco ADEMI, BancoSol, Banco Solidario Ecuador, Caja de Los Andes, Calpiá, CM Arequipa, FIE, FINAMÉRICA, Mibanco, PRODEM FFP, <b>Solución</b>
<b>8. LA Medium Broad</b> Size: Medium Target: Broad	9	0	6	3	ACODEP, ADRI, <b>BanGente</b> , Chispa, FAMA, FINSOL, FONDECO, <b>OEF</b> , ProEmpresa
<b>9. LA Medium Low LI</b> Size: Medium Target: Low-end	13	3	4	6	ACTUAR, ADOPEM, CAM, CMM Medellín, Compartamos, Crecer, FED, FINCA Honduras, FINCA Nicaragua, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras
<b>10. LA Small Low LI</b> Size: Small Target: Low-end	6	0	1	5	AGAPE, FINCA Ecuador, <b>FINCA Guatemala, FINCA Haiti</b> , FINCA México, FINCA Perú
<b>11. LA Low UI</b> Size: Small/ Medium Target: Low-end	6	0	4	2	Banco do Povo de Juiz de Fora, CEAPE/ PE, Contigo, Empreder, Portosol, Vivacred
<b>12. Asia Large</b> Size: Large Target: Low-end/ Broad	5	0	4	1	ACLEDA, ASA, BAAC, BRAC, BRI
<b>13. Asia (Pacific)</b> Size: Small/ Medium Target: Low-end/ Broad	9	1	4	4	<b>BPR-A, BPR-B, BPR-C, BPR-D</b> , CARD, EMT, Hatta Kaksekar, RSPI, TSPI
<b>14. Asia (South)</b> Size: Small/ Medium Target: Low-end/ Broad	10	7	3	0	AKRSP, Basix, BURO Tangail, FWWB India, <b>Grama Vidyaly</b> , KASHF, Nirdhan, SEEDS, SHARE, <b>Swayam Krushi</b>
<b>15. Asia (Central)</b> Size: Small/ Medium Target: Low-end	5	0	1	4	Constanta, <b>FINCA Azerbaijan</b> , FINCA Kyrgyzstan, <b>KCLF, XAC</b>
<b>16. Eastern Europe Medium</b> Size: Medium Target: Broad/ High-end	10	0	5	5	<b>BESA</b> , Fundusz Mikro, LOK, Mercy Corps, <b>MCM</b> , Mikrofin, Moznosti, NOA, SUNRISE, WVB
<b>17. Eastern Europe Small</b> Size: Small Target: Broad/ High-end	6	1	2	3	AMK, BOSPO, Inicjatywa Mikro, Nachala, <b>Oi-Russia, Prizma</b>
<b>18. Worldwide Small Business</b> Size: Medium/ Large Target: Small Business	8	2	3	3	ACEP, Agrocapiital, BDB, <b>BPR-E</b> , CERUDEB, FEFAD, MEB Bosnia, NLC
All MFIs	148	20	79	49	

† The *MicroBanking Bulletin* (MBB) uses the following grading system to classify information received from MFIs:

AAA The MBB questionnaire, audited financial statements, and annual report are supported by an in-depth financial analysis conducted by an independent entity in the last three years.

A The MBB questionnaire plus audited financial statements, annual reports and other independent evaluations.

B The MBB questionnaire or audited financial statements without additional documentation.

Abbreviations: MENA = Middle East & North Africa; LA = Latin America; UI = Upper Income countries; LI = Lower Income countries.

\* The institutions in **italics and bold** are new to the *Bulletin*. A short description of all institutions can be found in Appendix II on page 85.

## Index of Indicators, Terms, and Ratios

<i>INDICATORS, TERMS, and RATIOS</i>	<i>DEFINITIONS</i>
<b>INSTITUTIONAL AND OUTREACH INDICATORS</b>	
AGE OF INSTITUTION	Years functioning as an MFI (years)
NUMBER OF OFFICES	Total number of offices (including head office, regional offices, branches, agencies) (number)
NUMBER OF STAFF	Total number of employees (number)
NUMBER OF ACTIVE BORROWERS	Number of borrowers with loans outstanding (number)
PERCENT OF WOMEN BORROWERS	Total number of active women borrowers / total number of active borrowers (%)
<b>CLARIFICATION OF TERMS</b>	
OPERATING INCOME	Interest and fee income from loan portfolio + interest and fee income from investments + other income from financial services
OPERATING EXPENSE	Administrative expense + total interest expense + loan loss provision expense
ADJUSTED OPERATING INCOME	Interest and fee income from loan portfolio + interest and fee income from investments <u>net of accrued interest</u> + other income from financial services
ADJUSTED OPERATING EXPENSE	Administrative expense, <u>including in-kind donations</u> + <u>adjusted</u> total interest expense + <u>adjusted</u> loan loss provision expense
ADMINISTRATIVE EXPENSE	Personnel + office supplies + depreciation + rent + utilities + transportation + other administrative expenses
PERSONNEL EXPENSE	Staff salary + benefits expense
ADJUSTED TOTAL INTEREST EXPENSE	Interest and fee expense + exchange rate depreciation expense + other financial expense ( <u>including inflation expense + subsidy expense</u> )
ADJUSTED NET INTEREST MARGIN	Adjusted operating income - total interest expense
NET OPERATING INCOME	Operating income - operating expense
ADJUSTED NET OPERATING INCOME	Adjusted operating income - adjusted operating expense
ADJUSTED TOTAL EQUITY	Total equity, <u>including quasi-equity and adjusted net income</u>
ADJUSTED TOTAL ASSETS	Total assets, <u>including loan portfolio and inflation adjustment</u>
TOTAL GROSS LOAN PORTFOLIO	Total gross loan portfolio outstanding
<b>PROFITABILITY</b>	
ADJUSTED RETURN ON ASSETS (AROA)	<u>Adjusted net operating income</u> / Average total assets (%)
ADJUSTED RETURN ON EQUITY (AROE)	<u>Adjusted net operating income</u> / Average total equity (%)
OPERATIONAL SELF-SUFFICIENCY (OSS)	<u>Operating income</u> / Operating expense (%)
FINANCIAL SELF-SUFFICIENCY (FSS)	<u>Adjusted operating income</u> / Adjusted operating expense (%)
PROFIT MARGIN	<u>Adjusted net operating income</u> / Adjusted operating income (%)

**BULLETIN TABLES**

<b>RATIOS</b>	<b>DEFINITIONS</b>	
<b>INCOME &amp; EXPENSE</b>		
OPERATING INCOME RATIO	$\frac{\text{Adjusted operating income}}{\text{Average total assets}}$	(%)
OPERATING EXPENSE RATIO	$\frac{\text{Adjusted operating expense}}{\text{Average total assets}}$	(%)
NET INTEREST MARGIN RATIO	$\frac{\text{Adjusted net interest margin}}{\text{Average total assets}}$	(%)
PORTFOLIO YIELD (NOMINAL)	$\frac{\text{Operating income - accrued interest - interest and fee income from investments}}{\text{Average total gross loan portfolio}}$	(%)
PORTFOLIO YIELD (REAL)	$\frac{(\text{Portfolio yield (nominal)} - \text{inflation rate})}{(1 + \text{inflation rate})}$	(%)
TOTAL INTEREST EXPENSE RATIO	$\frac{\text{Adjusted total interest expense}}{\text{Average total assets}}$	(%)
ADJUSTMENT EXPENSE RATIO	$\frac{\text{Inflation and subsidy adjustment expense}}{\text{Average total assets}}$	(%)
LOAN LOSS PROVISION EXPENSE RATIO	$\frac{\text{Adjusted loan loss provision expense}}{\text{Average total assets}}$	(%)
PERSONNEL EXPENSE RATIO	$\frac{\text{Personnel expense + in-kind donations for personnel}}{\text{Average total assets}}$	(%)
OTHER ADMINISTRATIVE EXPENSE RATIO	$\frac{\text{Administrative expense + in-kind donations for administrative expenses other than personnel} - \text{personnel expense}}{\text{Average total assets}}$	(%)
TOTAL ADMINISTRATIVE EXPENSE RATIO	$\frac{\text{Administrative expense + in-kind donations}}{\text{Average total assets}}$	(%)
<b>EFFICIENCY</b>		
TOTAL ADMINISTRATIVE EXPENSE/ LOAN PORTFOLIO	$\frac{\text{Administrative expense + in-kind donations}}{\text{Average total gross loan portfolio}}$	(%)
PERSONNEL EXPENSE/ LOAN PORTFOLIO	$\frac{\text{Personnel expense + in-kind donations}}{\text{Average total gross loan portfolio}}$	(%)
OTHER ADMINISTRATIVE EXPENSE/ LOAN PORTFOLIO	$\frac{\text{Administrative expense + in-kind donations} - \text{personnel expense}}{\text{Average total gross loan portfolio}}$	(%)
<b>PRODUCTIVITY</b>		
AVERAGE SALARY	$\frac{\text{Average personnel expense + in-kind donations}}{\text{GNP per capita}}$	(times GNP per capita)
COST PER BORROWER	$\frac{\text{Administrative expense + in-kind donations}}{\text{Average number of active borrowers}}$	(US\$)
STAFF PRODUCTIVITY	$\frac{\text{Number of active borrowers}}{\text{Number of staff}}$	(number)
LOAN OFFICER PRODUCTIVITY	$\frac{\text{Number of active borrowers}}{\text{Number of loan officers}}$	(number)
STAFF ALLOCATION RATIO	$\frac{\text{Number loan officers}}{\text{Number of staff}}$	(%)
STAFF TURNOVER	$\frac{\text{Number of staff who left the MFI during the 12-month period}}{\text{Average number of staff during the 12-month period}}$	(%)
<b>OUTREACH AND PORTFOLIO QUALITY</b>		
AVERAGE LOAN BALANCE	$\frac{\text{Total gross loan portfolio}}{\text{Number of active borrowers}}$	(US\$)
DEPTH	$\frac{\text{Average loan balance}}{\text{GNP per capita}}$	(%)
PORTFOLIO AT RISK > 90 DAYS	$\frac{\text{Outstanding balance of loans overdue > 90 days}}{\text{Total gross loan portfolio}}$	(%)
<b>CAPITAL AND LIABILITY STRUCTURE</b>		
COMMERCIAL FUNDING LIABILITIES RATIO	$\frac{\text{Borrowings at commercial rates (excludes loans from Head Office and Central bank)}}{\text{Average total gross loan portfolio}}$	(%)
CAPITAL/ ASSET RATIO	$\frac{\text{Adjusted total equity}}{\text{Adjusted total assets}}$	(%)

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TABLE 1A. INSTITUTIONAL CHARACTERISTICS (Africa, Middle East &amp; North Africa)

Peer Group	Age		Offices		Total Staff		Total Assets		Capital/ Asset Ratio		Commercial Funding Liabilities Ratio	
	years functioning as an MFI	(no.)	total number of offices	(no.)	total number of employees	(US \$)	(%)	adjusted total equity/ adjusted total assets	(%)	borrowing at commercial rates/ average gross loan portfolio		
All MFIs (n=148)	avg	8	13	95	5,477,385	42.8	49.5					
	stdev	4	12	78	6,177,863	24.3	47.1					
Financially Self-Sufficient MFIs (FSS) (n=57)	avg	11*	118*	512*	21,240,721*	40.8*	96.2*					
	stdev	5	352	1,707	35,773,280	26.4	76.1					
1. Africa Community Banks/Cooperatives (n=10) Anantaman, Amenifiman, Asawinso, FENACREP, FICA, Kintampo, MFAN, MKRB, Nkoranman, Nsoatreman	avg	13*	4	36*	654,260*	14.5*	173.0*					
	stdev	5	2	9	392,613	5.7	67.5					
2. Africa Large (n=5) Kafojiginew, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania	avg	8	36*	79	8,021,055	25.2	92.9					
	stdev	2	14	27	559,865	9.3	46.9					
3. Africa Medium (n=7) CitiS&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	avg	7	13	80	2,036,599	60.6	35.0					
	stdev	1	11	21	565,113	23.9	41.6					
4. Africa Small (n=7) Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	avg	4	9	40	958,359	74.7*	0.5					
	stdev	1	10	5	162,074	15.6	1.0					
5. Middle East & North Africa (n=7) ABA, Al Amana, Al Majmoua, FATEN, MFW, RADE, UNRWA	avg	5	8	94	6,348,640	84.7*	0.0					
	stdev	2	5	51	5,358,497	16.0	0.0					

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 1B. INSTITUTIONAL CHARACTERISTICS (Latin America)

Peer Group	Age	Offices	Total Staff	Total Assets	Capital/ Asset Ratio	Commercial Funding Liabilities Ratio
	years functioning as an MFI	total number of offices	total number of employees	total assets	adjusted total equity/ adjusted total assets	borrowing at commercial rates/ average gross loan portfolio
	(years)	(no.)	(no.)	(US \$)	(%)	(%)
All MFIs (n=148)	avg	13	95	6,477,385	42.8	49.5
	stdev	4	78	6,177,863	24.3	47.1
Financially Self-Sufficient MFIs (FSS) (n=57)	avg	11*	51*	21,240,721*	40.8*	68.2*
	stdev	5	352	35,773,260	28.4	76.1
6. Latin America - Credit Unions (n=14) 15 de Julio, Acredicom, Cacpeco, Chuimequená, COOSAJO, Ecosaba, Moyután, Oscus, Sagrario, Ribamba, San Francisco, Tonantel, Tulcán	avg	7	46	5,618,885	34.7	108.3
	stdev	4	18	1,883,853	7.0	16.4
7. Latin America - Large (n=11) Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Arequipa, FIE, Finamérica, MiBanco, PRODEM FFP, Solución	avg	10	304	47,302,083	17.7*	93.6
	stdev	4	138	16,872,097	6.4	15.3
8. Latin America - Medium Broad (n=9) ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	avg	9	102	4,632,596	34.6	43.8
	stdev	3	66	2,029,264	11.2	23.8
9. Latin America - Medium Low LI (n=13) ACTUAR, ADOPEM, CAM, CIMM Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	avg	13*	113	6,049,223	57.4	40.1
	stdev	4	35	3,331,379	16.9	31.6
10. Latin America - Small Low LI (n=6) AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	avg	6	46	649,409	82.2*	3.7
	stdev	4	13	446,656	8.8	7.5
11. Latin America - Low UI (n=6) Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Empreder, Porosol, Vivacred	avg	4	26	2,146,041	32.2	86.7
	stdev	1	9	916,568	8.4	42.7

## Notes:

- For 'All MFIs', averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For 'FSS' and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 1C. INSTITUTIONAL CHARACTERISTICS (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Age	Offices	Total Staff	Total Assets	Capital/ Asset Ratio	Commercial Funding Liabilities Ratio
	years functioning as an MFI	total number of offices	total number of employees	total assets	adjusted total equity/ adjusted total assets	borrowing at commercial rates/ average gross loan portfolio
	(years)	(no.)	(no.)	(US \$)	(%)	(%)
All MFIs (n=148)	avg	3	95	5,477,385	62.8	49.5
	stdev	4	78	8,177,883	24.3	47.1
Financially Self-Sufficient MFIs (FSS) (n=87)	avg	11*	512*	21,240,721*	40.8*	86.2*
	stdev	5	352	35,173,280	28.4	76.1
12. Asia Large (n=5) ACLEDA, ASA, BAAC, BRAC, BRI	avg	21*	814*	872,285,212	25.7	65.2
	stdev	5	221	1,269,950,217	16.4	58.7
13. Asia (Pacific) (n=9) BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSP1, TSPI	avg	10	92	1,700,217	36.2	80.3
	stdev	2	73	1,588,536	18.7	46.9
14. Asia (South) (n=10) AKRSP, BASIX, BT, FWWBindia, GV, KASHF, NIRDHAN SEEDS, SHARE, Swayam	avg	8	25*	3,820,393	32.4	60.8
	stdev	5	20	2,568,204	25.7	35.3
15. Asia (Central) (n=5) CONSTANT, FINCA AZ, FINCA KY, KCLF, XAC	avg	3	78*	1,157,463	93.4*	0.0
	stdev	1	123	483,351	5.3	0.0
16. Eastern Europe - Medium (n=10) FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monznosti, SUNRISE, WVB	avg	3*	10	4,076,673	52.9	0.4
	stdev	1	6	996,898	31.6	1.2
17. Eastern Europe - Small (n=6) IM, Nachala, PRIZMA, AMK, OI-Russia, BOSPO	avg	3	5	1,538,270	70.8	0.0
	stdev	1	2	370,982	38.2	0.0
18. WW Small Business (n=8) ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC	avg	8	126	19,332,483	26.4*	122.9
	stdev	3	138	11,538,102	16.3	103.3

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 2A: OUTREACH INDICATORS (Africa, Middle East &amp; North Africa)

Peer Group	Total Gross Loan Portfolio	Number of Active Borrowers	Average Loan Balance	Depth	Percent of Women Borrowers
	(US\$)	(no.)	(US\$)	(%)	(%)
	total gross loan portfolio outstanding	number of borrowers with loans outstanding	total gross loan portfolio/ number of active borrowers	average loan balance/ GNP per capita	total number of active women borrowers/ total number of active borrowers
<b>All MFIs* (n=148)</b>	avg 3,726,824 stdev 3,845,048	10,710 9,580	486 392	46.0 33.4	52.2 22.3
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg 15,103,891* stdev 25,877,588	89,370 398,470	778* 880	76.3* 91.1	54.4 23.5
<b>1. Africa Community Banks/Cooperatives (n=10)</b> Ahaniaman, Amenifiman, Asawinso, FENACREP, FICA, Kintampo, MFAN, MKRB, Nkoranman, Nsoatreman	avg 304,830 stdev 221,026	4,060 4,348	85* 37	21.7 9.5	42.0 21.1
<b>2. Africa Large (n=5)</b> KafuJigjnew, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania	avg 5,715,499 stdev 1,156,623	30,888* 10,082	178 22	65.9 16.0	56.7 10.0
<b>3. Africa Medium (n=7)</b> Citis&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	avg 1,000,301 stdev 200,156	11,128 4,367	115 42	34.0 12.8	97.4* 4.3
<b>4. Africa Small (n=7)</b> Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	avg 518,153 stdev 144,742	7,198 3,392	83 46	30.5 17.8	88.0* 8.6
<b>5. Middle East &amp; North Africa (n=7)</b> ABA, Al Amara, Al Majmoua, FATEN, MFW, RADE, UNRWA	avg 3,101,464 stdev 2,520,072	8,685 8,417	337 189	16.9 15.3	71.9 38.7

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 2B: OUTREACH INDICATORS (Latin America)

Peer Group	Total Gross Loan Portfolio	Number of Active Borrowers	Average Loan Balance	Depth	Percent of Women Borrowers	Total Gross Loan Portfolio		Number of Active Borrowers		Average Loan Balance		Depth		Percent of Women Borrowers	
						(US\$)	(no.)	(US\$)	(%)	(US\$)	(%)	(US\$)	(%)	(US\$)	(%)
	total gross loan portfolio outstanding	number of borrowers with loans outstanding	total gross loan portfolio/ number of active borrowers	average loan balance/ GNP per capita	total number of active women borrowers/ total number of active borrowers	avg	stdev	avg	stdev	avg	stdev	avg	stdev	avg	stdev
<b>All MFIs (n=148)</b>	3,726,824	10,710	486	46.0	62.2	avg	stdev	3,845,048	9,580	352	33.4	22.3			
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	15,105,891*	89,370	778*	78.3*	54.4	avg	stdev	25,877,598	386,470	890	91.1	23.5			
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Cacpeco, Chuimequená, COOSAJO, Ecosaba, Moyulán, Oscus, Sagrario, Riobamba, San Francisco, Tonantel, Tulcán	3,901,761	5,223	861*	55.4	39.1*	avg	stdev	1,347,951	2,327	428	26.9	5.9			
<b>7. Latin America - Large (n=11)</b> Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM-Arequipa, FIE, Finamérica, MiBanco, PRODEM FFP, Solución	36,320,319*	31,535*	978*	72.9	45.5	avg	stdev	9,971,366	13,103	188	32.3	12.7			
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	3,639,732	7,004	698	71.2	53.9	avg	stdev	1,615,378	5,788	237	28.3	11.2			
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAMI, CMM Medellín, Compantamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	4,452,828	19,691*	218	15.6*	85.0*	avg	stdev	2,575,171	6,944	95	6.0	16.0			
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	365,345	5,015	90	4.3	94.3*	avg	stdev	248,859	2,526	20	1.3	6.0			
<b>11. Latin America - Low UI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Empreder, Portosol, Vivacted	1,612,520	2,304	723	13.9	44.1	avg	stdev	731,572	1,031	122	3.3	-			

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 2C: OUTREACH INDICATORS (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Total Gross Loan Portfolio	Number of Active Borrowers	Average Loan Balance	Depth	Percent of Women Borrowers
	(US\$)	(no.)	(US\$)	(%)	(%)
<b>All MFIs (n=148)</b>	avg 3,726,824 stdev 3,945,046	10,710 9,580	466 392	46.0 33.4	62.2 22.3
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg 15,105,891* stdev 25,877,399	89,370 395,370	776* 980	75.3* 81.1	84.4 23.5
<b>12. Asia Large (n=5)</b>	avg 344,964,541 stdev 409,278,759	2,278,992* 1,005,774	223 140	35.8 15.8	64.8 34.3
<b>13. Asia (Pacific) (n=9)</b>	avg 1,319,566 stdev 1,093,272	9,266 10,287	261 227	40.7 34.7	77.0 10.2
<b>14. Asia (South) (n=10)</b>	avg 2,128,994 stdev 1,355,525	24,499* 18,315	94* 41	25.2 12.0	86.1* 26.6
<b>15. Asia (Central) (n=5)</b>	avg 826,318 stdev 219,343	5,103 4,062	122 57	18.2 3.5	85.3 4.2
<b>16. Eastern Europe - Medium (n=10)</b>	avg 3,591,132 stdev 975,750	2,956 1,211	1,404* 569	117.0* 49.9	37.7* 6.7
<b>17. Eastern Europe - Small (n=6)</b>	avg 1,168,736 stdev 185,666	1,543 924	904 441	94.7* 46.1	60.3 27.6
<b>18. WW Small Business (n=8)</b>	avg 10,493,104* stdev 3,058,601	3,669 3,441	2,792* 1,630	352.9* 135.7	20.8* 8.5

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles.
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 3A: PROFITABILITY AND SUSTAINABILITY (Africa, Middle East &amp; North Africa)

Peer Group	Adjusted Return on Assets (AROA)	Adjusted Return on Equity (AROE)	Operational Self-Sufficiency (OSS)	Financial Self-Sufficiency (FSS)
	adjusted net operating income/ average total assets (%)	adjusted net operating income/ average total equity (%)	operating income/ operating expense (%)	adjusted operating income/ adjusted operating expense (%)
	avg stdev	avg stdev	avg stdev	avg stdev
<b>All MFIs (n=148)</b>	-3.7 6.3	-8.6 18.1	101.6 20.9	89.8 19.5
<b>Financially Self-Sufficient MFIs (FSS) (n=87)</b>	5.1* 5.2	15.5* 15.3	134.8* 36.3	121.5* 23.0
<b>1. Africa Community Banks/Cooperatives (n=10)</b> Ahtantaman, Amenifman, Asawinso, FENACREP, FICA, Kintampo, MFAN, MKRB, Nkoranman, Nsoatreman	-2.6 4.2	-19.1 33.6	99.7 19.5	91.6 14.5
<b>2. Africa Large (n=5)</b> Kafojiginew, Nyesigiso, PADME, PAMECAS, PRIDE, Tanzania	1.3 3.2	5.5 12.1	114.7 20.9	115.2 22.9
<b>3. Africa Medium (n=7)</b> Citis&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	-9.2 1.9	-10.9 13.3	75.6 11.5	73.4 9.8
<b>4. Africa Small (n=7)</b> Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	-22.9* 14.7	-27.3 9.7	59.9* 12.0	54.7* 12.6
<b>5. Middle East &amp; North Africa (n=7)</b> ABA, Al Armana, Al Majmoua, FATEN, MIFW, RADE, UNRWA	-6.1 4.0	-6.7 4.2	86.6 13.3	75.5 12.0

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations; stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 3B: PROFITABILITY AND SUSTAINABILITY (Latin America)

Peer Group	Adjusted Return on Assets (AOA)	Adjusted Return on Equity (AROE)	Operational Self-Sufficiency (OSS)	Financial Self-Sufficiency (FSS)
	adjusted net operating income/ average total assets	adjusted net operating income/ average total equity	operating income/ operating expense	adjusted operating income/ adjusted operating expense
	(%)	(%)	(%)	(%)
<b>All MFIs (n=148)</b>	avg stdev	-3.7 8.6	101.8 20.9	89.8 19.5
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	6.1* 5.2	134.8* 35.3	121.5* 23.0
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Caepeco, Churimequená, COOSAJO, Ecosaba, Moyulán, Oscus, Sagrario, Riobamba, San Francisco, Tonantel, Tulcán	avg stdev	-6.6 7.1	102.1 22.5	78.6 24.5
<b>7. Latin America - Large (n=11)</b> Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Arequipa, FIE, Finamérica, MIBanco, PRODEM FFP, Solución	avg stdev	0.7 5.5	108.0 7.6	104.4 15.6
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	avg stdev	-5.4 8.1	97.2 23.7	86.5 23.5
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAM, CMM Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	avg stdev	3.4* 9.4	133.9* 34.7	113.3* 29.9
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	avg stdev	-16.0 24.3	103.9 16.3	78.8 23.0
<b>11. Latin America - Low UI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Empreder, Portosol, Vivacted	avg stdev	-9.3 5.0	89.7 14.3	81.4 6.5

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 3C: PROFITABILITY AND SUSTAINABILITY (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Adjusted Return on Assets (AROA)	Adjusted Return on Equity (AROE)	Operational Self-Sufficiency (OSS)	Financial Self-Sufficiency (FSS)
	adjusted net operating income/ average total a. sets	adjusted net operating income/ average total equity	operating income/ operating expense	adjusted operating income/ adjusted operating expense
	(%)	(%)	(%)	(%)
<b>All MFIs (n=146)</b>	avg stdev	avg stdev	avg stdev	avg stdev
	-3.7 6.3	-8.6 18.1	101.8 20.9	69.8 19.5
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	avg stdev	avg stdev	avg stdev
	5.1* 5.2	15.9* 15.3	124.3* 38.3	121.6* 23.0
<b>12. Asia Large (n=5)</b> ACLEDA, ASA, BAAC, BRAC, BRI	avg stdev	avg stdev	avg stdev	avg stdev
	1.9 1.6	4.9 4.9	117.5 13.3	111.1 8.3
<b>13. Asia (Pacific) (n=9)</b> BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSPI, TSPI	avg stdev	avg stdev	avg stdev	avg stdev
	2.4 4.4	7.3 14.1	116.0 21.9	110.3* 17.9
<b>14. Asia (South) (n=10)</b> AKRSP, BASIX, BT, FWWBindia, GV, KASHIF, NIRDHAN SEEDS, SHARE, Swayam	avg stdev	avg stdev	avg stdev	avg stdev
	-4.9 2.3	-48.2* 64.0	81.5* 12.5	76.0 10.5
<b>15. Asia (Central) (n=5)</b> CONSTANT, FINCA AZ, FINCA KY, KCLF, XAC	avg stdev	avg stdev	avg stdev	avg stdev
	0.2 9.9	-0.4 9.7	115.1 24.7	98.6 25.7
<b>16. Eastern Europe - Medium (n=10)</b> FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monzmosti, SUNRISE, WVB	avg stdev	avg stdev	avg stdev	avg stdev
	-1.6 4.0	-8.8 17.9	115.6 16.3	94.8 13.7
<b>17. Eastern Europe - Small (n=6)</b> IM, Nachalia, PRIZMA, AMK, Ol-Russia, BOSPO	avg stdev	avg stdev	avg stdev	avg stdev
	-9.4 7.6	-24.9 23.9	90.5 12.9	76.7 17.1
<b>18. WW Small Business (n=8)</b> ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC	avg stdev	avg stdev	avg stdev	avg stdev
	0.4 2.9	2.0 8.1	111.4 9.6	102.3 14.0

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 4A: OPERATING INCOME (Africa, Middle East &amp; North Africa)

Peer Group	Operating Income Ratio	Profit Margin	Net Interest Margin Ratio	Portfolio Yield (nominal)	Portfolio Yield (real)
	(%)	(%)	(%)	(%)	(%)
	adjusted operating income/ average total assets	adjusted net operating income/ adjusted operating income	adjusted net interest margin/ average total assets	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio	(portfolio yield (nominal) - inflation rate) / (1 + inflation rate)
<b>All MFIs (n=148)</b>	avg stdev	-17.1 27.6	15.9 8.0	38.1 12.1	28.8 11.1
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	13.4* 14.0	24.0* 13.8	41.4 20.1	32.7 15.2
<b>1. Africa Community Banks/Cooperatives (n=10)</b> Ahanjaman, Amenifiman, Asawinso, FENACREP, FICA, Kintampo, MFAN, MKRB, Nkorinman, Nsoatreman	avg stdev	25.4 2.2	-12.0 20.1	19.1 3.5	45.6 7.4
<b>2. Africa Large (n=5)</b> KafoJiginew, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania	avg stdev	17.2 3.6	10.7 18.9	15.0 2.7	23.0 2.6
<b>3. Africa Medium (n=7)</b> Chis&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	avg stdev	32.6 12.1	-38.2 18.6	25.8 13.5	57.5* 16.6
<b>4. Africa Small (n=7)</b> Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	avg stdev	29.9 6.6	-91.6* 47.9	25.0 5.8	56.9 14.5
<b>5. Middle East &amp; North Africa (n=7)</b> ABA, Al Amara, Al Majmoua, FATEN, MFW, RADE, UNRWA	avg stdev	17.0* 4.0	-34.9 19.8	12.9 6.3	33.7 8.1

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles.
- Abbreviations: stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*).
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).
- For definitions of terms, refer to page 33.

TABLE 4B: OPERATING INCOME (Latin America)

Peer Group	Operating Income Ratio	Profit Margin	Net Interest Margin Ratio	Portfolio Yield (nominal)	Portfolio Yield (real)
	adjusted operating income/ average total assets	adjusted net operating income/ adjusted operating income	adjusted net interest margin/ average total assets	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio	(portfolio yield (nominal) - inflation rate)/ (1 + inflation rate)
	(%)	(%)	(%)	(%)	(%)
<b>All MFIs (n=148)</b>	avg 27.0	-17.1	18.9	38.1	28.8
	stdev 8.2	27.8	8.0	12.1	11.1
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg 31.5*	15.4*	24.0*	41.4	32.7
	stdev 14.0	12.5	13.8	20.1	15.2
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Cacpeco, Chuimequená, COOSAJO, Ecosaba, Moyután, Ocus, Sagrario, Riobamba, San Francisco, Tantel, Tulcán	avg 17.8	-38.6	6.5	21.9	-0.8*
	stdev 2.3	40.9	3.2	2.9	16.5
<b>7. Latin America - Large (n=11)</b> Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Arequipa, FIE, Finamérica, MiBanco, PRODEM FFP, Solución	avg 27.7	1.5	17.9	32.8	26.3
	stdev 4.5	20.6	5.9	6.6	8.0
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	avg 35.4	-24.7	24.4	42.4	29.2
	stdev 8.6	40.5	8.6	10.5	7.6
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAM, CMM Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	avg 38.8	6.7	29.8	50.3	36.7
	stdev 6.7	21.8	8.4	6.1	10.1
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	avg 40.2	-38.3	29.2	70.7	50.4*
	stdev 3.9	52.4	2.9	8.2	13.2
<b>11. Latin America - Low LI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Empreder, Portosol, Vivacred	avg 38.9*	-23.4	27.9	49.5	43.1*
	stdev 6.0	9.9	5.4	7.9	6.6

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).
- For definitions of terms, refer to page 33.

TABLE 4C: OPERATING INCOME (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Operating Income Ratio	Profit Margin	Net Interest Margin Ratio	Portfolio Yield (nominal)	Portfolio Yield (real)
	adjusted operating income/ average total assets	adjusted net operating income/ adjusted operating income	adjusted net interest margin/ average total assets	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio	(portfolio yield (nominal) - inflation rate)/(1 + inflation rate)
	(%)	(%)	(%)	(%)	(%)
<b>All MFIs (n=148)</b>	avg stddev	-17.1 27.8	18.8 8.0	38.1 12.1	28.8 11.1
<b>Financially Self-Sufficient MFIs (FSS) (n=87)</b>	avg stddev	15.4* 12.5	24.0* 13.8	41.4 20.1	32.7 15.2
<b>12. Asia Large (n=5)</b> ACLEDA, ASA, BAAC, BRAC, BRI	avg stddev	19.3 4.4	9.7 6.6	11.1 1.6	23.3 4.6
<b>13. Asia (Pacific) (n=9)</b> BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSPI, TSPI	avg stddev	33.6 5.2	7.4 13.7	27.1* 5.4	44.0 4.6
<b>14. Asia (South) (n=10)</b> AKRSP, BASIX, BT, FWW/India, GV, KASHF, NIRDHAN SEEDS, SHARE, Swayam	avg stddev	15.2* 2.7	-33.7 17.6	9.5* 3.3	21.8* 5.2
<b>15. Asia (Central) (n=6)</b> CONSTANT, FINCA AZ, FINCA KY, KGLF, XAC	avg stddev	38.6 13.9	-6.4 28.8	34.2* 12.9	68.1* 11.9
<b>16. Eastern Europe - Medium (n=10)</b> FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monznosti, SUNRISE, WVB	avg stddev	26.5 5.4	-7.4 15.4	17.8 4.8	30.0 6.7
<b>17. Eastern Europe - Small (n=6)</b> IM, Nachala, PRIZMA, AMK, Oj-Russia, BOSPO	avg stddev	27.2 3.0	-36.1 34.5	19.1 6.9	33.5 4.4
<b>18. WW Small Business (n=8)</b> ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC	avg stddev	20.0 3.5	0.8 12.7	12.5 4.3	27.3 4.5

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stddev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 5A: OPERATING EXPENSE (Africa, Middle East &amp; North Africa)

Peer Group	Operating Expense Ratio		Total Interest Expense Ratio		Adjustment Expense Ratio		Loan Loss Provision Expense Ratio		Personnel Expense Ratio		Other Administrative Expense Ratio		Total Administrative Expense Ratio		
	adjusted operating expense/average total assets	(%)	adjusted total interest expense/average total assets	(%)	inflation and subsidy adjustment expense/average total assets	(%)	adjusted loan loss provision expense/average total assets	(%)	(personnel expense + in-kind donations for personnel expenses)/average total assets	(%)	(administrative expense + in-kind donations for administrative expenses other than personnel - personnel expense)/average total assets	(%)	(administrative expense + in-kind donations)/average total assets	(%)	
<b>All MFIs (n=148)</b>	avg	31.2	3.9	3.2	2.2	10.9	9.1	19.8	stddev	9.8	3.0	2.7	1.8	5.6	8.4
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg	26.2*	6.0	2.3	1.8	8.8	8.1	16.9	stddev	10.6	4.1	2.8	1.4	5.8	9.8
<b>1. Africa Community Banks/Cooperatives (n=10)</b>	avg	27.2	4.1	1.3	1.4	8.5	9.9	18.1	stddev	3.4	2.3	1.0	0.9	2.7	2.6
Ahantaman, Amenifman, Asawinso, FENACREP, FICA, Kintampo, MIFAN, MKRB, Nkoranman, Nsoatreman															
<b>2. Africa Large (n=6)</b>	avg	13.8*	1.2	0.4	1.5	5.1	5.0	10.1	stddev	2.9	0.4	1.0	1.0	1.0	1.6
KafoJiginew, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania															
<b>3. Africa Medium (n=7)</b>	avg	43.9*	1.6	2.6	2.0	18.6*	14.8*	34.5*	stddev	11.8	0.4	1.7	1.2	7.0	12.7
CitiS&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES															
<b>4. Africa Small (n=7)</b>	avg	50.2*	0.3*	4.2	1.3	21.1*	22.3*	43.8*	stddev	18.7	0.2	1.7	1.2	6.8	19.3
Faulu, FINCA TZ, FOCCAS, Piveli, SAT, SEDA, Vital-Finance															
<b>5. Middle East &amp; North Africa (n=7)</b>	avg	25.8	0.8	2.4	0.7	13.9	6.1	20.0	stddev	6.4	1.7	2.0	0.5	4.4	7.6
ABA, Al Amara, Al Majmoua, FATEN, MFW, RADE, UNRWA															

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles.
- Abbreviations: stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 5B: OPERATING EXPENSE (Latin America)

Peer Group	Operating Expense Ratio	Total Interest Expense Ratio	Adjustment Expense Ratio	Loan Loss Provision Expense Ratio	Personnel Expense Ratio	Other Administrative Expense Ratio	Total Administrative Expense Ratio
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
	adjusted operating average total assets	adjusted total interest expense/ average total assets	inflation and subsidy adjustment expense/ average total assets	adjusted loan loss provision expense/ average total assets	(personnel expense + in-kind donations for personnel expenses)/ average total assets	(administrative expense + in-kind donations for administrative expenses other than personnel - personnel expense)/ average total assets	(administrative expense + in-kind donations)/ average total assets
<b>All MFIs (n=148)</b>	avg stdev	31.2 3.9 3.0	3.2 2.7	2.2 1.9	10.6 5.9	8.1 3.6	19.8 8.4
<b>Financially Self-Sufficient MFIs (FSS) (n=97)</b>	avg stdev	26.2* 10.8	2.3 2.5	1.8 1.4	8.8 5.6	6.1 5.2	18.9 9.8
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Cacpeco, Chuimequená, COOSAJU, Ecosaba, Moxulán, Oscus, Sagrario, Riobamba, San Francisco, Tonantel, Tulcán	avg stdev	24.2 4.7	5.9* 4.3	2.3 3.3	4.2* 1.4	6.1* 1.4	10.4* 2.6
<b>7. Latin America - Large (n=11)</b> Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Arequipa, FIE, Finamérica, MIBanco, PRODEM FFP, Solución	avg stdev	28.8 6.9	8.7* 2.1	0.9 1.0	2.9 1.3	8.0 2.2	14.5 3.9
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	avg stdev	41.2* 6.5	6.3 5.5	4.6 1.7	4.2* 2.0	12.9 5.2	25.0 7.3
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAM, CMMI Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	avg stdev	35.4 8.3	4.3 3.5	4.0 1.9	2.5 1.5	12.3 7.2	23.3 9.1
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	avg stdev	63.4* 25.4	1.3 1.3	6.3 2.5	1.6 1.1	22.4* 3.3	41.0* 12.5
<b>11. Latin America - Low UI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Emprender, Portosol, Vivacred	avg stdev	48.9* 8.2	7.0 3.7	5.1 3.0	8.1* 5.7	14.0 4.1	28.4 4.2

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).
- For definitions of terms, refer to page 33.

TABLE 5C: OPERATING EXPENSE (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Operating Expense Ratio	Total Interest Expense Ratio	Adjustment Expense Ratio	Loan Loss Provision Expense Ratio	Personnel Expense Ratio	Other Administrative Expense Ratio	Total Administrative Expense Ratio
	adjusted operating expense/ average total assets	adjusted total interest expense/ average total assets	inflation and subsidy adjustment expense/ average total assets	adjusted loan loss provision expense/ average total assets	(personnel expense + in-kind donations for personnel expenses)/ average total assets	(administrative expense + in-kind donations for administrative expenses other than personnel - personnel expense)/ average total assets	(administrative expense + in-kind donations/ average total assets)
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>All MFIs (n=148)</b>	avg 31.2	avg 3.9	avg 3.2	avg 2.2	avg 10.8	avg 9.1	avg 19.8
	stdev 9.8	stdev 3.0	stdev 2.7	stdev 1.6	stdev 5.6	stdev 3.8	stdev 8.4
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg 26.2*	avg 5.0	avg 2.3	avg 1.8	avg 8.8	avg 8.1	avg 16.0
	stdev 10.8	stdev 4.1	stdev 2.5	stdev 1.4	stdev 5.9	stdev 5.2	stdev 9.8
<b>12. Asia Large (n=6)</b>	avg 18.9	avg 5.9	avg 0.6	avg 2.1	avg 4.4	avg 2.0*	avg 6.4
ACLEDA, ASA, BAAC, BRAC, BRI	stdev 2.3	stdev 1.9	stdev 0.6	stdev 0.7	stdev 1.6	stdev 1.3	stdev 2.0
<b>13. Asia (Pacific) (n=9)</b>	avg 31.0	avg 5.8	avg 1.5	avg 2.3	avg 11.6	avg 9.6	avg 21.4
BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSPI, TSPI	stdev 9.1	stdev 2.7	stdev 0.8	stdev 2.6	stdev 4.2	stdev 3.1	stdev 8.2
<b>14. Asia (South) (n=10)</b>	avg 18.5*	avg 3.6	avg 1.6	avg 1.7	avg 5.4*	avg 4.9*	avg 10.3*
AKRSP, BASIX, BT, FWWBIndia, GV, KASHF, NIRDHAN SEEDS, SHARE, Swayam	stdev 4.5	stdev 2.0	stdev 0.8	stdev 1.4	stdev 3.0	stdev 2.0	stdev 4.7
<b>16. Asia (Central) (n=5)</b>	avg 40.6	avg 0.0	avg 5.5	avg 0.5	avg 20.6*	avg 14.4*	avg 33.3*
CONSTANT, FINCA AZ, FINCA KY, KCLF, XAC	stdev 3.2	stdev 0.0	stdev 3.4	stdev 0.1	stdev 5.8	stdev 6.3	stdev 3.0
<b>16. Eastern Europe - Medium (n=10)</b>	avg 27.5	avg 1.6	avg 5.4	avg 3.4	avg 10.0	avg 7.5	avg 17.4
FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monznosti, SUNRISE, WVB	stdev 6.6	stdev 1.3	stdev 2.3	stdev 1.7	stdev 3.9	stdev 1.2	stdev 4.8
<b>17. Eastern Europe - Small (n=6)</b>	avg 37.4	avg 1.9	avg 7.1*	avg 3.4	avg 15.5	avg 9.7	avg 25.5
IM, Nachala, PRIZMA, AMK, OI-Russia, BOSPO	stdev 5.7	stdev 1.9	stdev 3.7	stdev 1.3	stdev 2.5	stdev 1.6	stdev 1.0
<b>18. WW Small Business (n=8)</b>	avg 19.9*	avg 5.6	avg 0.7	avg 1.4	avg 4.7*	avg 5.7*	avg 10.3*
ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC	stdev 4.9	stdev 5.5	stdev 0.7	stdev 1.0	stdev 2.5	stdev 3.5	stdev 5.1

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 6A: PORTFOLIO QUALITY AND EFFICIENCY (Africa, Middle East &amp; North Africa)

Peer Group	Portfolio At Risk > 90 Days	Total Administrative Expense/ LP	Personnel Expense/ LP	Depth	Average Salary	Cost Per Borrower
	outstanding balance of loans overdue > 90 days/ total gross loan portfolio	administrative expense + in-kind donations / average gross loan portfolio	(personnel expense + in-kind donations for personnel expenses)/ average gross loan portfolio	average loan balance/ GNP per capita	(average personnel expense + in-kind donations for personnel expenses)/ GNP per capita	(administrative expense + in-kind donations)/ average number of active borrowers
	(%)	(%)	(%)	(%)	(multiple of GNP/ capita)	(US\$)
<b>All MFIs (n=148)</b>	avg stdev	30.4 13.0	16.2 8.1	46.0 33.4	5.1 3.5	133 153
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	25.0 13.6	12.9 8.1	76.3* 91.1	6.0 4.2	112 104
<b>1. Africa Community Banks/Cooperatives (n=10)</b> Ahantaman, Amenifiman, Asawinso, FENACREP, FICA, Kintampo, MFAN, MKRB, Nkoranman, Nsoatreman	avg stdev	47.1* 14.2	23.3 8.5	21.7 9.5	3.4 1.0	43 15
<b>2. Africa Large (n=6)</b> Kafuigineu, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania	avg stdev	14.9 3.7	7.3 2.1	65.9 16.0	14.5* 7.2	31 6
<b>3. Africa Medium (n=7)</b> CitiS&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	avg stdev	68.7* 26.1	38.1* 15.3	34.0 12.8	12.4* 3.8	62 23
<b>4. Africa Small (n=7)</b> Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	avg stdev	82.1* 31.8	42.7* 15.8	30.5 17.8	14.3* 3.2	67 31
<b>5. Middle East &amp; North Africa (n=7)</b> ABA, Al Amara, Al Majmoua, FATEN, MFW, RADE, UNRWA	avg stdev	38.7 13.9	27.0 7.9	16.9 15.3	2.3 2.0	114 67

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles.
- Abbreviations: stdev=standard deviation.
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations.
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*).
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).
- For definitions of terms, refer to page 33.

TABLE 6B: PORTFOLIO QUALITY AND EFFICIENCY (Latin America)

Peer Group	Portfolio At Risk > 90 Days	Total Administrative Expense/LP	Personnel Expense/LP	Depth	Average Salary	Cost Per Borrower
	outstanding balance of loans overdue > 90 days / total gross loan portfolio	administrative expense + in-kind donations / average gross loan portfolio	(personnel expense + in-kind donations / average gross loan portfolio)	average loan balance / GNP per capita	(average personnel expense + in-kind donations for personnel expenses) / GNP per capita	(administrative expense + in-kind donations) / average number of active borrowers
	(%)	(%)	(%)	(%)	(multiple of GNP/capita)	(US\$)
<b>All MFIs (n=148)</b>	avg stdev	30.4 15.0	16.2 9.1	48.9 33.4	5.1 3.5	133 153
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	25.0 15.0	12.9 8.1	76.3* 81.1	6.0 4.2	112 104
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Cacpeco, Chuimequená, COOSAJO, Ecosaba, Moyután, Ocusu, Sagrario, Riobamba, San Francisco, Tonantel, Tulcán	avg stdev	15.4* 4.0	6.2* 2.2	55.4 26.9	2.3 0.5	106 33
<b>7. Latin America - Large (n=11)</b> Banco Ademi, Banco Sol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Areguija, FIE, Finamérica, MiBanco, PRODEM FFP, Solución	avg stdev	17.8 5.6	10.0 2.6	72.9 32.3	7.1 2.5	150 41
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	avg stdev	4.3* 1.9	16.0 6.2	71.2 28.3	7.8 6.0	120 29
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAM, CMM Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FWWB Cali, ProMujer Bolivia, WR Honduras	avg stdev	0.5* 0.5	16.6 8.6	15.6* 6.0	3.1 2.0	57 15
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	avg stdev	0.6 0.6	36.0 5.3	4.3 1.3	1.3 0.5	60 28
<b>11. Latin America - Low UI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Emprender, Potosol, Vivacred	avg stdev	6.9* 4.3	21.1 1.9	13.9 3.3	2.0 0.4	271 125

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*).
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 6C: PORTFOLIO QUALITY AND EFFICIENCY (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Portfolio At Risk > 90 Days	Total Administrative Expense/ LP	Personnel Expense/ LP	Depth	Average Salary	Cost Per Borrower
	outstanding balance of loans overdue > 90 days/ total gross loan portfolio	administrative expense + in-kind donations / average gross loan portfolio	(personnel expense + in-kind donations for personnel expenses)/ average gross loan portfolio	average loan balance/ GNP per capita	(average personnel expense + in-kind donations for personnel expenses)/ GNP per capita	(administrative expense + in-kind donations)/ average number of active borrowers
	(%)	(%)	(%)	(%)	(multiple of GNP/ capita)	(US\$)
<b>All MFIs (n=140)</b>	avg stdev	39.4 15.0	16.2 9.1	43.0 33.4	5.1 3.3	133 153
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>	avg stdev	25.0 13.6	12.9 8.1	75.3* 61.1	6.0 4.2	112 104
<b>12. Asia Large (n=5)</b> ACLEDA, ASA, BAAC, BRAC, BRI	avg stdev	10.6 2.1	7.3 1.6	35.8 15.8	3.5 0.6	21 11
<b>13. Asia (Pacific) (n=9)</b> BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSPi, TSPI	avg stdev	28.3 8.0	15.5 4.8	40.7 34.7	2.8 1.5	48 34
<b>14. Asia (South) (n=10)</b> AKSP, BASIX, BT, FWWBIndia, GV, KASHF, NIRDHAN SEEDS, SHARE, Swayam	avg stdev	16.6* 7.5	9.1 5.1	25.2 12.0	2.5 1.3	13 7
<b>15. Asia (Central) (n=5)</b> CONSTANT, FINCA, AZ, FINCA, KY, KCLF, XAC	avg stdev	57.7 22.6	39.1 18.0	18.2 3.5	5.1 1.4	57 16
<b>16. Eastern Europe - Medium (n=10)</b> FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monznosti, SUNRISE, WVB	avg stdev	20.4 6.3	11.7 4.8	117.0* 49.9	7.0 3.5	230 66
<b>17. Eastern Europe - Small (n=6)</b> IM, Nachala, PRIZMA, AMK, OI-Russia, BOSPO	avg stdev	31.5 4.1	20.6 3.2	94.7* 46.1	8.2 3.7	289 94
<b>18. WW Small Business (n=8)</b> ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC	avg stdev	14.2* 6.7	6.4* 3.3	352.9* 135.7	7.1 7.2	441* 256

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 7A: PRODUCTIVITY (Africa, Middle East &amp; North Africa)

Peer Group	Staff Productivity		Loan Officer Productivity		Staff Allocation Ratio		Staff Turnover Ratio	
	number of active borrowers/ number of staff	(no.)	number of active borrowers/ number of loan officers	(no.)	number of loan officers/ number of staff	(%)	number staff who left the MFI/ average number of staff during the 12-month period	(%)
All MFIs (n=148)	avg	114	279	279	46.8	5.1	5.1	
	stdev	52	189	189	14.3	8.1	8.1	
Financially Self-Sufficient MFIs (FSS) (n=87)	avg	125	334	334	43.4	7.8	7.8	
	stdev	78	240	240	20.2	8.3	8.3	
1. Africa Community Banks/Cooperatives (n=10) Abantaman, Amenfinman, Asawinso, FENACREP, FICA, Kintampo, MIFAN, MKFRB, Nkorranman, Nsoatreman	avg	116	930*	930*	13.9*	4.2	4.2	
	stdev	141	652	652	6.8	4.6	4.6	
2. Africa Large (n=5) Kafojiginew, Nyesigiso, PADME, PAMECAS, PRIDE Tanzania	avg	279	641*	641*	44.2	2.6	2.6	
	stdev	79	203	203	5.2	0.6	0.6	
3. Africa Medium (n=7) CitiS&L, FINCA MA, FINCA UG, KWFT, SEF, UWFT, WAGES	avg	143	277	277	46.0	6.2	6.2	
	stdev	25	93	93	21.3	1.6	1.6	
4. Africa Small (n=7) Faulu, FINCA TZ, FOCCAS, Piyeli, SAT, SEDA, Vital-Finance	avg	182	377	377	48.7	5.8	5.8	
	stdev	67	89	89	8.9	5.3	5.3	
5. Middle East & North Africa (n=7) ABA, Al Amara, Al Majmoua, FATEN, MFW, RADE, UNRWVA	avg	77	127	127	61.8	14.0	14.0	
	stdev	15	33	33	9.2	12.1	12.1	

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 7B: PRODUCTIVITY (Latin America)

Peer Group	Staff Productivity	Loan Officer Productivity	Staff Allocation Ratio	Staff Turnover Ratio
	number of active borrowers/ number of staff	number of active borrowers/ number of loan officers	number of loan officers/ number of staff	number staff who left the MFI during the 12-month period/ average number of staff during the 12-month period
	(no.)	(no.)	(%)	(%)
<b>All MFIs (n=148)</b>				
avg	114	279	45.5	9.1
stdev	52	189	14.3	6.1
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>				
avg	125	334	43.4	7.8
stdev	78	240	20.2	6.3
<b>6. Latin America - Credit Unions (n=14)</b> 15 de abril, 23 de Julio, Acredicom, Caepeco, Chuimequená, COOSAJO, Ecosaba, Moyután, Ocus, Sagrarío, Riobamba, San Francisco, Tonantel, Tulcán	115 42	461 240	24.7* 8.5	- -
<b>7. Latin America - Large (n=11)</b> Banco Ademi, BancoSol, Banco Solidario Ecuador, Caja de los Andes, Calpiá, CM Atequipa, FIE, Finamérica, MIBanco, PRODEM FFP, Solución	123 34	339 119	29.3 13.3	9.2 1.6
<b>8. Latin America - Medium Broad (n=9)</b> ACODEP, ADRI, BanGente, Chispa, FAMA, FINSOL, FONDECO OEF, ProEmpresa	74 26	198 64	41.5 6.2	12.3 6.7
<b>9. Latin America - Medium Low LI (n=13)</b> ACTUAR, ADOPEM, CAM, CMM Medellín, Compartamos, Crecer, FED FINCA HO, FINCA NI, FMM Popayán, FVWB Cali, ProMujer Bolivia, WR Honduras	164 36	272 65	55.1 8.0	16.3 8.6
<b>10. Latin America - Small Low LI (n=6)</b> AGAPE, FINCA EC, FINCA GU, FINCA HA, FINCA MX, FINCA PE	123 40	194 40	57.1 2.6	- -
<b>11. Latin America - Low LI (n=6)</b> Banco do Povo de Juiz de Fora, CEAPE/PE, Contigo, Empreder, Portosol, Vivacred	88 23	185 94	39.5 17.4	11.8 -

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; LI= Low Income; UI= Upper Income;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

TABLE 7C: PRODUCTIVITY (Asia, Eastern Europe, Worldwide Small Business)

Peer Group	Staff Productivity		Loan Officer Productivity		Staff Allocation Ratio	Staff Turnover Ratio
	number of active borrowers/ number of staff	(no.)	number of active borrowers/ number of loan officers	(no.)		
	avg stdev	(no.)	avg stdev	(no.)	(%)	(%)
<b>All MFIs (n=146)</b>		114		279	48.8	9.1
		52		168	14.3	6.1
<b>Financially Self-Sufficient MFIs (FSS) (n=57)</b>		125		354	43.4	7.8
		76		240	20.2	5.3
<b>12. Asia Large (n=5)</b>		207*		339	41.0	3.7
ACLEDA, ASA, BAAC, BRAC, BRI		74		17	22.4	2.8
<b>13. Asia (Pacific) (n=9)</b>		86		171	60.3	10.1
BRP-A, BRP-B, BRP-C, BRP-D, CARD, EMT, Hattha Kaksekar, RSPi, TSPI		57		133	22.4	8.6
<b>14. Asia (South) (n=10)</b>		146		364	50.1	6.2
AKRSP, BASIX, BT, FWWBIndia, GV, KASHF, NIRDHAN SEEDS, SHARE, Swayam		71		218	19.3	4.6
<b>15. Asia (Central) (n=5)</b>		81		143	51.7	4.8
CONSTANT, FINCA AZ, FINCA KY, KCLF, XAC		16		12	5.1	4.8
<b>16. Eastern Europe - Medium (n=10)</b>		80		138	57.8	5.5
FM, LOK, MC, MCM, MIKROFIN, NOA, BESA, Monznosti, SUNRISE, WVB		10		14	8.7	4.4
<b>17. Eastern Europe - Small (n=6)</b>		54		132	43.2	9.7
IM, Nachala, PRIZMA, AMK, Oh-Russia, BOSPO		22		97	8.0	5.6
<b>18. WW Small Business (n=8)</b>		29*		93*	26.2*	9.8
ACEP, Agrocap, BDB, BPR-E, CERUDEB, FEFAD, MEB, NLC		15		42	5.5	7.2

## Notes:

- For "All MFIs", averages are calculated on the basis of the values between the 2<sup>nd</sup> and 9<sup>th</sup> deciles;
- Abbreviations: stdev=standard deviation; WW= Worldwide;
- For "FSS" and each peer group, averages are calculated by dropping the top and bottom observations;
- Averages different from average for all MFIs at 1% significance level are marked with an asterisk (\*);
- Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org);
- For definitions of terms, refer to page 33.

## Additional Analysis Tables

Tables A through E provide data on selected performance indicators for groups of institutions from the entire database for this Issue (n=148) and for the financially self-sufficient institutions (n=57). The following eight characteristics are considered for the classification of data:

- 1) **Age:** The *Bulletin* classifies MFIs into three categories (new, young, and mature) based on the difference between the year they started their microfinance operations and the year for which the institutions have submitted data.
- 2) **Scale of Operations:** MFIs are classified as small, medium and large according to the size of their loan portfolio and their region to facilitate comparisons of institutions with similar outreach.
- 3) **Lending Methodology:** Performance may vary by the way the institution delivers loan products. The *Bulletin* classifies MFIs based on the *primary* methodology used, determined by the number and volume of loans outstanding.
- 4) **Level of Retail Financial Intermediation:** This classification is based on the ratio of total voluntary passbook and time deposits to total assets. It indicates the MFI's ability to mobilize savings and fund its portfolio through deposits.
- 5) **Target Market:** The *Bulletin* classifies MFIs into three categories—low-end, broad, and high-end—according to the range of clients they serve based on average loan outstanding in relation to GNP per capita (i.e., depth).

- 6) **Region:** Geographic regions—Africa, Asia, Eastern Europe, Latin America and Middle East and North Africa—are used to capture regional effects.
- 7) **Charter Type:** The charter under which the MFIs are registered is used to classify the MFIs as banks, credit unions/ cooperatives, NGOs, non-banks, and rural banks.
- 8) **Non-Profit/For-Profit Status:** MFIs are classified as non-profit and for-profit institutions.

The quantitative criteria used to categorize these characteristics are summarized in the table below. A list of institutions that fall into these categories for the entire sample is located immediately following Table E. Confidentiality limits the publication of names of financially self-sufficient MFIs included in the database.

These Additional Analysis Tables provide another means of creating performance benchmarks besides the peer groups. Three of these characteristics—region, scale of operations and target market—are also factors determining peer group composition. The purpose of the Additional Analysis Tables is to look at these characteristics singularly, rather than within the context of peer groups. The data are calculated by dropping the top and bottom observations to avoid the effect of outliers.

<b>Age of the MFI</b>	New:	1 to 3 years	
	Young:	4 to 7 years	
	Mature:	over 7 years	
<b>Scale of Operations</b> (Total gross loan portfolio outstanding, in US\$)	Large:	Africa, Asia (Central), Middle East & North Africa:	> 5 million
		Asia (Pacific, South), Asia Large:	> 8 million
		Eastern Europe:	> 10 million
		Latin America:	> 12.5 million
	Medium:	Africa, Asia (Central), Middle East & North Africa:	800,000 to 5 million
		Asia (Pacific, South):	1 to 8 million
		Eastern Europe:	1.5 to 10 million
		Latin America:	1.5 to 12.5 million
	Small:	Africa, Asia (Central), Middle East & North Africa:	< 800,000
Asia (Pacific, South):		< 1 million	
Eastern Europe and Latin America:		< 1.5 million	
<b>Lending Methodology</b>	Individual:	1 borrower	
	Solidarity Group:	group of 3 to 9 borrowers	
	Village Banking:	groups of $\geq$ 10 borrowers	
<b>Level of Retail Financial Intermediation</b>	Financial Intermediary:	passbook and time deposits $\geq$ 20 % of total assets	
	Other:	passbook and time deposits < 20 % of total assets	
<b>Target Market</b>	Low-end:	depth < 20% <i>or</i> average loan balance < US\$150	
	Broad:	depth between 20% and 149%	
	High-end and Small Business:	depth $\geq$ 150%	

TABLE Aa: INSTITUTIONAL CHARACTERISTICS

Criteria	Offices		Total Staff	Total Assets		Capital/ Asset Ratio	Commercial Funding Liabilities Ratio		
	total number of offices	(no.)		total number of employees	(US \$)			adjusted total equity/ adjusted total assets	borrowing at commercial rates/ average gross loan portfolio
	avg	stdev	avg	stdev	avg	stdev	avg	stdev	
<b>All MFIs</b>									
<b>AGE</b>									
New (1 to 3 years)	18	38	2,184,233	57.3	57.3				57.3
	42	18	1,721,077	33.0	33.0				33.0
Young (4 to 7 years)	31	72	6,509,017	53.3	53.3				49.3
	115	59	12,546,839	29.4	29.4				55.5
Mature (over 7 years)	58	604	47,905,899	36.8	36.8				86.8
	181	2,153	271,644,740	24.8	24.8				69.2
<b>SCALE OF OPERATIONS*</b>									
Large	125	1,479	145,122,916	29.1	29.1				92.5
	275	3,411	469,041,811	21.1	21.1				76.5
Medium	56	99	5,077,134	46.3	46.3				55.5
	257	89	3,063,472	27.0	27.0				51.8
Small	13	44	882,028	48.3	48.3				59.8
	34	28	475,966	33.4	33.4				72.7
<b>Financially Self-Sufficient MFIs</b>									
<b>AGE</b>									
New (1 to 3 years)	7	36	3,271,428	68.5	68.5				98.0
	2	10	1,622,520	21.0	21.0				78.3
Young (4 to 7 years)	120	118	8,226,603	57.7	57.7				0.8
	248	33	11,519,884	30.6	30.6				1.7
Mature (over 7 years)	76	652	25,130,671	34.2	34.2				46.7
	229	1,992	39,440,599	21.7	21.7				55.0
<b>SCALE OF OPERATIONS*</b>									
Large	138	1,314	61,033,656	25.1	25.1				108.9
	311	2,807	46,705,110	15.7	15.7				82.5
Medium	46	104	6,017,608	51.4	51.4				49.9
	141	79	3,593,518	26.1	26.1				51.9
Small	3	43	932,523	35.9	35.9				109.3
	2	28	283,850	23.4	23.4				67.6

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
 \* The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

TABLE Ab: INSTITUTIONAL CHARACTERISTICS

Criteria	Offices		Total Staff	Total Assets	Capital/ Asset Ratio		Commercial Funding Liabilities Ratio
	total number of offices	(no.)			total number of employees	(US \$)	
<b>LENDING</b>							
<b>METHODOLOGY</b>							
Individual	avg	22	341	49,273,671	34.6	90.5	
(1 borrower)	stdev	81	1,771	293,844,906	24.0	69.2	
Solidarity Groups	avg	36	248	11,149,277	47.2	51.1	
(groups of 3 to 9 borrowers)	stdev	120	765	21,886,754	29.8	59.9	
Village Banks	avg	145	96	2,753,256	65.0	21.1	
(groups of ≥10 borrowers)	stdev	414	88	2,783,719	27.5	31.2	
Low-end	avg	100	199	5,626,724	52.9	48.9	
(depth < 20% or average loan balance < US\$150)	stdev	312	676	14,558,911	29.4	61.8	
Broad	avg	25	330	46,211,188	36.9	74.2	
(depth between 20% and 149%)	stdev	78	1,693	286,948,783	27.0	56.8	
High-end and Small Business	avg	12	117	17,784,651	31.7	78.7	
(depth ≥ 150%)	stdev	9	119	19,314,487	24.0	96.8	
<b>Financially Self-Sufficient MFIs</b>							
<b>LENDING</b>							
<b>METHODOLOGY</b>							
Individual	avg	12	159	19,418,000	32.7	105.6	
(1 borrower)	stdev	9	210	29,753,287	20.7	80.6	
Solidarity Groups	avg	81	568	24,531,286	40.3	65.6	
(groups of 3 to 9 borrowers)	stdev	215	1,388	33,402,899	26.3	58.5	
Village Banks	avg	168	168	4,682,511	72.2	9.3	
(groups of ≥10 borrowers)	stdev	305	93	3,521,177	18.1	16.7	
Low-end	avg	163	419	12,772,981	55.9	40.8	
(depth < 20% or average loan balance < US\$150)	stdev	337	1,176	24,500,295	25.5	47.7	
Broad	avg	19	167	16,828,542	30.5	97.2	
(depth between 20% and 149%)	stdev	18	166	21,947,194	20.2	51.8	
High-end and Small Business	avg	17	200	33,413,366	23.5	133.5	
(depth ≥ 150%)	stdev	10	161	22,979,302	11.3	134.1	

Notes: Standard deviations are listed below the group averages.  
The averages are calculated by dropping the top and bottom observations for each group.  
Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

TABLE A6: INSTITUTIONAL CHARACTERISTICS

Criteria	Offices		Total Staff	Total Assets	Capital/ Asset Ratio		Commercial Funding Liabilities Ratio
	total number of offices	(no.)			adjusted total equity/ adjusted total assets	(%)	
		(no.)	total number of employees	total assets	(US \$)		
<b>All MFIs</b>							
<b>REGION</b>							
Africa	avg	26	61	2,896,020		40.6	89.5
	stdev	54	42	3,558,877		29.6	91.6
Asia	avg	243	1,134	95,311,066		40.4	72.3
	stdev	572	3,109	425,774,708		30.3	70.8
Eastern Europe	avg	9	41	4,095,167		54.0	6.0
	stdev	6	25	2,906,847		35.0	13.7
Latin America	avg	12	124	11,816,202		40.9	67.6
	stdev	12	120	17,053,689		21.8	42.9
Middle East & North Africa	avg	8	94	6,348,640		84.7	0.0
	stdev	5	51	5,358,497		16.0	0.0
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>							
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	31	479	65,619,628		21.9	135.1
	stdev	93	2,045	336,125,175		13.6	61.8
Other (passbook and time deposits <20% of total assets)	avg	69	154	6,196,054		56.6	28.8
	stdev	255	550	12,814,012		29.2	35.0
<b>Financially Self-Sufficient MFIs</b>							
<b>REGION**</b>							
Africa	avg	17	64	4,947,490		28.1	129.5
	stdev	17	35	4,756,717		21.0	99.1
Asia	avg	350	1,644	42,343,445		48.0	77.7
	stdev	627	3,383	66,126,953		32.5	90.6
Eastern Europe	avg	7	39	4,273,034		52.6	11.1
	stdev	2	15	985,200		26.1	19.9
Latin America	avg	17	193	18,997,283		37.7	71.9
	stdev	12	145	19,817,243		19.3	36.3
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>							
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	19	242	28,872,744		18.8	147.6
	stdev	17	241	34,856,660		8.8	68.7
Other (passbook and time deposits <20% of total assets)	avg	119	315	9,480,349		61.0	24.8
	stdev	287	1,012	18,278,459		21.1	24.6

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org). \*\* No data were reported for the Middle East & North Africa region due to the small size of the sample.

TABLE Ad: INSTITUTIONAL CHARACTERISTICS

Criteria	Offices		Total Staff	Total Assets		Capital/ Asset Ratio	Commercial Funding Liabilities Ratio
	total number of offices	(no.)		total number of employees	(US \$)		
<b>CHARTER</b>							
	<b>All MFIs</b>						
Banks	avg	67	1,318	224,390,408	20.5		127.6
	stdev	157	3,571	636,257,938	15.0		95.5
Credit Unions/ Cooperatives	avg	11	45	5,439,561	31.1		99.2
	stdev	15	28	3,491,887	13.2		34.4
NGOs	avg	80	168	5,936,920	56.9		28.7
	stdev	276	596	12,210,717	28.1		36.0
Non-Banks <sup>###</sup>	avg	12	116	11,084,815	40.9		62.0
	stdev	7	77	11,761,518	32.8		41.4
Rural Banks	avg	3	35	796,591	14.8		163.0
	stdev	2	13	526,517	5.9		61.1
Non-Profit	avg	71	152	5,802,945	51.4		44.3
	stdev	254	545	10,832,644	28.6		47.3
For-Profit	avg	27	514	82,353,978	23.8		120.6
	stdev	94	2,122	377,130,777	21.1		83.3
<b>Financially Self-Sufficient MFIs</b>							
<b>CHARTER</b>							
Banks	avg	30	420	66,485,270	17.5		161.6
	stdev	15	169	40,242,199	8.8		97.2
Credit Unions/ Cooperatives	avg	18	21	7,516,191	34.3		102.9
	stdev	16	-	3,816,760	16.9		36.8
NGOs	avg	125	326	10,905,678	58.4		27.1
	stdev	292	1,029	19,520,896	23.5		29.6
Non-Banks <sup>###</sup>	avg	15	239	33,907,111	23.8		89.6
	stdev	2	45	6,602,588	2.1		1.2
Rural Banks	avg	2	34	918,397	13.9		172.3
	stdev	1	14	460,980	3.6		37.1
Non-Profit	avg	118	316	10,152,420	52.7		44.4
	stdev	280	1,010	17,224,203	24.9		45.2
For-Profit	avg	16	252	33,807,538	19.5		148.4
	stdev	15	252	38,389,556	11.0		82.9

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

<sup>###</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs)

TABLE Ba: OUTREACH INDICATORS

Criteria	Total Gross Loan Portfolio		Number of Active Borrowers		Average Loan Balance		Depth		Percent of Women Borrowers	
	(US\$)	(no)	(US\$)	(no)	(US\$)	(no)	(%)	(%)	(%)	(%)
	total gross loan portfolio outstanding	number of borrowers with loans outstanding	total gross loan portfolio/ number of active borrowers	total gross loan portfolio/ number of active borrowers	average loan balance/ per capita	total number of active women borrowers/ total number of active borrowers				
<b>AFR MFIs</b>										
<b>AGE</b>										
	avg	3,344	1,716,629	625	61.1	65.7				
	stdev	2,236	1,523,949	606	59.2	27.9				
	avg	8,129	4,039,903	583	49.4	61.2				
	stdev	6,720	7,257,168	822	59.0	29.1				
	avg	111,324	22,488,593	600	58.5	64.8				
	stdev	482,250	96,131,744	773	64.8	27.9				
<b>SCALE OF OPERATIONS*</b>										
	avg	322,501	67,153,636	993	95.8	47.0				
	stdev	832,184	162,507,547	1,094	119.3	24.3				
	avg	13,069	3,598,374	685	61.4	63.3				
	stdev	13,441	2,224,034	840	71.6	27.1				
	avg	3,886	558,546	303	34.7	73.3				
	stdev	3,483	341,391	371	33.8	26.3				
<b>Financially Self-Sufficient MFIs</b>										
<b>AGE</b>										
	avg	2,514	2,901,436	1,214	134.6	40.2				
	stdev	692	1,512,465	482	52.1	7.9				
	avg	13,855	4,274,944	117	28.8	62.6				
	stdev	8,444	4,921,929	60	22.5	31.1				
	avg	112,422	17,938,713	684	61.2	55.1				
	stdev	451,642	28,532,922	786	48.2	24.8				
<b>SCALE OF OPERATIONS*</b>										
	avg	282,905	43,430,882	1,114	119.2	50.1				
	stdev	730,211	34,357,926	1,323	143.5	27.0				
	avg	14,663	4,216,650	650	60.8	56.3				
	stdev	12,936	2,503,712	646	53.1	23.8				
	avg	3,279	569,840	291	41.8	49.5				
	stdev	2,295	286,169	344	29.0	23.9				

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
\* The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

TABLE Bb: OUTREACH INDICATORS

Criteria	Total Gross Loan Portfolio		Number of Active Borrowers	Average Loan Balance		Depth	Percent of Women Borrowers
	(US\$)	(no.)		(US\$)	(%)		
	total gross loan portfolio outstanding	number of borrowers with loans outstanding	total gross loan portfolio/ number of active borrowers	average loan balance/ GNP per capita	total number of active women borrowers/ total number of active borrowers		
<b>All MFIs</b>							
<b>LENDING</b>	avg	51,865	1,093	91.2	41.3		
<b>METHODOLOGY</b>	stdev	343,990	1,079	104.5	14.9		
	avg	40,594	376	49.1	72.6		
	stdev	159,745	407	45.4	25.0		
	avg	13,974	111	16.1	90.6		
	stdev	12,875	51	11.5	17.1		
<b>TARGET MARKET</b>	avg	33,480	152	16.3	83.0		
	stdev	140,488	156	10.0	22.5		
	avg	53,302	776	67.5	53.1		
	stdev	333,088	592	32.7	21.7		
	avg	4,477	2,559	285.9	28.1		
	stdev	4,972	1,293	133.7	9.6		
<b>Financially Self-Sufficient MFIs</b>							
<b>LENDING</b>	avg	10,929	1,034	91.5	43.3		
<b>METHODOLOGY</b>	stdev	11,348	1,140	107.2	17.1		
	avg	106,755	497	68.6	62.3		
	stdev	295,024	538	59.1	21.9		
	avg	21,005	131	15.7	82.5		
	stdev	3,099	20	8.5	29.8		
<b>TARGET MARKET</b>	avg	74,855	143	16.1	75.3		
	stdev	248,603	103	7.6	26.8		
	avg	18,209	812	82.5	49.1		
	stdev	19,622	459	30.4	13.6		
	avg	7,983	3,057	301.0	24.5		
	stdev	6,725	1,467	201.3	7.9		

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

TABLE Bc: OUTREACH INDICATORS

Criteria	Total Gross Loan Portfolio		Number of Active Borrowers		Average Loan Balance		Depth		Percent of Women Borrowers	
	total gross loan portfolio outstanding	number of borrowers with loans outstanding	total gross loan portfolio/ number of active borrowers	average loan balance/ GNP per capita	total number of active women borrowers/ total number of active borrowers	(US\$)	(no.)	(US\$)	(%)	(%)
<b>All MFIs</b>										
<b>REGION</b>										
Africa	avg	1,884,422	11,586	116	34.1					71.3
	stdev	2,660,477	10,720	78	23.7					26.2
Asia	avg	38,459,718	246,338	339	56.0					75.4
	stdev	149,822,123	738,471	541	80.3					29.9
Eastern Europe	avg	3,439,051	2,419	1,569	129.0					41.9
	stdev	2,512,553	1,232	1,042	77.0					18.7
Latin America	avg	8,958,460	13,276	722	46.5					59.2
	stdev	12,773,575	13,880	648	40.5					23.3
Middle East & North Africa	avg	3,101,464	8,685	337	16.9					71.9
	stdev	2,520,072	8,417	189	15.3					38.7
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>										
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	28,420,936	70,197	783	76.5					44.6
	stdev	117,433,626	390,298	931	99.3					18.4
Other (passbook and time deposits <20% of total assets)	avg	4,302,709	24,776	538	50.5					72.1
	stdev	8,755,396	115,801	736	60.5					26.9
<b>Financially Self-Sufficient MFIs</b>										
<b>REGION**</b>										
Africa	avg	3,253,035	11,357	152	42.4					51.7
	stdev	3,619,681	8,189	110	31.3					25.0
Asia	avg	27,184,668	366,046	235	44.5					60.5
	stdev	46,494,715	847,497	197	33.9					31.1
Eastern Europe	avg	3,897,385	2,275	1,574	163.4					33.6
	stdev	1,099,793	342	553	49.7					6.3
Latin America	avg	15,058,137	19,990	824	58.8					56.9
	stdev	15,834,672	16,746	675	44.5					20.7
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>										
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	19,298,748	16,346	985	94.9					37.4
	stdev	22,120,999	17,954	1,104	115.0					13.8
Other (passbook and time deposits <20% of total assets)	avg	7,219,036	57,599	455	52.5					67.2
	stdev	13,652,578	210,637	547	54.0					25.0

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
 \*\* No data were reported for the Middle East & North Africa region due to the small size of the sample

TABLE Bd: OUTREACH INDICATORS

Criteria	Total Gross Loan Portfolio		Number of Active Borrowers		Average Loan Balance		Depth		Percent of Women Borrowers	
	(US\$)	(no.)	(US\$)	(no.)	(US\$)	(no.)	(%)	(%)	(%)	(%)
<b>All MFIs</b>										
<b>CHARTER</b>	Banks	avg	90,049,458	236,609	1,475	140.1	44.4	total number of active women borrowers/ total number of active borrowers		
		stdev	219,281,252	745,139	1,510	164.6	27.9			
Credit Unions/ Cooperatives		avg	3,768,153	7,106	712	54.4	42.4			
		stdev	2,452,267	7,148	574	28.5	12.4			
NGOs		avg	4,209,067	27,524	443	44.8	75.5			
		stdev	8,954,780	125,199	579	49.5	25.2			
Non-Banks <sup>***</sup>		avg	9,422,820	10,428	649	47.9	50.6			
		stdev	11,242,248	9,727	439	20.5	17.8			
Rural Banks		avg	427,384	2,180	263	44.0	35.8			
		stdev	311,872	1,482	302	37.7	20.7			
<b>NON-PROFIT/ FOR-PROFIT</b>	Non-Profit	avg	4,085,481	23,354	520	46.5	69.6			
		stdev	7,955,797	110,187	664	46.1	27.1			
<b>STATUS</b>	For-Profit	avg	35,373,790	86,080	891	93.7	45.1			
		stdev	131,522,039	438,470	1,084	120.6	20.4			
<b>Financially Self-Sufficient MFIs</b>										
<b>CHARTER</b>	Banks	avg	41,332,755	37,023	1,742	184.0	34.4			
		stdev	23,147,896	23,499	1,739	192.3	21.4			
Credit Unions/ Cooperatives		avg	4,959,732	5,866	862	70.2	39.2			
		stdev	2,843,054	7,529	524	23.7	5.7			
NGOs		avg	8,326,717	61,424	474	54.8	68.8			
		stdev	14,681,234	218,197	556	55.1	24.9			
Non-Banks <sup>***</sup>		avg	31,453,119	18,680	882	41.9	44.0			
		stdev	6,113,352	22,218	131	1.0	-			
Rural Banks		avg	385,079	2,508	202	39.8	23.0			
		stdev	217,296	909	174	19.0	-			
<b>NON-PROFIT/ FOR-PROFIT</b>	Non-Profit	avg	7,578,597	48,523	589	57.1	61.0			
		stdev	13,006,136	191,436	619	51.1	25.1			
<b>STATUS</b>	For-Profit	avg	22,477,037	19,560	913	100.0	39.8			
		stdev	24,051,999	21,791	1,227	131.5	20.5			

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

<sup>\*\*\*</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs).

TABLE Ca: PROFITABILITY & SUSTAINABILITY

Criteria	Adjusted Return on Assets (AROA)		Adjusted Return on Equity (AROE)		Operational Self-Sufficiency (OSS)		Financial Self-Sufficiency (FSS)		Portfolio Yield (nominal)			
	adjusted net operating income/ average total assets	(%)	adjusted net operating income/ average total equity	(%)	operating income/ operating expense	(%)	adjusted operating income/ adjusted operating expense	(%)	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio	(%)		
<b>All MFIs</b>												
AGE	New (1 to 3 years)		avg	-10.4	avg	-38.5	avg	93.0	avg	77.2	avg	40.5
			stdev	13.6	stdev	67.4	stdev	27.4	stdev	23.4	stdev	16.6
	Young (4 to 7 years)		avg	-8.5	avg	-15.5	avg	95.8	avg	78.9	avg	38.8
		stdev	12.1	stdev	24.8	stdev	24.5	stdev	24.2	stdev	19.6	
Mature (over 7 years)		avg	0.0	avg	-4.0	avg	115.7	avg	104.6	avg	39.9	
		stdev	7.7	stdev	45.3	stdev	39.0	stdev	29.6	stdev	16.5	
SCALE OF OPERATIONS*	Large		avg	0.3	avg	1.7	avg	114.4	avg	105.1	avg	31.1
			stdev	5.6	stdev	32.1	stdev	27.6	stdev	23.3	stdev	10.5
	Medium		avg	-2.9	avg	-9.5	avg	109.1	avg	93.0	avg	38.5
		stdev	8.7	stdev	28.2	stdev	37.4	stdev	27.2	stdev	18.1	
Small		avg	-10.9	avg	-36.5	avg	90.3	avg	79.3	avg	47.0	
		stdev	16.6	stdev	69.6	stdev	30.9	stdev	28.7	stdev	17.7	
<b>Financially Self-Sufficient MFIs</b>												
AGE	New (1 to 3 years)		avg	2.6	avg	4.4	avg	131.7	avg	110.9	avg	33.6
			stdev	2.3	stdev	3.0	stdev	8.3	stdev	10.3	stdev	6.0
	Young (4 to 7 years)		avg	3.3	avg	9.0	avg	128.6	avg	113.9	avg	52.6
		stdev	2.0	stdev	8.6	stdev	12.5	stdev	12.3	stdev	24.7	
Mature (over 7 years)		avg	5.2	avg	18.1	avg	135.6	avg	123.7	avg	39.2	
		stdev	4.8	stdev	16.2	stdev	38.4	stdev	24.5	stdev	16.7	
SCALE OF OPERATIONS*	Large		avg	3.3	avg	15.9	avg	124.3	avg	116.8	avg	31.6
			stdev	2.5	stdev	15.2	stdev	27.5	stdev	16.7	stdev	10.0
	Medium		avg	5.8	avg	11.9	avg	141.0	avg	121.9	avg	43.4
		stdev	6.0	stdev	9.0	stdev	40.5	stdev	21.2	stdev	21.7	
Small		avg	5.4	avg	18.8	avg	131.2	avg	119.5	avg	48.2	
		stdev	4.8	stdev	16.4	stdev	19.9	stdev	16.9	stdev	14.8	

Notes: Standard deviations are listed below the group averages; The averages are calculated by dropping the top and bottom observations for each group; Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
\* The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

TABLE Cb: PROFITABILITY & SUSTAINABILITY

Criteria	Adjusted Return on Assets (AROA)		Adjusted Return on Equity (AROE)		Operational Self-Sufficiency (OSS)		Financial Self-Sufficiency (FSS)		Portfolio Yield (nominal)	
	avg	stdev	avg	stdev	avg	stdev	avg	stdev	avg	stdev
<b>LENDING</b>										
<b>METHODOLOGY</b>										
Individual (1 borrower)	avg	-1.8	avg	-11.0	avg	113.8	avg	98.6	avg	34.7
Solidarity Groups (groups of 3 to 9 borrowers)	avg	-5.0	avg	-17.8	avg	96.7	avg	86.8	avg	37.4
Village Banks (groups of ≥10 borrowers)	avg	-9.8	avg	-14.9	avg	97.4	avg	85.5	avg	57.7
Low-end (depth < 20% or average loan balance < US\$150)	avg	-5.3	avg	-20.1	avg	106.3	avg	92.9	avg	49.2
Broad (depth between 20% and 149%)	avg	-4.3	avg	-12.0	avg	101.4	avg	88.9	avg	32.5
High-end and Small Business (depth ≥ 150%)	avg	-1.9	avg	-2.4	avg	107.6	avg	96.8	avg	29.9
<b>TARGET MARKET</b>										
<b>LENDING</b>										
<b>METHODOLOGY</b>										
Individual (1 borrower)	avg	4.5	avg	18.0	avg	133.0	avg	122.1	avg	37.6
Solidarity Groups (groups of 3 to 9 borrowers)	avg	2.8	avg	8.2	avg	121.3	avg	112.8	avg	34.1
Village Banks (groups of ≥10 borrowers)	avg	10.6	avg	15.8	avg	153.9	avg	132.5	avg	76.3
Low-end (depth < 20% or average loan balance < US\$150)	avg	7.9	avg	16.0	avg	152.0	avg	130.5	avg	54.1
Broad (depth between 20% and 149%)	avg	3.1	avg	14.1	avg	121.3	avg	114.9	avg	32.9
High-end and Small Business (depth ≥ 150%)	avg	2.7	avg	11.3	avg	123.2	avg	113.3	avg	29.6

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

TABLE Cc: PROFITABILITY &amp; SUSTAINABILITY

Criteria	adjusted net operating income/ average total assets		Adjusted Return on Equity (AROE)		Operational Self-Sufficiency (OSS)		Financial Self-Sufficiency (FSS)		Portfolio Yield (nominal)	
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>All MFIs</b>										
<b>REGION</b>										
Africa	avg	-6.7	-11.1	96.5	86.6	47.5				
	stdev	11.9	32.7	36.8	29.9	18.4				
Asia	avg	-1.2	-20.3	104.9	97.1	35.8				
	stdev	7.2	63.9	33.6	28.6	16.2				
Eastern Europe	avg	-6.0	-14.6	106.9	87.1	31.1				
	stdev	10.8	20.9	17.3	19.1	6.0				
Latin America	avg	-4.2	-12.3	107.2	92.0	40.8				
	stdev	11.6	36.5	29.4	28.2	17.8				
Middle East & North Africa	avg	-6.1	-6.8	86.6	75.5	33.7				
	stdev	4.0	4.2	13.3	12.0	8.1				
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>										
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	-2.0	-5.3	105.3	95.7	33.7				
	stdev	7.1	50.0	25.7	26.3	12.5				
Other (passbook and time deposits <20% of total assets)	avg	-6.4	-24.0	104.2	89.1	43.2				
	stdev	14.4	54.8	40.6	31.9	20.0				
<b>Financially Self-Sufficient MFIs</b>										
<b>REGION**</b>										
Africa	avg	4.3	17.8	138.7	123.5	44.6				
	stdev	3.3	14.2	30.3	20.8	20.3				
Asia	avg	5.7	17.5	137.3	126.1	38.4				
	stdev	4.0	19.0	29.5	19.2	10.9				
Eastern Europe	avg	1.6	3.5	125.1	106.8	29.5				
	stdev	2.0	2.7	9.0	8.6	3.3				
Latin America	avg	5.2	14.9	127.7	117.8	41.0				
	stdev	5.3	11.5	22.1	17.2	17.7				
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>										
Financial Intermediary (passbook and time deposits >20% of total assets)	avg	3.3	19.5	121.4	116.2	35.1				
	stdev	2.8	18.0	16.9	13.4	11.2				
Other (passbook and time deposits <20% of total assets)	avg	6.5	11.2	147.1	125.8	46.7				
	stdev	6.2	9.3	43.0	28.1	24.1				

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

\*\* No data were reported for the Middle East & North Africa region due to the small size of the sample

TABLE Cd: PROFITABILITY & SUSTAINABILITY

Criteria	Adjusted Return on Assets (AROA)		Adjusted Return on Equity (AROE)		Operational Self-Sufficiency (OSS)		Financial Self-Sufficiency (FSS)		Portfolio Yield (nominal)	
	adjusted net income/ average total assets	adjusted net operating income/ average total equity	adjusted net operating income/ average total equity	adjusted net operating income/ average total equity	operating income/ operating expense	operating income/ operating expense	adjusted operating income/ adjusted operating expense	adjusted operating income/ adjusted operating expense	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio	(operating income - accrued interest - interest and fee income from investments)/ average gross loan portfolio
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>FINANCIALLY SELF-SUFFICIENT MFIs</b>										
<b>CHARTER</b>										
Banks	avg	-1.3	-11.6	107.0	98.9	33.1				
	stdev	6.3	59.0	17.4	21.8	9.3				
Credit Unions/ Cooperatives	avg	-4.6	-18.0	100.6	87.2	22.7				
	stdev	7.2	26.1	24.6	26.8	5.0				
NGOs	avg	-6.8	-20.4	104.4	88.5	45.3				
	stdev	15.4	47.8	42.1	31.4	20.5				
Non-Banks <sup>###</sup>	avg	-4.2	-2.6	95.8	87.7	37.2				
	stdev	4.9	15.6	15.8	15.2	9.5				
Rural Banks	avg	1.5	7.3	116.2	107.0	45.7				
	stdev	4.3	21.4	19.9	17.8	7.5				
Non-Profit	avg	-6.4	-23.3	102.7	88.0	40.4				
	stdev	13.9	52.6	38.7	31.7	20.2				
For-Profit	avg	-1.0	-2.3	108.3	100.1	39.1				
	stdev	6.5	54.7	23.8	23.2	11.7				
<b>FINANCIALLY SELF-SUFFICIENT MFIs</b>										
<b>CHARTER</b>										
Banks	avg	3.1	22.1	117.6	114.8	35.1				
	stdev	2.1	21.2	10.3	10.7	9.0				
Credit Unions/ Cooperatives	avg	2.9	9.4	123.3	118.9	23.5				
	stdev	2.4	5.7	14.2	13.2	3.3				
NGOs	avg	6.5	11.1	145.9	123.1	47.1				
	stdev	6.3	9.1	42.1	23.0	24.3				
Non-Banks <sup>###</sup>	avg	2.7	16.2	111.3	109.9	42.9				
	stdev	0.5	4.3	2.1	1.8	16.2				
Rural Banks	avg	4.8	26.1	129.3	120.4	44.2				
	stdev	4.4	15.7	22.9	18.9	4.7				
Non-Profit	avg	5.6	10.8	140.0	122.9	41.8				
	stdev	5.9	9.1	38.9	25.3	23.4				
For-Profit	avg	3.9	22.7	123.2	117.8	40.3				
	stdev	3.1	19.1	19.5	15.9	11.6				

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-rmbb.org](http://www.microbanking-rmbb.org).  
<sup>###</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs).

TABLE Da: EFFICIENCY

Criteria	Administrative Expense Ratio		Total Administrative Expense/ LP		Personnel Expense/ LP		Depth	Average Salary	Cost Per Borrower
	(administrative expense + in-kind donations)/ average total assets	(administrative expense + in-kind donations) / average gross loan portfolio	administrative expense + in-kind donations / average gross loan portfolio	(personnel expense + in-kind donations for personnel expenses)/ average gross loan portfolio	(personnel expense + in-kind donations for personnel expenses)/ GNP per capita	average loan balance/ GNP per capita			
	(%)	(%)	(%)	(%)	(%)	(%)	(multiple of GNP/ capita)	(US\$)	
<b>All MFIs</b>									
<b>AGE</b>									
New (1 to 3 years)	avg	27.2	45.7	24.1	61.1	6.4	154		
	stdev	13.7	36.6	15.9	59.2	5.2	116		
Young (4 to 7 years)	avg	19.9	34.8	18.2	49.4	5.0	120		
	stdev	9.7	22.5	13.3	59.0	3.6	116		
Mature (over 7 years)	avg	18.5	28.5	15.1	58.5	6.1	101		
	stdev	12.1	18.9	11.3	64.8	5.9	97		
<b>SCALE OF OPERATIONS*</b>									
Large	avg	11.7	17.5	9.8	95.8	7.3	135		
	stdev	6.1	11.3	5.7	119.3	5.4	116		
Medium	avg	20.0	29.2	15.3	61.4	5.7	119		
	stdev	10.8	17.9	11.8	71.6	5.1	121		
Small	avg	28.3	53.0	26.8	34.7	4.6	107		
	stdev	15.6	36.0	15.2	33.8	4.5	107		
<b>Financially Self-Sufficient MFIs</b>									
<b>AGE</b>									
New (1 to 3 years)	avg	18.9	21.6	12.1	134.6	7.1	200		
	stdev	2.2	1.3	0.6	52.1	2.9	69		
Young (4 to 7 years)	avg	21.2	31.4	17.5	28.8	5.3	31		
	stdev	7.7	12.2	7.9	22.5	1.3	10		
Mature (over 7 years)	avg	15.4	23.6	12.0	61.2	5.8	104		
	stdev	9.5	15.7	7.8	48.2	4.7	88		
Large	avg	11.8	15.9	9.3	119.2	7.3	142		
	stdev	5.0	7.0	3.3	143.5	4.5	125		
Medium	avg	19.3	25.0	13.2	60.8	5.6	84		
	stdev	10.8	12.5	8.4	53.1	3.8	63		
Small	avg	17.1	36.0	16.2	41.8	3.0	76		
	stdev	5.1	18.1	6.7	29.0	1.4	43		

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org). \* The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

TABLE Db: EFFICIENCY

Criteria		Total Administrative Expense Ratio		Total Administrative Expense/ LP		Personnel Expense/ LP		Depth	Average Salary	Cost Per Borrower
		(administrative expense + in-kind donations)/ average total assets (%)	(administrative expense + in-kind donations) / average gross loan portfolio (%)	(personnel expense + in-kind donations for personnel expenses) / average gross loan portfolio (%)	(average personnel expense + in-kind donations for personnel expenses)/ GNP per capita (multiple of GNP/ capita)	average loan balance/ GNP per capita (%)	(administrative expense + in-kind donations) / average number of active borrowers (US\$)			
<b>All MFIs</b>										
<b>LENDING</b>	Individual	avg	15.4	23.1	11.1	91.2	5.2	188		
	(1 borrower)	stdev	7.8	13.5	7.5	104.5	4.9	171		
	Solidarity Groups	avg	21.2	35.2	20.3	49.1	6.8	89		
		stdev	10.0	21.8	13.4	45.4	5.4	71		
	Village Banks	avg	35.0	60.3	30.4	16.1	5.4	56		
		stdev	19.0	42.6	16.2	11.5	4.9	34		
	Low-end	avg	27.7	47.7	24.9	16.3	4.5	61		
		stdev	15.8	33.4	15.7	10.0	4.6	57		
	(depth< 20% of average loan balance< US\$150)	avg	16.5	23.6	12.5	67.5	6.5	136		
	Broad	stdev	8.6	13.3	8.9	32.7	5.3	96		
(depth between 20% and 149%)	avg	14.0	21.0	10.4	285.9	8.4	420			
High-end and Small Business	stdev	5.9	12.8	7.1	133.7	5.0	201			
<b>Financially Self-Sufficient MFIs</b>										
<b>LENDING</b>	Individual	avg	13.5	20.8	9.9	91.5	5.8	144		
	(1 borrower)	stdev	5.7	13.4	5.7	107.2	4.6	120		
	Solidarity Groups	avg	16.4	23.3	11.8	68.6	5.8	65		
		stdev	7.9	10.4	4.6	59.1	2.8	63		
	Village Banks	avg	34.8	47.2	28.1	15.7	4.3	51		
		stdev	9.8	13.2	6.5	8.5	3.1	18		
	Low-end	avg	22.7	34.8	18.1	16.1	3.6	42		
		stdev	11.6	17.6	8.9	7.6	2.0	26		
	(depth< 20% of average loan balance< US\$150)	avg	13.3	18.1	9.3	82.5	7.0	120		
	Broad	stdev	5.6	7.5	4.2	30.4	4.3	67		
(depth between 20% and 149%)	avg	12.2	16.3	8.1	301.0	7.9	393			
High-end and Small Business	stdev	4.7	4.3	2.5	201.3	1.7	18			
(depth ≥ 150%)										

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

TABLE Dc: EFFICIENCY

Criteria	Total Administrative Expense Ratio		Total Administrative Expense/ LP		Personnel Expense/ LP		Depth	Average Salary	Cost Per Borrower
	(%)	(%)	(%)	(%)	(%)	(multiple of GNP/ capita)			
<b>All MFIs</b>									
<b>REGION</b>	avg	27.3	54.3	28.1	34.1	10.0	55		
Africa	stdev	16.8	29.1	17.1	23.7	7.1	33		
Asia	avg	15.9	25.3	14.3	56.0	3.2	48		
	stdev	10.4	19.8	12.8	80.3	1.8	59		
Eastern Europe	avg	19.8	24.0	14.3	129.0	7.7	307		
	stdev	5.8	7.4	6.0	77.0	4.1	174		
Latin America	avg	21.1	28.6	14.5	46.5	4.6	140		
	stdev	11.5	15.0	9.7	40.5	4.2	113		
Middle East & North Africa	avg	20.1	38.7	27.0	16.9	2.3	114		
	stdev	7.6	13.9	7.9	15.3	2.0	67		
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>	avg	13.6	24.8	11.9	76.5	4.9	110		
Financial Intermediary (passbook and time deposits >20% of total assets)	stdev	5.7	16.9	9.0	99.3	3.7	93		
Other (passbook and time deposits <20% of total assets)	avg	25.3	39.5	21.1	50.5	6.2	126		
	stdev	14.7	30.3	14.9	60.5	5.8	131		
<b>Financially Sound Subsector MFIs</b>									
<b>REGION**</b>	avg	14.9	38.2	16.7	42.4	7.3	49		
Africa	stdev	6.5	21.4	8.6	31.3	5.7	33		
Asia	avg	13.6	18.9	10.0	44.5	2.9	27		
	stdev	9.3	9.5	3.4	33.9	1.6	24		
Eastern Europe	avg	16.4	20.1	10.8	163.4	8.0	220		
	stdev	2.9	2.7	2.3	49.7	1.7	60		
Latin America	avg	18.5	23.3	12.5	58.8	6.0	128		
	stdev	10.1	12.0	7.6	44.5	3.7	77		
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>	avg	12.0	21.5	10.4	84.9	5.6	131		
Financial Intermediary (passbook and time deposits >20% of total assets)	stdev	4.7	14.2	6.2	115.0	3.1	97		
Other (passbook and time deposits <20% of total assets)	avg	21.4	27.5	15.0	52.5	5.6	71		
	stdev	11.0	15.1	8.7	54.0	4.2	70		

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group; Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

\*\* No data were reported for the Middle East & North Africa region due to the small size of the sample

TABLE Dd: EFFICIENCY

Criteria	Total Administrative Expense Ratio		Total Administrative Expense/LP		Personnel Expense/LP		Depth	Average Salary	Cost Per Borrower
	(%)	(%)	(%)	(%)	(%)	(%)			
	(administrative expense + in-kind donations) / average total assets	(administrative expense + in-kind donations) / average gross loan portfolio	(personnel expense + in-kind donations for personnel expenses) / average gross loan portfolio	(average loan balance/ GNP per capita	(average personnel expense + in-kind donations for personnel expenses) / GNP per capita	(administrative expense + in-kind donations) / average number of active borrowers	(multiple of GNP/ capita)	(US\$)	
<b>CHARTER</b>									
Banks	avg	11.8	19.2	11.0	140.1	5.5	193		
	stdev	6.7	11.6	6.3	164.6	2.7	234		
Credit Unions/ Cooperatives	avg	11.0	15.7	6.6	54.4	2.9	96		
	stdev	4.4	5.6	2.5	28.5	1.3	66		
NGOs	avg	26.8	42.8	22.7	44.8	6.8	114		
	stdev	14.9	31.8	15.4	49.5	6.2	116		
Non-Banks <sup>###</sup>	avg	19.5	26.2	13.7	47.9	4.6	129		
	stdev	6.0	10.1	6.0	20.5	1.4	71		
Rural Banks	avg	15.8	36.3	17.6	44.0	2.9	80		
	stdev	3.4	15.5	7.4	37.7	1.5	73		
Non-Profit/ FOR-PROFIT	avg	23.6	37.3	19.6	46.5	6.0	113		
	stdev	14.7	29.9	15.1	48.1	5.7	111		
STATUS	avg	15.4	27.1	13.7	93.7	5.3	147		
	stdev	7.1	17.5	8.6	120.6	4.0	161		
<b>Financially Self-Sufficient MFIs</b>									
<b>CHARTER</b>									
Banks	avg	10.4	16.3	9.1	184.0	7.1	196		
	stdev	4.6	6.4	3.5	192.3	2.3	149		
Credit Unions/ Cooperatives	avg	8.0	12.1	5.5	70.2	3.6	109		
	stdev	1.6	2.8	2.2	23.7	-	65		
NGOs	avg	22.0	28.3	15.5	54.8	6.0	72		
	stdev	10.9	15.1	8.7	55.1	4.3	63		
Non-Banks <sup>###</sup>	avg	18.9	23.1	12.3	41.9	5.3	128		
	stdev	5.7	10.3	3.8	1.0	1.3	-		
Rural Banks	avg	14.0	35.5	15.6	39.8	3.2	70		
	stdev	2.3	16.7	5.9	19.0	1.3	15		
Non-Profit/ FOR-PROFIT	avg	19.0	24.8	13.2	57.1	5.5	88		
	stdev	11.2	14.8	8.7	51.1	3.7	71		
STATUS	avg	13.4	24.5	12.1	100.0	6.2	126		
	stdev	5.0	15.4	6.2	131.5	4.4	113		

Notes: Standard deviations are listed below the group averages.

The averages are calculated by dropping the top and bottom observations for each group.

Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

<sup>###</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs).

TABLE Ea: PORTFOLIO QUALITY AND PRODUCTIVITY

Criteria	Portfolio At Risk > 90 Days		Staff Productivity		Loan Officer Productivity	
	outstanding balance of loans overdue > 90 days/ total gross loan portfolio	(%)	number of active borrowers/ number of staff	(no.)	number of active borrowers/ number of loan officers	(no.)
<b>All MFIs</b>						
AGE	New (1 to 3 years)	1.5	89	198		
	avg					
	stdev	2.8	43	130		
Young (4 to 7 years)	avg	2.6	127	308		
	stdev	2.3	72	227		
	Mature (over 7 years)	2.9	140	390		
avg	4.7	124	445			
SCALE OF OPERATIONS*	Large	2.6	141	333		
	stdev	2.3	93	229		
	Medium	2.0	129	310		
avg	2.2	80	331			
Small	avg	4.7	95	314		
	stdev	8.4	67	292		
	<b>Financially Self-Sufficient MFIs</b>					
AGE	New (1 to 3 years)	1.0	71	124		
	avg					
	stdev	0.7	6	20		
Young (4 to 7 years)	avg	0.6	137	200		
	stdev	0.6	100	181		
	Mature (over 7 years)	2.1	125	378		
avg	2.1	76	239			
SCALE OF OPERATIONS*	Large	2.2	122	285		
	stdev	2.1	71	149		
	Medium	1.7	124	257		
avg	1.9	70	165			
Small	avg	0.9	80	434		
	stdev	1.1	55	357		

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group; Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
\* The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

TABLE Eb: PORTFOLIO QUALITY AND PRODUCTIVITY

Criteria	Portfolio At Risk > 90 Days		Staff Productivity		Loan Officer Productivity	
	outstanding balance of loans overdue > 90 days / total gross loan portfolio	(%)	number of active borrowers / number of staff	(no.)	number of active borrowers / number of loan officers	(no.)
<b>All MFIs</b>						
<b>LENDING</b>						
Individual	avg	2.8		98		277
(1 borrower)	stdev	2.9		77		252
<b>METHODOLOGY</b>						
Solidarity Groups	avg	2.9	128		332	
(groups of 3 to 9 borrowers)	stdev	3.9	74		276	
Village Banks	avg	1.0	148		300	
(groups of ≥ 10 borrowers)	stdev	1.3	57		204	
<b>TARGET MARKET</b>						
Low-end	avg	3.0	157		414	
(depth < 20% or average loan balance < US\$150)	stdev	5.4	119		473	
Broad	avg	2.7	109		299	
(depth between 20% and 149%)	stdev	2.6	72		272	
High-end and Small Business	avg	1.4	40		104	
(depth ≥ 150%)	stdev	0.9	19		35	
<b>Financially Self-Sufficient MFIs</b>						
<b>LENDING</b>						
Individual	avg	1.8	100		303	
(1 borrower)	stdev	2.1	70		248	
<b>METHODOLOGY</b>						
Solidarity Groups	avg	2.3	129		324	
(groups of 3 to 9 borrowers)	stdev	1.9	79		209	
Village Banks	avg	0.2	152		253	
(groups of ≥ 10 borrowers)	stdev	0.2	32		69	
<b>TARGET MARKET</b>						
Low-end	avg	1.2	157		409	
(depth < 20% or average loan balance < US\$150)	stdev	1.4	71		213	
Broad	avg	2.5	102		281	
(depth between 20% and 149%)	stdev	2.4	60		224	
High-end and Small Business	avg	1.4	48		120	
(depth ≥ 150%)	stdev	0.4	21		28	

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).

TABLE E6: PORTFOLIO QUALITY AND PRODUCTIVITY

Criteria	Portfolio At Risk > 90 Days		Staff Productivity		Loan Officer Productivity	
	outstanding balance of loans overdue > 90 days/ portfolio	total gross loan portfolio	number of active borrowers/ of staff	number of active borrowers/ number of loan officers	number of active borrowers/ number of loan officers	number of active borrowers/ number of loan officers
	(%)	(no.)	(no.)	(no.)	(no.)	(no.)
<b>All MFIs</b>						
<b>REGION</b>						
Africa	avg 2.5	165	165	557	557	557
	stdev 2.2	119	119	464	464	464
Asia	avg 2.3	126	126	260	260	260
	stdev 3.9	96	96	224	224	224
Eastern Europe	avg 1.2	66	66	132	132	132
	stdev 1.4	24	24	50	50	50
Latin America	avg 3.3	120	120	295	295	295
	stdev 3.6	54	54	183	183	183
Middle East & North Africa	avg 0.8	77	77	127	127	127
	stdev 1.0	15	15	33	33	33
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>						
Financial Intermediary (passbook and time deposits >20% of total assets)	avg 2.9	123	123	531	531	531
	stdev 2.4	107	107	488	488	488
Other (passbook and time deposits <20% of total assets)	avg 2.7	122	122	244	244	244
	stdev 4.7	74	74	162	162	162
<b>Financially Self-Sufficient MFIs</b>						
<b>REGION**</b>						
Africa	avg 1.9	128	128	513	513	513
	stdev 1.6	99	99	284	284	284
Asia	avg 0.9	116	116	299	299	299
	stdev 1.0	82	82	203	203	203
Eastern Europe	avg 0.8	64	64	108	108	108
	stdev 0.5	15	15	21	21	21
Latin America	avg 2.5	132	132	271	271	271
	stdev 2.5	50	50	86	86	86
<b>LEVEL OF RETAIL FINANCIAL INTERMEDIATION</b>						
Financial Intermediary (passbook and time deposits >20% of total assets)	avg 2.4	92	92	395	395	395
	stdev 2.4	55	55	307	307	307
Other (passbook and time deposits <20% of total assets)	avg 1.3	139	139	268	268	268
	stdev 1.6	83	83	164	164	164

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
 \*\* No data were reported for the Middle East & North Africa region due to the small size of the sample

TABLE Ed: PORTFOLIO QUALITY AND PRODUCTIVITY

Criteria	Portfolio At Risk > 90 Days		Staff Productivity		Loan Officer Productivity	
	outstanding balance of loans overdue > 90 days/ portfolio	total gross loan portfolio	number of active borrowers/ of staff	number of active borrowers/ of staff	number of active borrowers/ number of loan officers	number of active borrowers/ number of loan officers
	(%)	(no.)	(no.)	(no.)	(no.)	(no.)
<b>All MFIs</b>						
<b>CHARTER</b>						
Banks	avg 1.6	94	202			
	stdev 1.5	48	126			
Credit Unions/	avg 3.4	152	456			
Cooperatives	stdev 2.5	116	272			
NGOs	avg 2.5	129	255			
	stdev 4.6	76	167			
Non-Banks <sup>###</sup>	avg 3.6	93	263			
	stdev 2.1	41	256			
Rural Banks	avg 2.5	66	529			
	stdev 2.5	49	430			
<b>NON-PROFIT/ FOR-PROFIT STATUS</b>						
Non-Profit	avg 2.8	131	298			
	stdev 4.8	86	292			
For-Profit	avg 2.7	100	387			
	stdev 2.4	80	368			
<b>Financially Self-Sufficient MFIs</b>						
<b>CHARTER</b>						
Banks	avg 1.6	91	213			
	stdev 0.8	50	136			
Credit Unions/	avg 1.0	44	126			
Cooperatives	stdev 0.2	-	77			
NGOs	avg 1.2	143	276			
	stdev 1.6	82	168			
Non-Banks <sup>###</sup>	avg 5.2	104	198			
	stdev 3.4	45	-			
Rural Banks	avg 1.3	64	618			
	stdev 1.2	22	353			
<b>NON-PROFIT/ FOR-PROFIT STATUS</b>						
Non-Profit	avg 1.5	137	264			
	stdev 1.8	76	167			
For-Profit	avg 2.2	91	396			
	stdev 2.0	55	299			

Notes: Standard deviations are listed below the group averages. The averages are calculated by dropping the top and bottom observations for each group. Additional statistical information is available at [www.microbanking-mbb.org](http://www.microbanking-mbb.org).  
<sup>###</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs).

## Composition of Additional Analysis Groupings

AGE <sup>a</sup>							
<b>New</b> (1 to 3 years)	23 de Julio	BESA	FINCA AZ	LOK	MFW	Sagrario	Vital-Finance
	Al Amana	Bospo	FINCA GU	MCM	Mikrofin	SEDA	Vivacred
	AMK	Constanta	FINCA HA	MEB Bosnia	Nachala	Sunrise	WVB
	Banco do Povo	FENACREP	FINCA TZ	Mercy Corps	Prizma	Swayam	XAC
	BanGente	FICA	KCLF	MFAN	RADE	Tulcán	
<b>Young</b> (4 to 7 years)	15 de Abril	Citi S&L	FINCA MA	Inicjatywa Mikro	Oscus	San Francisco	
	Al Majmoua	FATEN	FINCA PE	KASHF	PAMÉCAS	SAT	
	Banco Solidario, EC	Faulu	Fundusz Mikro	Moznosti	Piyeli	Solución	
	Basix	FEFAD	FOCCAS	NLC	Portosol	WAGES	
	Cacpeco	FINCA EC	FONDECO	NOA	ProMujer, Bolivia		
	CEAPE/ PE	FINCA KY	Hattha Kaksekar	Oi-Russia	Riobamba		
<b>Mature</b> (over 7 years)	ABA	Amenfiman	BRAC	Compartamos	FINCA MX	Moyután	SHARE
	ACEP	Asawinso	BRI	Contigo	FINCA NI	Nirdhan	Tonantel
	ACLEDA	ASA	BURO Tangail	COOSAJO	FINCA UG	Nkoranman	TSPI
	ACODEP	BAAC	Caja de Los Andes	Crecer	FMM Popayán	Nsoatremán	UNRWA
	Acredicom	Banco ADEMI	Calpiá	Ecosaba	FWWB Cali	Nyésigiso	UWFT
	Actuar	BancoSol	CAM	Emprender	FWWB India	PADME	WR Honduras
	ADOPEM	BDB	CARD	EMT	Gramá Vidiyal	PRIDE-TZ	
	ADRI	BPR-A	CERUDEB	FAMA	Kafo Jiginew	PRODEM FFP	
	AGAPE	BPR-B	Chispa	FED	Kintampo	ProEmpresa	
	Agrocapital	BPR-C	Chuimequená	FIE	KWFT	RSPI	
	Ahantaman	BPR-D	CM Arequipa	FINAMÉRICA	Mibanco	SEEDS	
	AKRSP	BPR-E	CMM/ Medellín	FINCA HO	MKRB	SEF	

SCALE OF OPERATIONS<sup>b</sup>

<b>Large</b>	ABA	BAAC	BDB	Calpiá	FIE	Mibanco	Solución	
	ACEP	Banco ADEMI	BRAC	CERUDEB	FINAMÉRICA	PADME	UNRWA	
	ACLEDA	BancoSol	BRI	CM Arequipa	Fundusz Mikro	PRIDE-TZ		
	ASA	Banco Solidario, EC	Caja de Los Andes	FEFAD	Kafo Jiginew	PRODEM FFP		
<b>Medium</b>	15 de Abril	Basix	CMM/ Medellín	FINCA KY	MCM	Portosol	Tulcán	
	23 de Julio	BESA	Compartamos	FINCA MA	MEB Bosnia	ProEmpresa	UWFT	
	ACODEP	Bospo	COOSAJO	FINCA NI	Mercy Corps	ProMujer, Bolivia	WR Honduras	
	Acredicom	BPR-B	Crecer	FINCA UG	MFW	Riobamba	WVB	
	Actuar	BPR-E	Ecosaba	Finsol	Mikrofin	Sagrario		
	ADOPEM	BURO Tangail	Emprender	FMM Popayán	Moznosti	San Francisco		
	ADRI	CAM	EMT	FONDECO	Nirdhan	SEEDS		
	Agrocapital	CARD	FAMA	FWWB Cali	NLC	SEF		
	AKRSP	CEAPE/ PE	FATEN	FWWB India	NOA	SHARE		
	Al Amana	Chispa	FED	KCLF	Nyésigiso	Sunrise		
	Al Majmoua	Chuimequená	FENACREP	KWFT	Oscus	Tonantel		
	BanGente	Citi S&L	FINCA HO	LOK	PAMÉCAS	TSPI		
	<b>Small</b>	AGAPE	BPR-D	FINCA GU	Inicjatywa Mikro	Nsoatremán	SEDA	
		Ahantaman	Cacpeco	FINCA HA	KASHF	OEF	Swayam	
Amenfiman		Constanta	FINCA MX	Kintampo	Oi-Russia	Vital-Finance		
AMK		Contigo	FINCA PE	MFAN	Piyeli	Vivacred		
Asawinso		Faulu	FINCA TZ	MKRB	Prizma	WAGES		
Banco do Povo		FICA	FOCCAS	Moyután	RADE	XAC		
BPR-A		FINCA AZ	Gramá Vidiyal	Nachala	RSPI			
BPR-C	FINCA EC	Hattha Kaksekar	Nkoranman	SAT				

LENDING METHODOLOGY<sup>c</sup>

<b>Individual</b> (1 borrower)	15 de Abril	Asawinso	BPR-E	Ecosaba	LOK	NOA	Sunrise
	23 de Julio	BAAC	BRI	Emprender	MCM	Oscus	Tonantel
	ABA	Banco ADEMI	Cacpeco	FED	MEB Bosnia	PADME	Tulcán
	ACEP	Banco do Povo	Caja de Los Andes	FEFAD	Mercy Corps	Portosol	Vivacred
	ACODEP	BanGente	Calpiá	FIE	MKRB	ProEmpresa	XAC
	Acredicom	BDB	CERUDEB	FMM Popayán	Moyután	Riobamba	
	ADRI	BPR-A	Chuimequená	FWWB Cali	Moznosti	Sagrario	
	Agrocapital	BPR-B	CM Arequipa	Hattha Kaksekar	Nachala	San Francisco	
	Amenfiman	BPR-C	CMM/ Medellín	Inicjatywa Mikro	Nkoranman	SAT	
	AMK	BPR-D	COOSAJO	Kafo Jiginew	NLC	Solución	
	<b>Solidarity Groups</b> (groups of 3 to 9 borrowers)	ACLEDA	Basix	Constanta	FONDECO	Mikrofin	Prizma
Actuar		BESA	Contigo	Gramá Vidiyal	Nirdhan	PRODEM FFP	Vital-Finance
ADOPEM		Bospo	EMT	KASHF	Nsoatremán	RSPI	WVB
Ahantaman		BRAC	FAMA	KCLF	Nyésigiso	SEF	
Al Amana		BURO Tangail	FATEN	Kintampo	Oi-Russia	SHARE	
ASA		CARD	Faulu	KWFT	PAMÉCAS	Swayam	
BancoSol		CEAPE/ PE	FINAMÉRICA	MFAN	Piyeli	TSPI	
Banco Solidario, EC	Chispa	Fundusz Mikro	Mibanco	PRIDE-TZ	UNRWA		
<b>Village Banking</b> (groups of >10 borrowers)	AGAPE	Citi S&L	FINCA EC	FINCA KY	FINCA PE	FWWB India	SEDA
	AKRSP	Compartamos	FINCA GU	FINCA MA	FINCA TZ	MFW	SEEDS
	Al Majmoua	Crecer	FINCA HA	FINCA MX	FINCA UG	ProMujer, Bolivia	WAGES
	CAM	FINCA AZ	FINCA HO	FINCA NI	FOCCAS	RADE	WR Honduras

<sup>a</sup> Some institutions did not report the information.<sup>b</sup> The criteria for classification of scale of operations vary by region. Refer to page 57 for details.

## Composition of Additional Analysis Groupings (continued)

TARGET MARKET								
<b>Low-end</b> (depth* < 20% or average loan balance < US\$150)	ADOPEM	BPR-A	Emprender	FINCA MA	KASHF	PRIDE-TZ	TSPI	
	AGAPE	BPR-A	EMT	FINCA MX	KCLF	ProMujer, Bolivia	UWFT	
	Ahantaman	CAM	FED	FINCA NI	MFAN	RADE	Vivacred	
	Al Amana	CARD	FÉNACREP	FINCA PE	MFW	RSPi	WAGES	
	Al Majmoua	CEAPE/ PE	FICA	FINCA TZ	MKRB	SAT		
	AKRSP	CMM/ Medellin	FINCA AZ	FINCA UG	Nirdhan	SEF		
	Amenfiman	Compartamos	FINCA EC	FMM Popayán	Nkoranman	SHARE		
	Asawinso	Constanta	FINCA GU	FOCCAS	Nsoatreman	Swayam		
	ASA	Contigo	FINCA HA	FWWB Cali	Piyeli	SEDA		
	BRAC	Crecer	FINCA KY	FWWB India	Portosol	SEEDS		
	<b>Broad</b> (depth* between 20% and 149%)	15 de Abril	Banco Solidario, EC	Calpiá	FIE	Kintampo	Nachala	San Francisco
23 de Julio		BanGente	Chispa	FINAMÉRICA	KWFT	Nyésigiso	Riobamba	
ABA		Basix	Chuimequená	FINCA HO	LOK	OEF	Sunrise	
ACLEDA		Bospo	Citi S&L	Finsol	MCM	Oscus	Tonantel	
ACODEP		BPR-B	CM Arequipa	Fundusz Mikro	Mercy Corps	PADME	Tulcán	
Acredicom		BPR-C	COOSAJO	FONDECO	Mibanco	PAMÉCAS	UNRWA	
ADRI		BPR-D	Ecosaba	Gramma Vidiyal	Mikrofin	Prizma	Vital-Finance	
BAAC		BRI	FAMA	Hattha Kaksekar	Moyután	PRODEM FFP	WR Honduras	
Banco do Povo		Cacpeco	FATEN	Inicjatywa Mikro	Moznosti	ProEmpresa	XAC	
BancoSol		Caja de Los Andes	Faulu	Kafo Jiginew	NOA	Sagrario		
<b>High-End and Small Business</b> (depth* > 150%)		Agrocapital	Banco ADEMI	BESA	CERUDEB	MEB Bosnia	Oi-Russia	
	AMK	BDB	BPR-E	FEFAD	NLC	WVB		
REGION								
<b>Africa</b>	ACEP	Citi S&L	FINCA TZ	KWFT	Nyésigiso	SAT	WAGES	
	Ahantaman	Faulu	FINCA UG	MFAN	PADME	SEDA		
	Amenfiman	FÉNACREP	FOCCAS	MKRB	PAMÉCAS	SEF		
	Asawinso	FICA	Kafo Jiginew	Nkoranman	Piyeli	UWFT		
	CERUDEB	FINCA MA	Kintampo	Nsoatreman	PRIDE-TZ	Vital-Finance		
<b>Asia</b>	ACLEDA	BDB	BPR-E	Constanta	Gramma Vidiyal	NLC	TSPI	
	AKRSP	BPR-A	BRAC	EMT	Hattha Kaksekar	RSPi	XAC	
	ASA	BPR-B	BRI	FINCA AZ	KASHF	SEEDS		
	BAAC	BPR-C	BURO Tangail	FINCA KY	KCLF	SHARE		
	Basix	BPR-D	CARD	FWWB India	Nirdhan	Swayam		
<b>Eastern Europe</b>	AMK	Fundusz Mikro	MEB Bosnia	Nachala	Sunrise			
	BESA	Inicjatywa Mikro	Mercy Corps	NOA	WVB			
	Bospo	LOK	Mikrofin	Oi-Russia				
	FEFAD	MCM	Moznosti	Prizma				
	<b>Latin America</b>	15 de Abril	Banco do Povo	Chuimequená	FED	Finsol	ProEmpresa	
23 de Julio		BancoSol	CM Arequipa	FIE	FMM Popayán	ProMujer, Bolivia		
ACODEP		Banco Solidario, EC	CMM/ Medellin	FINAMÉRICA	FONDECO	Riobamba		
Acredicom		BanGente	Compartamos	FINCA EC	FWWB Cali	Sagrario		
Actuar		Cacpeco	Contigo	FINCA GU	Mibanco	San Francisco		
ADOPEM		Caja de Los Andes	COOSAJO	FINCA HA	Moyután	Solución		
ADRI		Calpiá	Crecer	FINCA HO	OEF	Tonantel		
AGAPE		CAM	Ecosaba	FINCA MX	Oscus	Tulcán		
Agrocapital		CEAPE/ PE	Emprender	FINCA NI	Portosol	Vivacred		
Banco ADEMI		Chispa	FAMA	FINCA PE	PRODEM FFP	WR Honduras		
<b>Middle East &amp; North Africa</b>		ABA	Al Majmoua	MFW	UNRWA			
		Al Amana	FATEN	RADE				
LEVEL OF FINANCIAL RETAIL INTERMEDIATION								
<b>Financial Intermediary</b> (passbook and time deposits > 20% of total assets)	15 de Abril	BancoSol	BURO Tangail	COOSAJO	Kintampo	Oscus	Tulcán	
	23 de Julio	BDB	Cacpeco	Ecosaba	MFAN	PAMÉCAS	UWFT	
	Acredicom	BPR-A	Caja de Los Andes	FEFAD	Mibanco	PRODEM FFP		
	Ahantaman	BPR-B	Calpiá	FÉNACREP	MKRB	Riobamba		
	Amenfiman	BPR-C	CERUDEB	FICA	Moyután	Sagrario		
	Asawinso	BPR-D	Chuimequená	FIE	Nkoranman	San Francisco		
	BAAC	BPR-E	Citi S&L	FINAMÉRICA	Nsoatreman	Solución		
	Banco ADEMI	BRI	CM Arequipa	Kafo Jiginew	Nyésigiso	Tonantel		
	<b>Other</b> (passbook and time deposits < 20% of total assets)	ABA	Banco Solidario, EC	Emprender	FINCA PE	KWFT	Piyeli	TSPI
		ACEP	BanGente	EMT	FINCA TZ	LOK	Portosol	UNRWA
		ACLEDA	Basix	FAMA	FINCA UG	MCM	PRIDE-TZ	Vital-Finance
ACODEP		BESA	FATEN	Finsol	MEB Bosnia	Prizma	Vivacred	
Actuar		Bospo	Faulu	Fundusz Mikro	Mercy Corps	ProEmpresa	WAGES	
ADOPEM		BRAC	FED	FMM Popayán	MFW	ProMujer, Bolivia	WR Honduras	
ADRI		CAM	FINCA AZ	FOCCAS	Mikrofin	RADE	WVB	
AGAPE		CARD	FINCA EC	FONDECO	Moznosti	RSPi	XAC	
Agrocapital		CEAPE/ PE	FINCA GU	FWWB Cali	Nachala	SAT		
AKRSP		Chispa	FINCA HA	FWWB India	Nirdhan	SEDA		
Al Amana		CMM/ Medellin	FINCA HO	Gramma Vidiyal	NLC	SEEDS		
Al Majmoua		Compartamos	FINCA KY	Hattha Kaksekar	NOA	SEF		
AMK		Constanta	FINCA MA	Inicjatywa Mikro	OEF	SHARE		
ASA	Contigo	FINCA MX	KASHF	Oi-Russia	Sunrise			
Banco do Povo	Crecer	FINCA NI	KCLF	PADME	Swayam			

\* Some institutions did not report the information.

\* Depth = Average loan balance/ GNP per capita.

## Composition of Additional Analysis Groupings (continued)

CHARTER							
<b>Banks</b>	ACLEDA	BancoSol	BDB	CERUDEB	MEB Bosnia		
	BAAC	Banco Solidario, EC	BRI	CM Arequipa	Mibanco		
	Banco ADEMI	BanGente	CARD	FEFAD	Nirdhan		
<b>Credit Unions/ Cooperatives</b>	15 de Abril	Cacpeco	FENACREP	Nachala	PAMÉCAS	Swayam	
	23 de Julio	Chuimequená	FICA	NOA	Riobamba	Tonantel	
	ACEP	COOSAJO	Kafo Jiginew	Nyesigiso	Sagrario	Tulcán	
	Acredicom	Ecosaba	Moyután	Oscus	San Francisco		
<b>NGOs</b>	ABA	Bospo	Faulu	FINCA UG	MFW	SAT	
	ACODEP	BRAC	FED	FMM Popayán	Mikrofin	SEDA	
	Actuar	BURO Tangail	FIE	FOCCAS	Moznosti	SEEDS	
	ADOPEM	CAM	FINCA AZ	FONDECO	OEF	SEF	
	ADRI	CEAPE/ PE	FINCA EC	FWWB Cali	OI-Russia	SHARE	
	AGAPE	Chispa	FINCA GU	FWWB India	PADME	Sunrise	
	Agrocapital	CMM/ Medellín	FINCA HA	Grama Vidiyal	Piyeli	UNRWA	
	AKRSP	Compartamos	FINCA HO	Hattha Kaksekar	Portosol	UWFT	
	Al Amaná	Constanta	FINCA KY	KASHF	PRIDE-TZ	Vital-Finance	
	Al Majmoua	Contigo	FINCA MA	KCLF	Prizma	Vivacred	
	AMK	Crecer	FINCA MX	KWFT	PRODEM FFP	WAGES	
	ASA	Emprender	FINCA NI	LOK	ProMujer, Bolivia	WR Honduras	
	Banco do Povo	EMT	FINCA PE	MCM	RADE	WVB	
	BESA	FAMA	FINCA TZ	Mercy Corps	RSPI		
<b>Non-Banks<sup>***</sup></b>	Basix	Calpiá	FATEN	Finsol	Inicjatywa Mikro	ProEmpresa	Solución
	Caja de Los Andes	Citi S&L	FINAMÉRICA	Fundusz Mikro	NLC	XAC	TSPI
<b>Rural Banks</b>	Ahantamann	Asawinso	BPR-B	BPR-D	Kintampo	MKRB	Nsoatremán
	Amenfimann	BPR-A	BPR-C	BPR-E	MFAN	Nkoranman	
NON-PROFIT FOR-PROFIT							
<b>Non-Profit</b>	15 de Abril	Banco do Povo	Ecosaba	FINCA MX	LOK	Portosol	Swayam
	23 de Julio	BESA	Emprender	FINCA NI	MCM	PRIDE-TZ	Tonantel
	ABA	Bospo	EMT	FINCA PE	Mercy Corps	Prizma	TSPI
	ACEP	BRAC	FAMA	FINCA TZ	MFW	PRODEM FFP	Tulcán
	ACODEP	BURO Tangail	FATEN	FINCA UG	Mikrofin	ProMujer, Bolivia	UNRWA
	Acredicom	Cacpeco	FED	FMM Popayán	Moyután	RADE	UWFT
	Actuar	CAM	FÉNACREP	FOCCAS	Moznosti	Riobamba	Vital-Finance
	ADOPEM	CEAPE/ PE	FICA	FONDECO	Nachala	RSPI	Vivacred
	ADRI	Chispa	FIE	FWWB Cali	Nirdhan	Sagrario	WAGES
	AGAPE	Chuimequená	FINCA AZ	FWWB India	NOA	San Francisco	WRHonduras
	Agrocapital	CMM/ Medellín	FINCA EC	Grama Vidiyal	Nyésigiso	SAT	WVB
	AKRSP	Compartamos	FINCA GU	Hattha Kaksekar	OEF	SEDA	XAC
	Al Amaná	Constanta	FINCA HA	Kafo Jiginew	OI-Russia	SEEDS	
	Al Majmoua	Contigo	FINCA HO	KASHF	Oscus	SEF	
	AMK	COOSAJO	FINCA KY	KCLF	PAMÉCAS	SHARE	
	ASA	Crecer	FINCA MA	KWFT	Piyeli	Sunrise	
<b>For-Profit</b>	ACLEDA	Banco Solidario, EC	BPR-D	Citi S&L	Inicjatywa Mikro	NLC	
	Ahantamann	BanGente	BPR-E	CM Arequipa	Kintampo	Nsoatremán	
	Amenfimann	Basix	BRI	Faulu	MEB Bosnia	PADME	
	Asawinso	BDB	Caja de Los Andes	FEFAD	MFAN	ProEmpresa	
	BAAC	BPR-A	Calpiá	FINAMÉRICA	Mibanco	Solución	
	Banco ADEMI	BPR-B	CARD	Finsol	MKRB		
	BancoSol	BPR-C	CERUDEB	Fundusz Mikro	Nkoranman		

<sup>\*\*\*</sup> Includes private limited companies, 'financieras', and non-bank financial intermediaries (NBFIs).

# APPENDICES

## Appendix I: Notes to Adjustments and Statistical Issues

The MicroBanking Standards Project, of which *The MicroBanking Bulletin* is a major output, is open to all MFIs that are willing to disclose financial data that meet a simple quality test. Participating MFIs typically have three characteristics: 1) they are willing to be transparent by submitting their performance data to an independent agency; 2) they display a strong social orientation by providing financial services to low-income persons; and 3) they are able to answer all the questions needed for our analysis.

The one hundred and forty eight institutions that provided data for this issue represent a large proportion of the world's leading microfinance institutions. They have provided data generally by completing a detailed questionnaire, supplemented in most cases by additional information. All participating MFIs receive a customized report comparing their results with those of the peer groups.

### Data Quality Issues

The *Bulletin* classifies information from participating institutions according to the degree to which we have independent verification of its reliability. AAA-graded information has been independently generated through a detailed financial analysis by an independent third party, such as a CAMEL evaluation, a CGAP appraisal, or assessments by reputable rating agencies. A-graded information is backed by accompanying documentation, such as audited financial statements, annual reports, and independent program evaluations that provide a reasonable degree of confidence for our adjustments. B-graded information is from MFIs that have limited themselves to completing our questionnaire. These grades signify confidence levels on the reliability of the information; they are NOT intended as a rating of the financial performance of the MFIs.

The criteria used in constructing the statistical tables are important for understanding and interpreting the information presented. Given the voluntary nature and origin of the data, the *Bulletin* staff and Editorial Board, and CGAP cannot accept responsibility for the validity of the results presented, or for consequences resulting from their use. We employ a system to make tentative distinctions about the quality of data presented to us and include only in-

formation for which we have a reasonable level of comfort. However, we cannot exclude the possibility of misrepresented self-reported results.

The most delicate areas of potential distortions are: (1) unreported subsidies and (2) misrepresented loan portfolio quality. There can also be inaccuracies in reporting the costs of financial services in multipurpose institutions that also provide non-financial services, in part because of difficulties in assigning overhead costs. These risks are highest for younger institutions, and for institutions with a record of optimistic statement of results. If we have grounds for caution about the reliability of an MFI's disclosure, we will not include its information in a peer group unless it has been externally validated by a third party.

### Adjustments to Financial Data

The *Bulletin* adjusts the financial data it receives to ensure comparable results. The financial statements of each organization are converted to the standard chart of accounts used by the *Bulletin*. This chart of accounts is simpler than that used by most MFIs, so the conversion consists mainly of consolidation into fewer, more general accounts. Then three adjustments are applied to produce a common treatment for the effect of: a) inflation, b) subsidies, and c) loan loss provisioning and write-off. In the statistical tables the reader can compare adjusted and unadjusted results.

#### *Inflation*

The *Bulletin* reports the net effect of inflation by calculating increases in expenses and incomes due to inflation. Inflation causes a decrease in the real value of equity. This "cost of funds" is obtained by multiplying the prior year-end equity balance by the current-year inflation rate.<sup>15</sup> Fixed asset accounts, on the other hand, are revalued upward by the current year's inflation rate, which results in inflation adjustment income, offsetting to some degree the expense generated by adjusting equity.<sup>16</sup> On the balance sheet, this inflation adjustment results in a

<sup>15</sup> Inflation data are obtained from line 64x of the International Financial Statistics, International Monetary Fund, various years.

<sup>16</sup> In fact, an institution that holds fixed assets equal to its equity avoids the cost of inflation that affects MFIs which hold much of their equity in financial form.

reordering of equity accounts: profits are redistributed between real profit and the nominal profits required to maintain the real value of equity.

MFIs that borrow from banks or mobilize savings have an actual interest expense, which is an operating cost. In comparison, similar MFIs that lend only their equity have no interest expense and therefore have lower operating costs. If an MFI focuses on sustainability and the maintenance of its capital/asset ratio, it must increase the size of its equity in nominal terms to continue to make the same value of loans in real (inflation-adjusted) terms. Inflation increases the cost of tangible items over time, so that a borrower needs more money to purchase them. MFIs that want to maintain their support to clients must therefore offer larger loans. Employees' salaries go up with inflation, so the average loan balance and portfolio must increase to compensate, assuming no increase in interest margin. Therefore, a program that funds its loans with its equity must maintain the real value of that equity, and pass along the cost of doing so to the client. This expectation implies MFIs should "pay" interest rates that include the inflation-adjustment expense as a cost of funds, even if this cost is not actually paid to anyone outside the institution.

Some countries with high or volatile levels of inflation require businesses to use inflation-based accounting on their audited financial statements. We use this same technique in the *Bulletin*. Of course, we understand that in countries where high or volatile inflation is a new experience, MFIs may find it difficult to pass on the full cost of inflation to clients. We are not recommending policy; rather, we are trying to provide a common analytical framework that compares real financial performance meaningfully.

### *Subsidies*

We adjust participating organizations' financial statements for the effect of subsidies by representing the MFI as it would look on an unsubsidized basis. We do not intend to suggest whether MFIs should or should not be subsidized. Rather, this adjustment permits the *Bulletin* to see how each MFI would look without subsidies for comparative purposes. Most of the participating MFIs indicate a desire to grow beyond the limitations imposed by subsidized funding. The subsidy adjustment permits an MFI to judge whether it is on track toward such an outcome. A focus on sustainable expansion suggests that subsidies should be used to enhance financial returns. The subsidy adjustment simply indicates the extent to which the subsidy is being passed on to clients through lower interest rates or whether it is building the MFI's capital base for further expansion.

The *Bulletin* adjusts for three types of subsidies: (1) a cost-of-funds subsidy from loans at below-market rates, (2) current-year cash donations to fund portfolio and cover expenses, and (3) in-kind subsidies, such as rent-free office space or the services of personnel who are not paid by the MFI and thus not reflected on its income statement. Additionally, for multipurpose institutions, the *MicroBanking Bulletin* attempts to isolate the performance of the financial services program, removing the effect of any cross subsidization.

The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of the institution. The *Bulletin* calculates the difference between what the MFI actually paid in interest on its subsidized liabilities and the deposit rate for each country.<sup>17</sup> This difference represents the value of the subsidy, which we treat as an additional financial expense. We apply this subsidy to those loans to the MFI that are priced at less than 75 percent of prevailing market (deposit) rates. The decreased profit is offset by generating an "accumulated subsidy adjustment" account on the balance sheet.

If the MFI passes on the interest rate subsidy to its clients through a lower final rate of interest, this adjustment may result in an operating loss. If the MFI does not pass on this subsidy, but instead uses it to increase its equity base, the adjustment indicates the amount of the institution's profits that were attributable to the subsidy rather than operations.

### *Loan Loss Provisioning*

Finally, we apply standardized policies for loan loss provisioning and write-off. MFIs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFIs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus carrying forward a hard-core default that they have little chance of ever recovering.

We classify as "at risk" any loan with a payment over 90 days late. We provision 50 percent of the outstanding balance for loans between 90 and 180 days late, and 100 percent for loans over 180 days late. Wherever we have adequate information, we

<sup>17</sup>Data for shadow interest rates are obtained from line 60I of the International Financial Statistics, IMF, various years. The deposit rate is used because it is a published benchmark in most countries. Sound arguments can be made for use of different shadow interest rates. NGOs that wish to borrow from banks would face interest significantly higher than the deposit rate. A licensed MFI, on the other hand, might mobilize savings at a lower financial cost than the deposit rate, but reserve requirements and administrative costs would drive up the actual cost of such liabilities.

adjust to assure that all loans are fully written off within one year of their becoming delinquent. (Note: We apply these provisioning and write-off policies for ease of use and uniformity. We do not recommend that all MFIs use exactly the same policies.) In most cases, these adjustments are not very precise. Nevertheless, most participating MFIs

have high-quality loan portfolios, so loan loss provision expense is not an important contributor to their overall cost structure. If we felt that a program did not fairly represent its general level of delinquency, and we were unable to adjust it accordingly, we would simply exclude it from the peer group.

### Financial Statement Adjustments and their Effects

Adjustment	Effect on Financial Statements	Type of Institution Most Affected by Adjustment
Inflation adjustment of equity	Increases financial expense accounts on profit and loss statement, to some degree offset by inflation income account for revaluation of fixed assets. Generates inflation adjustment account in equity section of balance sheet with net balance of inflation adjustments.	NGOs funded more by equity than by liabilities will be hard hit, especially in high-inflation countries.
Reclassification of certain long term liabilities into equity, and subsequent inflation adjustment	Decreases concessionary loan account and increases equity account; increases inflation adjustment on profit and loss statement and balance sheet.	NGOs that have long-term low-interest "loans" from international agencies that function more as donations than loans.
Subsidy adjustment: Interest savings on subsidized liabilities involving at least a 25 percent discount in relation to market based loans to the same institution or, in the absence of such loans, the deposit rate	Increases financial expense on profit and loss statement. Increases subsidy adjustment account on balance sheet.	Banks or NGOs that use large lines of credit from governments or international agencies at highly subsidized rates.
Subsidy adjustment: Current-year cash donations to cover operating expenses	Reduces operating income on profit and loss statement (if the MFI records donations as operating income). Increases subsidy adjustment account on balance sheet.	NGOs during their start-up phase. This adjustment is relatively less important for mature institutions included in this edition.
Subsidy adjustment: In kind donation of goods or services (e.g., line staff paid for by technical assistance providers)	Increases expense on profit and loss statement, increases subsidy adjustment account on balance sheet.	NGOs during their start-up phase. Less important for mature institutions included in this edition.
Loan loss provision and write-off adjustment: Applying policies that may be more aggressive than the MFI employs on its own books	Increases loan loss provision expense on profit and loss statement. On balance sheet, increases in loan loss reserve and/or write-offs are accounted for by equal reductions in loan loss reserve and portfolio.	MFIs that allow bad loans to accumulate within their portfolio. This common problem tends to have a limited effect on leading MFIs because their loan losses are low, even after adjustment.

## Statistical Issues

The *Bulletin* reports the means and standard deviations of the performance indicators for each peer group. At this stage, peer groups are still small and the observations in each peer group show a high variation. Outliers distort the results of some of the peer group averages. Consequently, the reader should be cautious about the interpretive power of these data. Over time, as more MFIs provide data, we will be in a better position to generate deeper and more sophisticated types of analyses of the data at our disposal, and will have a higher degree of comfort with the statistical significance of the differences between the means of the distinct peer groups.

To ensure that the averages reported represent the group as accurately as possible, we have excluded outliers for each of the indicators. Statistics for the category *All MFIs* were calculated by deleting observations in the first and last deciles for each indicator. In other words, the values between the 11th and 89th percentiles were used for the analysis. For the *FSS sample* and *peer group*, for each indicator we rank the MFIs in the group and eliminate the top and bottom values and use the remaining observations to calculate the averages. In most cases, this exclusion eliminates two observations for each peer

group: the institution with the highest and the lowest value on each indicator. In cases where indicators contain observations with tied values for highest and lowest values, more than two observations are deleted. This method helps to prevent outliers from dominating group results, and smoothes the data by minimizing data dispersion. Where the sample size is reduced to  $n=1$ , we have not reported the result so as to maintain confidentiality.

We have carried out statistical tests to determine the impact of outliers where they exist, and to quantify the results in terms of how well they represent the peer groups. Where large differences exist between the means of different peer groups or groups sorted by selection criteria, we have verified their statistical significance using t-tests. These tests compare the mean of the group to the mean of all MFIs in the sample, taking into account factors like the number of observations and the dispersion of the sample. The test statistic is then compared to a standard critical level (using one percent as the significance level) to decide whether the difference between the group and the sample as a whole is statistically significant. In other words, they allow us to decide whether the difference we see is robust, by considering it in the context of how cohesive and how large the group is.

## Appendix II: Description of Participating MFIs

ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
15 de Abril	Cooperativa 15 de Abril, <i>Ecuador</i>	Dec-00	A	15 de ABRIL is a credit union in Ecuador that has participated in WOCCU's technical assistance program since in 1995. It offers both credit and voluntary savings services to members.
23 de Julio	Cooperativa 23 de Julio, <i>Ecuador</i>	Dec-00	A	23 de JULIO participates in WOCCU's technical assistance program in Ecuador. It is a credit union offering credit and savings services to members.
ABA	Alexandria Business Association, <i>Egypt</i>	Dec-00	A	ABA provides credit to small and microenterprises using an individual lending methodology. It is an NGO founded in 1988 and based primarily in urban areas. The credit program began in 1990.
ACEP	Agence de Crédit pour l'Enterprise Privée, <i>Senegal</i>	Dec-00	B	ACEP began as an NGO in a provincial town in 1987 and has expanded to operate in other urban areas in Senegal. It has converted to a credit union.
ACLEDA	Association of Cambodian Local Economic Development Agencies, <i>Cambodia</i>	Dec-00	A	ACLEDA was started in 1993 as an NGO. It recently transformed, in October 2000, into a licensed bank, ACLEDA Bank Limited. It provides small and micro loans to enterprises and trains entrepreneurs in small business management. Both group and individual loans are made.
ACODEP	Asociación de Consultores para el Desarrollo de la Pequeña, Mediana y Microempresa, <i>Nicaragua</i>	Dec-00	B	Founded in 1989, ACODEP serves small and microenterprises primarily in Managua and other urban areas of Nicaragua. It is currently negotiating a voluntary supervision agreement with the Superintendent of Banks in Nicaragua.
Acredicom	Acredicom, <i>Guatemala</i>	Sep-00	A	ACREDICOM is a member of the FENACOAC credit union system in Guatemala, and participated in WOCCU's technical assistance program. It primarily lends for agriculture and to a lesser extent microenterprise activities, and mobilizes savings from members.
Actuar	Corporación Acción por el Tolima - Actuar Famiempresas, <i>Colombia</i>	Dec-99	B	ACTUAR Tolima was founded in 1986. It is an NGO offering loans to microenterprises in Tolima and surrounding areas, and is affiliated with ACCION International and Cooperativa Emprender in Colombia.
ADOPEM	Asociación Dominicana para el Desarrollo de la Mujer, <i>Dominican Republic</i>	Dec-00	AAA	ADOPEM, an affiliate of Women's World Banking, is an NGO dedicated to credit for women microentrepreneurs. It has been in operation since 1982.
ADRI	Asociación para el Desarrollo Rural Integrado, <i>Costa Rica</i>	Dec-00	A	ADRI is an NGO offering loans to small and microenterprises in Costa Rica. Founded in 1986, it also offers training and business development services to its clients.
AGAPE	Asociación General para Asesorar Pequeñas Empresas, <i>Colombia</i>	Dec-99	A	Founded in 1975, AGAPE operates principally in Barranquilla, offering microcredit through a mixture of methodologies including village banking, solidarity groups and individual loans. It is an affiliate of Opportunity International.
Agrocapital	Fundación Agrocapital, <i>Bolivia</i>	Dec-00	AAA	Fundación AGROCAPITAL focuses its services on agriculture and agro-industry, working mainly in rural and small urban areas of Bolivia. It is an NGO founded in 1992, and offers a mixture of microloans and longer-term mortgage loans.

**APPENDICES**

ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
Ahantaman	Ahantaman Rural Bank, <i>Ghana</i>	Dec-99	A	AHANTAMAN is a rural bank started in 1984 to provide group and individual loans, and deposit services to salaried workers, microentrepreneurs, fisherman and farmers. It also offers <i>susu</i> products.
AKRSP	Aga Khan Rural Support Programme, <i>Pakistan</i>	Dec-00	AAA	AKRSP is a multi-service NGO that works in the "Roof of the World" region of northern Pakistan. Its credit program began in 1983, offering loans through its network of village organizations.
Al Amana	Association Al Amana, <i>Morocco</i>	Jun-00	AAA	AL AMANA offers solidarity group loans through a wide network of branches in urban areas of Morocco. Founded in 1997, it is an affiliate of Pride Vita.
Al Majmoua	Lebanese Association for Development -- Al Majmoua, <i>Lebanon</i>	Dec-00	A	AL MAJMOUA is a Lebanese NGO, offering village banking-type services in both urban and rural areas. The program began operations in 1994 as a project of Save the Children. Ownership was transferred to the Lebanese institution in 1998.
Amenfiman	Amenfiman Rural Bank, <i>Ghana</i>	Dec-99	A	Created as a rural bank in 1980, AMENFIMAN branched out in 1988 to provide traders, farmers and salaried workers with loans, deposit, money transfers and payment services.
AMK	AMK Posusje, <i>Bosnia and Herzegovina</i>	Dec-99	A	AMK is a limited liability company founded in 1997 to provide microcredit to low income self-employed individuals in urban areas. It is financed by the Local Initiatives Department In Bosnia that aims to improve access to credit to the poor to promote economic reconstruction.
Asawinso	Asawinso Rural Bank, <i>Ghana</i>	Dec-99	A	ASAWINSO was started in 1983 and it now provides group and individual loans, and deposit services to farmers, micro-entrepreneurs and civil servants in rural Ghana.
ASA	Association for Social Advancement, <i>Bangladesh</i>	Dec-00	A	ASA is an NGO that offers credit services to the rural poor in Bangladesh. The majority of its clients are landless women. It was founded in 1978 and shifted from an earlier, integrated development strategy to its current focus on financial services in the early 1990s. It uses a village level group lending methodology.
BAAC	Bank for Agriculture and Agricultural Cooperatives, <i>Thailand</i>	Mar-99	A	BAAC is a government-owned agricultural bank that lends to small farmers and farmers' cooperatives. Founded in 1966, its outreach in rural areas of Thailand is now estimated to cover more than 80 percent of farm families.
Banco Ademi	Banco de Desarrollo Ademi, S.A., <i>Dominican Republic</i>	Dec-00	A	BANCO ADEMI is a formal financial institution, which began operations in 1998. The bank is the successor to the NGO, ADEMI, which was involved in microcredit since 1982.
Banco do Povo	Banco do Povo de Juiz de Fora, <i>Brazil</i>	Dec-00	A	BANCO DO POVO DE JUIZ DE FORA is an NGO operating in Juiz de Fora in Brazil. It offers individual loans to microentrepreneurs and was founded in 1997. It was formerly known as FAEP.
BancoSol	Banco Solidario, S.A., <i>Bolivia</i>	Dec-00	A	BANCOSOL is a licensed commercial bank devoted to microfinance, offering microenterprise credit and passbook savings. Its credit program focuses on group loans, and it operates primarily in urban areas of Bolivia. It grew out of the NGO PRODEM and was spun off as a bank in 1992. It is an affiliate of ACCION International.

ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
Banco Solidario, Ecuador	Banco Solidario, <i>Ecuador</i>	Dec-00	A	BANCO SOLIDARIO, Ecuador was founded in 1995, and receives technical assistance from ACCION International. Banco Solidario, Ecuador offers both credit and savings services to microentrepreneurs. It also administers a pawn-lending product.
BanGente	Banco de la Gente Emprendedora, <i>Venezuela</i>	Dec-00	A	BANGENTE, opened in February 1999, is the first commercial bank serving small and microenterprises in Venezuela. It was established through a strategic alliance among the Banco del Caribe, three Venezuelan NGOs (the Fundación Eugenio Mendoza, Grupo Social CESAP, and the Fundación Vivienda Popular) and ACCION International.
Basix	Bharatiya Samruddhi Finance Ltd., <i>India</i>	Mar-01	AAA	BASIX was set up as a non-bank in 1996 to provide financial services to the rural poor, to promote self-employment, and to provide technical assistance to clients and rural financial institutions.
BDB	Bank Dagang Bali, <i>Indonesia</i>	Dec-00	B	BDB is a private commercial bank that offers savings and credit facilities to primarily low-income clients in Bali. It was founded in 1970.
BESA	BESA Foundation, <i>Albania</i>	Dec-00	B	BESA was started in 1988 as a non-profit organization. It now makes group loans to micro and small entrepreneurs in large and secondary cities of Albania.
Bospo	Bospo, <i>Bosnia and Herzegovina</i>	Dec-00	B	BOSPO is a NGO founded in 1995 to provide microcredit to solidarity groups made of low-income women entrepreneurs in secondary cities of Tuzla. It is financed by the Local Initiatives Department in Bosnia that aims to improve access to credit to the poor to promote economic reconstruction.
BPR-A	Pt bank Perkreditan Rakyat – A, <i>Indonesia</i>	Dec-00	B	The rural bank BPR-A was created in 1990 as a for-profit organization to provide individual loans and deposit services to the rural clientele such as small and microentrepreneurs, farmers, fisherman and households.
BPR-B	Pt bank Perkreditan Rakyat – B, <i>Indonesia</i>	Dec-00	B	Started in 1991 as a for-profit organization, BPR-B services small and medium entrepreneurs and rural households in both urban and rural areas with individual loans for working capital and deposit services.
BPR-C	Pt bank Perkreditan Rakyat – C, <i>Indonesia</i>	Dec-00	B	BPR-C opened in 1993 as a for-profit bank with majority of clients located in large cities. It makes individual loans to small-scale entrepreneurs and traders and provides deposit services.
BPR-D	Pt bank Perkreditan Rakyat – D, <i>Indonesia</i>	Dec-00	B	Founded in 1990 as a for-profit bank and currently with branches in both large cities and rural areas, BPR-D provides individual loans and deposit services to small and medium entrepreneurs.
BPR-E	Pt bank Perkreditan Rakyat – E, <i>Indonesia</i>	Dec-00	B	BPR-E was started in 1992 as a rural bank to provide individual loans and deposit services to farmers, fishermen, small and medium entrepreneurs and merchants.
BRAC	Bangladesh Rural Advancement Committee, <i>Bangladesh</i>	Dec-00	B	BRAC is an NGO that started in 1972. It provides both financial and non-financial services primarily in rural areas. The financial services include the provision of microloans and mobilization of savings.

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ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
BRI	Bank Rakyat Indonesia, Unit Desa System, <i>Indonesia</i>	Dec-00	A	BRI is a government-owned bank oriented towards rural areas, which has operated since 1897. The Unit Desa system is an extensive network of small banking units, which function as profit centers and provide individual loans and savings services. The system has existed in its current form since 1984.
BURO Tangail	BURO, Tangail, <i>Bangladesh</i>	Dec-00	AAA	Flexible voluntary open-savings, microloans and insurance services are provided by BURO TANGAIL since 1990. It is an NGO.
Cacpeco	Cooperativa Cacpeco, <i>Ecuador</i>	Dec-00	A	CACPECO is a credit union in Ecuador that has participated in WOCCU's technical assistance program since in 1995. It offers both credit and voluntary savings services to members.
Caja de Los Andes	Caja de Ahorros y Créditos Los Andes, <i>Bolivia</i>	Dec-99	A	CAJA DE LOS ANDES grew out of ProCrédito, an NGO that began lending operations in 1992. It was converted to a special finance company in 1995. Los Andes operates in urban and some rural areas in Bolivia, providing individual loans and savings services.
Calpiá	Financiera Calpiá, S.A., <i>El Salvador</i>	Dec-99	A	Financiera CALPIA began as an NGO, AMPES, and was converted into a finance company in 1995. It offers individual loans to microenterprises and small businesses and has started to mobilize savings. It operates mainly in urban areas, although 25 percent of its portfolio is now in rural areas.
CAM	Centro de Apoyo a la Microempresa, <i>El Salvador</i>	Dec-00	B	FINCA's affiliate in El Salvador, the CAM was founded in 1990 and is one of FINCA's largest affiliates serving over 16,000 clients in all 15 geographic <i>departamentos</i> in El Salvador.
CARD	Center for Agriculture and Rural Development, <i>The Philippines</i>	Dec-99	A	CARD started as an NGO in 1986 and is now partially transformed into a rural bank. It is an affiliate of CASHPOR and Women's World Banking. It makes loans and collects deposits.
CEAPE/PE	Centro de Apoio aos Pequenos Empreendimentos Pernambuco, <i>Brazil</i>	Dec-99	A	CEAPE PERNAMBUCO is an urban-based microenterprise credit program. A member of the FENAPE network in Brazil, and of ACCION International, it was founded in 1992.
CERUDEB	Centenary Rural Development Bank, <i>Uganda</i>	Dec-00	A	CERUDEB was founded as a trust company in 1983, and obtained its banking license in 1992. It received technical assistance from IPC from 1993-98. CERUDEB provides credit and savings services in Kampala and Uganda's district towns.
Citi S&L	Citi Savings & Loans, <i>Ghana</i>	Dec-99	B	CITI S&L is a private non-bank financial institution that operates in Greater Accra, Ghana. It lends to rotating savings and credit associations (susu clubs) and informal savings collectors, and mobilizes savings from the public.
Chispa	Fundación Chispa, <i>Nicaragua</i>	Dec-99	B	Founded in 1991, CHISPA works primarily in urban areas of Nicaragua. It is affiliated with the Mennonite Economic Development Association (MEDA).
Chuimequená	Cooperativa San Miguel Chuimequená, <i>Guatemala</i>	Sep-00	A	SAN MIGUEL CHUIMEQUENA is a Guatemalan credit union. It is a member of the FENACOAC system and it participates in WOCCU's technical assistance program. It offers loans and savings services to its members.

ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
CM Arequipa	Cajas Municipales de Arequipa, <i>Peru</i>	Dec-00	A	The municipal savings and credit banks of Peru are owned by city governments. CM AREQUIPA is one of the largest and most successful banks of the national network, and offers pawn and microenterprise loans as well as savings products.
CMM/Medellín	Corporación Mundial de la Mujer Medellín, Medellín, <i>Colombia</i>	Dec-99	A	CMM MEDELLIN is affiliated to the Women's World Banking network, and operates in Medellín and surrounding areas. It was founded in 1985 and lends to both men and women.
Compartamos	Asociación Programa Compartamos, I.A.P., <i>Mexico</i>	Dec-00	AAA	COMPARTAMOS is the lending arm of Gente Nueva, a Mexican NGO that was founded in 1985. The program uses a village banking methodology focusing on women, in rural and semi-urban areas of Mexico. It began lending in 1990.
Constanta	Constanta, <i>Georgia</i>	Dec-00	B	CONSTANTA was established in 1997 with a grant from UNHCR/Save the Children as a local NGO to provide group loans to poor self-employed women.
Contigo	Fundación Contigo, <i>Chile</i>	Dec-99	A	CONTIGO began lending operations in 1989, and offers credit services to microentrepreneurs in communities in the south of Santiago de Chile.
COOSAJO	Cooperativa San José Obrero, <i>Guatemala</i>	Sep-00	A	SAN JOSE OBRERO is a member of the FENACOAC credit union federation, and participated in WOCCU's technical assistance program in Guatemala. It offers loans and savings services to its members.
Crecer	Crecer, <i>Bolivia</i>	Dec-99	AAA	CRECER is an NGO working primarily in rural areas of Bolivia. It participates in Freedom from Hunger's "Credit with Education" program, using a village banking methodology.
Ecosaba	Ecosaba, <i>Guatemala</i>	Sep-00	A	ECOSABA is a member of the FENACOAC credit union federation, and participated in WOCCU's technical assistance program in Guatemala. It offers loans and savings services to its members.
Emprender	Fundación Emprender, <i>Argentina</i>	Apr-00	A	EMPRENDER, founded in 1992, is an ACCION affiliate that offers microenterprise credit in urban areas of Argentina. The majority of its lending is to solidarity groups.
EMT	Ennathian Moulethan Tchonnebat, <i>Cambodia</i>	Dec-99	A	EMT was founded in 1991 as a rural credit project run by the French agency, GRET. It is in the process of transformation to an independent Institution, and operates in rural areas in the south of Cambodia. It offers individual and solidarity group loans.
FAMA	Fundación de Apoyo a la Microempresa, <i>Nicaragua</i>	Dec-00	A	FAMA operates mainly in urban areas of Nicaragua, providing microenterprise credit. It was founded in 1991 and is affiliated with ACCION.
FATEN	Palestine for Credit and Development, <i>West Bank and Gaza</i>	Dec-00	A	FATEN was initiated as a Save the Children affiliate in 1995 and spun-off as an independent NGO in 1999. It provides microcredit to poor women entrepreneurs using group methodology.
Faulu	Food for the Hungry International, <i>Uganda</i>	Dec-99	B	Founded in 1995 as an affiliate of Food for the Hungry International, FAULU provides group based credit and voluntary deposit services to small and microentrepreneurs in urban and semi-urban areas.
FED	Fundación Ecuatoriana de Desarrollo, <i>Ecuador</i>	Dec-00	A	Founded over 30 years ago, FED has an extensive branch network throughout Ecuador providing individual microloans. It is an affiliate of ACCION International.

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ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
FEFAD	Foundation for Enterprise Finance and Development, <i>Albania</i>	Dec-00	A	Operating mainly in urban areas of Albania, FEFAD offers small business loans. It was founded in 1995 as an initiative of the Albanian and German governments, and receives technical assistance from IPC.
FÉNACREP	Fédération Nationale des Caisses Rurales d'Épargne et de Prêt, <i>Benin</i>	Dec-99	AAA	Founded in July 1998, FÉNACREP is a credit and savings union that offers individual and solidarity loans to its rural clients. It has an extensive network throughout rural areas in Benin, and also offers training on new agriculture techniques.
FICA	Financière Coopérative Agricole, <i>Benin</i>	Dec-00	A	In 1998, FAC-MONO transformed into FICA, a credit and savings cooperative. It offers solidarity and individual loans to rural populations, mainly women micro entrepreneurs and farmers.
FIE	FFP - Fomento a Iniciativas Económicas, S.A., <i>Bolivia</i>	Dec-00	A	FFP - FIE is a for-profit financial institution offering individual loans to microenterprises in urban areas of Bolivia. It began lending in 1988 as an NGO, and began operating as a "Private Financial Fund" in 1998 under regulation by the Bolivian Superintendency of Banks.
FINAMÉRICA	Financiera América, S.A., <i>Colombia</i>	Dec-00	AAA	FINAMÉRICA is a regulated finance company operating in Bogotá and surrounding areas. Its predecessors were the NGO Actuar Bogotá, founded in 1988, the NGO Corporsol, and the financiera Finansol. It is an affiliate of ACCION International.
FINCA AZ	FINCA, <i>Azerbaijan</i>	Aug-00	B	Started in 1998, the NGO FINCA Azerbaijan makes small loans to microentrepreneurs using village banking loan product.
FINCA EC	FINCA, <i>Ecuador</i>	Dec-99	B	FINCA Ecuador was founded in 1994 and provides village banking services to low-income families in three regions of the country: Pichincha, Guayas, and Imbabura.
FINCA GU	FINCA, <i>Guatemala</i>	Jun-00	B	Founded in 1998 as a FINCA affiliate, FINCA Guatemala provides loans using village banking methodology to microentrepreneurs.
FINCA HA	FINCA, <i>Haiti</i>	Dec-00	B	Founded in 1998 as a FINCA affiliate, FINCA Haiti provides loans using village banking methodology to microentrepreneurs.
FINCA HO	FINCA, <i>Honduras</i>	Dec-00	B	FINCA Honduras is one of the largest FINCA affiliates in terms of portfolio size. It was founded in 1989 and operates in 13 of the 18 <i>departamentos</i> of Honduras.
FINCA KY	FINCA, <i>Kyrgyzstan</i>	Aug-00	B	Founded in 1995, FINCA Kyrgyzstan is operating in five of the six oblasts of Kyrgyzstan and offers both village banking and individual loan products to 10,000 clients.
FINCA MA	FINCA, <i>Malawi</i>	Aug-00	B	FINCA Malawi works with women in the country's southern region, and has been in operation since 1994.
FINCA MX	FINCA, <i>México</i>	Dec-00	B	FINCA Mexico currently operates village banking groups in the state of Morelos. It was founded in 1989.
FINCA NI	FINCA, <i>Nicaragua</i>	Dec-00	B	FINCA's Nicaraguan affiliate began lending in 1992, and has since expanded to have branch offices in several urban areas in Nicaragua.
FINCA PE	FINCA, <i>Peru</i>	Dec-99	B	FINCA Peru is primarily based in rural areas, offering microenterprise credit to borrowers in Lima, Ayacucho, and Huancavelica. It was founded in 1993.
FINCA TZ	FINCA, <i>Tanzania</i>	Aug-00	B	FINCA Tanzania was formed in 1998 as an affiliate of FINCA International. It provides loans through village banks.

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FINCA UG	FINCA, <i>Uganda</i>	Dec-99	A	One of FINCA's largest programs, FINCA Uganda has been in operation since 1992. The program offers village banking services to over 16,000 women in Kampala, Jinja and Lira.
FINSOL	Financiera Solidaria S.A., <i>Honduras</i>	Dec-00	A	FINSOL (ex. FUNADEH) works with small and microenterprises in urban areas of Honduras. It is an affiliate of ACCION International and was founded in 1985.
FM	Fundusz Mikro, <i>Poland</i>	Sep-99	B	FUNDUSZ MIKRO began operations in 1995, and now lends to microentrepreneurs across Poland through an extensive branch network. It is a member of the MicroFinance Network.
FMM Popayán	Fundación Mundo Mujer Popayán, <i>Colombia</i>	Dec-00	A	FMM POPAYAN is a Women's World Banking affiliate working in the state of Cauca in Colombia. It began lending to microenterprises in 1985.
FOCCAS	Foundation for Credit and Community Assistance, <i>Uganda</i>	Sep-00	A	FOCCAS, an affiliate of Freedom from Hunger, operates a village banking-style program in Uganda's district towns and villages. It is based on a credit with education model.
FONDECO	Fondo de Desarrollo Comunal, <i>Bolivia</i>	Dec-99	A	FONDECO is an NGO working primarily in rural areas in Bolivia. It was founded in 1995.
FWWB Cali	Fundación Women's World Banking Cali, <i>Colombia</i>	Dec-00	B	FWWB CALI, an affiliate of Women's World Banking, began lending in 1982. It makes individual loans to urban microenterprises in Cali.
FWWB India	Friends of WWB, <i>India</i>	Mar-00	AAA	FWWB INDIA lends to rural women through savings and credit groups. It was founded in 1982.
GV	Grama Vidiyal, <i>India</i>	Mar-01	AAA	GRAMA VIDYAL was started as a NGO in 1993 as a branch of the parent NGO called Activists for Social Alternatives in India to provide microfinance in rural areas. It is affiliated with CASHPOR and Grameen Bank in Bangladesh.
Hattha	Hattha Kakesekar, <i>Cambodia</i>	Jun-00	AAA	HATTHA KAKSEKAR was founded in 1996. The non-profit Association offers commercial loans and agricultural credit to entrepreneurs in urban and rural areas in the North-Western and central parts of Cambodia.
IM	Inicjatywa Mikro, <i>Poland</i>	Dec-00	A	INICJATYWA MIKRO lends to microenterprises mainly in urban areas of Poland. It is affiliated with Opportunity International.
Kafo	Kafo Jiginew, <i>Mali</i>	Dec-99	A	KAFO JIGINEW is a federation of credit unions operating in rural areas in the south-central region of Mali. It was founded in 1987.
KASHF	Kash Foundation, <i>Pakistan</i>	Jun-01	A	KASHF is a NGO founded in 1996 to provide microcredit to low income women entrepreneurs in rural and urban areas. It is an affiliate of ASA, Bangladesh.
KCLF	Kazakistan Community Loan Fund, <i>Kazakistan</i>	Dec-00	B	The NGO KCLF was founded in 1997 with the support of ACDI/VOCA and as an affiliate of Mercy Corps. It uses group methodology to make loans to microentrepreneurs in large and secondary cities.
Kintampo	Kintampo Rural Bank, <i>Ghana</i>	Dec-99	A	KINTAMPO was operational since 1980 as a rural bank and makes individual and group loans to farmers and traders in rural areas. Also provides deposit services.
KWFT	Kenya Women Finance Trust, <i>Kenya</i>	Mar-00	B	Started as an affiliate of Women's World Banking in 1992, KWFT provides loans to women in six regions of Kenya. It has now grown into the largest MFI in Kenya.
LOK	LOK Sarajevo, <i>Bosnia and Herzegovina</i>	Dec-00	B	LOK is a NGO founded in 1997 to provide individual credit to small entrepreneurs in urban and rural areas. It is financed by the Local Initiatives Department that aims to improve access to credit to the poor to promote economic reconstruction.

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ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
MC	Mercy Corps, <i>Bosnia and Herzegovina</i>	Dec-00	B	MC is an NGO that started its operation in 1997 and provides individual credit to microenterprises in war affected areas. Among others, it is also financed by the Local Initiatives Department in Bosnia that aims to improve access to credit to the poor to promote economic reconstruction.
MCM	MicroCredit Montenegro, <i>Yugoslavia</i>	Dec-00	A	MCM is a NGO started in 1999 to provide microcredit in Montenegro to traders and farmers using individual methodology.
MEB	Microenterprise Bank, <i>Bosnia and Herzegovina</i>	Dec-99	A	The Microenterprise Bank was launched by IPC in 1997 to provide financial services such as loans, money transfers and deposit services to micro and small enterprises in Bosnia-Herzegovina.
MFAN	Mfanteseaman Rural Bank, <i>Ghana</i>	Dec-00	A	MFANTESEMAN was established in 1997 to provide financial services to fishermen and traders using solidarity groups in rural areas. It has been funded by UNDP/MicroStart program to broaden its outreach.
MFW	Microfund for Women, <i>Jordan</i>	Dec-00	A	MFW was established in October 1999 to take over the lending program that was managed by the Jordanian Women's Development Society, a Jordanian NGO that spun off from Save the Children in 1996. It is now a private, non-profit company devoted to providing poor women microentrepreneurs with sustainable financial services through group, individual and seasonal loan products.
Mibanco	Banco de la Microempresa, <i>Peru</i>	Dec-00	A	MIBANCO is a commercial microfinance bank offering microenterprise credit in Lima, and is affiliated with ACCION International. Formerly operated as an NGO under the name Acción Comunitaria del Perú, the institution was transformed into a bank in 1998.
Mikrofin	Mikrofin, <i>Bosnia and Herzegovina</i>	Dec-00	A	MIKROFIN is an affiliate of CARE international and started its operations in 1997. It provides individual and group loans to microentrepreneurs in semi-urban areas. It is financed by the Local Initiatives Department.
MKRB	Manya Krobo Rural Bank, <i>Ghana</i>	Dec-99	AAA	Started as a rural bank in 1978, MKRB provides group and individual loans, and deposit services to farmers, micro-entrepreneurs and civil servants.
Moyután	Cooperativa Moyután, <i>Guatemala</i>	Sep-00	A	MOYUTAN is a member of the FENACOAC credit union federation, and participated in WOCCU's technical assistance program in Guatemala. It offers loans and savings services to its members.
Moznosti	Moznosti, <i>Macedonia</i>	Dec-00	A	MOZNOSTI, an affiliate of Opportunity International, began lending in 1996. It operates both in urban and rural areas of Macedonia, and lends to microenterprises and small businesses.
Nachala	Nachala, <i>Bulgaria</i>	Dec-99	B	NACHALA, an affiliate of Opportunity International, converted into a cooperative in 1998. It operates both in urban and rural areas and makes individual loans to microenterprises and small businesses for working capital.
Nirdhan	Nirdhan Utthan, <i>Nepal</i>	Jun-00	AAA	NIRDHAN is an NGO founded in 1991. It is a Grameen replicate providing credit and deposit services to the poor. Both compulsory and voluntary deposits services are offered. The NGO has transformed into Nirdhan Utthan Bank Limited in July 1999. It is a member of the CASHPOR network.

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Nkoranman	Nkoranman Rural Bank, <i>Ghana</i>	Dec-99	A	Founded as a rural bank in 1987, NKORANMAN provided group and individual loans and deposit services to salaried workers, farmers and traders in rural Ghana.
NLC	Network Leasing Corporation Ltd., <i>Pakistan</i>	Jun-00	AAA	NLC is a private for profit financial company that offers financial services to microentrepreneurs. It uses leasing, a methodology considered compatible with Islamic law, which forbids borrowing on interest.
NOA	NOA, <i>Croatia</i>	Dec-00	B	NOA, an affiliate of Opportunity International, was started in 1997 to provide individual and group loans to self employed persons in agriculture and small businesses.
Nsoatreman	Nsoatreman Rural Bank, <i>Ghana</i>	Dec-00	A	NSOATREMAN was formed in 1984 to provide credit and deposit services in Brong Ahafo region in Ghana to farmers, micro-entrepreneurs and civil servants.
Nyésigiso	Réseau Nyésigiso, <i>Mali</i>	Jun-00	A	Established in 1990 as a credit union, NYESIGISO offers credit and savings services to both men and women in urban and rural areas of Mali.
OEF	O.E.F. El Salvador, <i>El Salvador</i>	Dec-00	B	The NGO O.E.F. offers loan products to micro and small entrepreneurs, mostly in urban and peri-urban areas in El Salvador. It also offers non-financial services such as health and management training.
OI - Russia	Opportunity International, <i>Russia</i>	Dec-99	B	The NGO OI-RUSSIA began operations in 1994 and currently provides solidarity group and individual loans, and business incubator services in large and secondary cities.
Oscus	Cooperativa Oscus Ltda., <i>Ecuador</i>	Dec-00	A	OSCUS is a credit union in Ecuador, and it participates in WOCCU's technical assistance program. OSCUS offers both credit and voluntary savings services to members.
PADME	Association pour la Promotion et l'Appui au Développement des MicroEntreprises, <i>Benin</i>	Dec-00	B	PADME is an NGO working in urban and peri-urban areas of Benin. It offers loans to small and microenterprises, and was founded in 1993.
PAMÉCAS	Programme d'Appui aux Mutuelles d'Épargne et de Crédit au Sénégal, <i>Senegal</i>	Dec-00	A	PAMÉCAS was established as a credit union in 1996. It offers a wide range of savings and credit services, primarily to women, using individual, solidarity and village banking products in urban and peri-urban Senegal. It is a member of the Development International Desjardins network.
Piyeli	Association Piyeli, <i>Mali</i>	Dec-00	B	PIYELI is an Association that was created in 1995. It offers solidarity group loans to microentrepreneurs in urban and rural areas around Bamako, as well as voluntary savings.
Portosol	Portosol, <i>Brazil</i>	Dec-00	B	PORTOSOL is an NGO operating in Porto Alegre in Brazil. It offers individual loans to microentrepreneurs and was founded in 1996.
PRIDE TZ	Promotion of Rural Initiatives and Development Enterprises, <i>Tanzania</i>	Dec-00	A	PRIDE TANZANIA offers microcredit in urban and semi-urban areas of Tanzania. It was founded in 1993.
Prizma	Prizma, <i>Bosnia and Herzegovina</i>	Dec-00	AAA	PRIZMA was founded in 1997 as an ICMC affiliate to provide microcredit using solidarity groups in small towns and rural areas. Currently, it also makes individual consumer credit.

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ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
PRODEM FFP	Fundo Financiero Privado (FFP) PRODEM (Promoción y Desarrollo de la Microempresa) S.A., <i>Bolivia</i>	Dec-00	B	PRODEM began in 1986 as an NGO offering group loans to urban microenterprises, and was the precursor to BancoSol. When its urban portfolio was passed to BancoSol in 1992, it began to develop a new clientele in rural areas in Bolivia. PRODEM FFP, a regulated financial institution known as a private financial fund, was launched in January 2000.
ProEmpresa	EDYPME ProEmpresa, <i>Peru</i>	Dec-99	A	PRO EMPRESA, formerly the IDESI network, is now operating as a formal financial institution in Peru.
ProMujer	ProMujer, <i>Bolivia</i>	Dec-00	A	PRO MUJER BOLIVIA was founded in 1991, to provide training and credit to predominantly women clients.
RADE	RADE, <i>Egypt</i>	Dec-00	B	The microfinance activities of the NGO RADE started in 1998. RADE is an affiliate of Catholic Relief Services in Egypt. It offers village banking loans to women in rural areas.
Riobamba	Cooperativa Riobamba, <i>Ecuador</i>	Dec-00	A	RIOBAMBA is a credit union in Ecuador that has participated in WOCCU's technical assistance program since in 1995. It offers both credit and voluntary savings services to members.
RSPI	Rangtay Sa Pagrangay Inc., <i>The Philippines</i>	Dec-00	A	RSPI, an Opportunity International partner, lends primarily to self-help groups in the Cordillera and Iloco regions of the Philippines.
Sagrario	Cooperativa El Sagrario, Ltda., <i>Ecuador</i>	Dec-00	A	EL SAGRARIO is a credit union in Ecuador, and participates in WOCCU's technical assistance program, begun in 1995. It offers both credit and voluntary savings services to members.
San Francisco	Cooperativa San Francisco, <i>Ecuador</i>	Dec-00	A	SAN FRANCISCO is a credit union in Ecuador that has participated in WOCCU's technical assistance program since in 1995. It offers both credit and voluntary savings services to members.
SAT	Sinapi Aba Trust, <i>Ghana</i>	Dec-00	B	SAT is a member of Opportunity International, and offers individual and group loans both in rural and urban areas of Ghana. It was founded in 1995.
SEDA	Small Enterprise Development Agency, <i>Tanzania</i>	Sep-99	AAA	SEDA was started in 1996 as an affiliate of World Vision to provide financial services to women through village banking methodology in Tanzania.
SEEDS	Sarvodaya Economic Enterprises Development Society, <i>Sri Lanka</i>	Mar-00	A	SEEDS was established in 1987 to provide loans for employment creation and increasing standard of living, to mobilize deposits through compulsory and voluntary savings programs and to provide life and natural disaster insurances.
SEF	Small Enterprise Foundation, <i>South Africa</i>	Jun-00	A	SEF is an NGO working in the Northern Province of South Africa. It works with a Grameen methodology to provide loans to rural women, and was founded in 1991.
SHARE	Society for Helping Awakening Rural poor through Education, <i>India</i>	Mar-01	AAA	SHARE lends to women in rural areas of Andhra Pradesh in India. It is a member of the CASHPOR network.
Solución	Solución - Financiera de Crédito del Perú, <i>Peru</i>	Dec-00	A	Solución is a finance company founded in 1996. It offers consumer loans and individual loans to small entrepreneurs, through a wide network of branches in Peru's urban areas, and access to branches of the Banco de Crédito del Perú.
Sunrise	Sunrise Sarajevo, <i>Bosnia and Herzegovina</i>	Dec-00	A	SUNRISE is a NGO founded in 1997 to provide individual credit to start-up and established micro enterprises. It is financed by the Local Initiatives Department that aims to improve access to credit to the poor to promote economic reconstruction.

ACRONYM	NAME, LOCATION	DATE	DATA QUALITY GRADE	DESCRIPTION OF MICROFINANCE PROGRAM
Swayam	Swayam Krushi Cooperative Society, <i>India</i>	Jun-00	A	SWAYAM KRUSHI was founded in 1997 as a cooperative society and services self-help groups through group loans and compulsory deposits. It is partially funded by BASIX, a non-bank finance institution.
Tonantel	Cooperativa Tonantel, <i>Guatemala</i>	Sep-00	A	TONANTEL is a member of the FENACOAC credit union federation, and participated in WOCCU's technical assistance program in Guatemala. It offers loans and savings services to its members.
TSPI	TSPI Development Corporation, <i>The Philippines</i>	Jun-00	A	TSPI operates in urban and semi-urban areas of the Philippines, offering group loans to microenterprises. It was founded in 1981 and is affiliated to the Opportunity Network, the MicroFinance Network and CASHPOR, among others.
Tulcán	Cooperativa Tulcán, Ltda., <i>Ecuador</i>	Dec-00	A	TULCAN is a credit union in Ecuador, and participates in WOCCU's technical assistance program, begun in 1995. It offers both credit and voluntary savings services to members.
UNRWA	United Nations Relief Works Agency, <i>Gaza</i>	Dec-99	B	The Income Generation Program of UNRWA lends to microenterprises and small businesses in Gaza. It began operations in 1991.
UWFT	Uganda Women's Finance Trust, <i>Uganda</i>	Jun-99	A	UWFT offers solidarity group and individual loans to women in Kampala and district towns of Uganda. It is an affiliate of Women's World Banking.
Vital-Finance	Vital-Finance, <i>Benin</i>	Jun-00	AAA	From 1998-2000, VITAL-FINANCE was an NGO, offering individual and solidarity group loans to small and microentrepreneurs in Benin's rural areas. It is now functioning as an Association.
Vivacred	Vivacred, <i>Brazil</i>	Dec-00	B	VIVACRED is an NGO operating in Rio de Janeiro in Brazil. It offers individual loans to microentrepreneurs, and was founded in 1997.
WAGES	Women and Associations for Gain both Economic and Social, <i>Togo</i>	Dec-00	B	WAGES serves women in Lomé and surrounding areas, working with borrowers' associations in a village-banking type methodology. It was founded in 1994.
WR Honduras	World Relief Honduras, <i>Honduras</i>	Dec-00	B	WR HONDURAS was founded in 1981 as a NGO. It is part of COVELO network and network of NGOs FODIPREH. It offers a mix of individual, solidarity and village banking loan products to women in urban and semi-urban areas in Honduras.
WVB	World Vision, <i>Bosnia and Herzegovina</i>	Sep-99	A	Founded in 1996 as an affiliate of World Vision, the NGO WVB provides individual and group loans to self-employed small and microentrepreneurs.
XAC	XAC - Golden Fund for Development, <i>Mongolia</i>	Jun-00	A	XAC's microfinance program was started as a non-bank financial institution in 1998 with funding from UNDP-Microstart program. It provides individual loans and deposit services to microentrepreneurs.

<b>AFMIN</b>	THE AFRICA MICROFINANCE NETWORK
<b>BCEAO</b>	BANQUE CENTRALE DES ÉTATS DE L'AFRIQUE DE L'OUEST (CENTRAL BANK OF WEST AFRICAN STATES)
<b>BRI</b>	BANK RAKYAT INDONESIA (INDONESIA)
<b>CGAP</b>	THE CONSULTATIVE GROUP TO ASSIST THE POOREST
<b>DID</b>	DÉVELOPPEMENT INTERNATIONAL DESJARDINS
<b>FFI</b>	FORMAL FINANCIAL INTERMEDIARY
<b>FSWG</b>	SEEP'S FINANCIAL SERVICES WORKING GROUP
<b>GNBI</b>	GLOBAL NETWORK FOR BANKING INNOVATION IN MICROFINANCE
<b>IDB</b>	THE INTER-AMERICAN DEVELOPMENT BANK
<b>ILO</b>	THE INTERNATIONAL LABOUR OFFICE
<b>MBB</b>	MICROBANKING BULLETIN
<b>MENA</b>	MIDDLE EAST AND NORTH AFRICA
<b>MFI</b>	MICROFINANCE INSTITUTION
<b>MIS</b>	MANAGEMENT INFORMATION SYSTEM
<b>NGO</b>	NON-GOVERNMENTAL ORGANIZATION
<b>OI</b>	OPPORTUNITY INTERNATIONAL
<b>SEEP</b>	THE SMALL ENTERPRISE EDUCATION AND PROMOTION NETWORK
<b>SIDBI</b>	THE SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
<b>WAMU</b>	WEST AFRICAN MONETARY UNION
<b>WOCCU</b>	WORLD COUNCIL OF CREDIT UNIONS
<b>WWB</b>	WOMEN'S WORLD BANKING