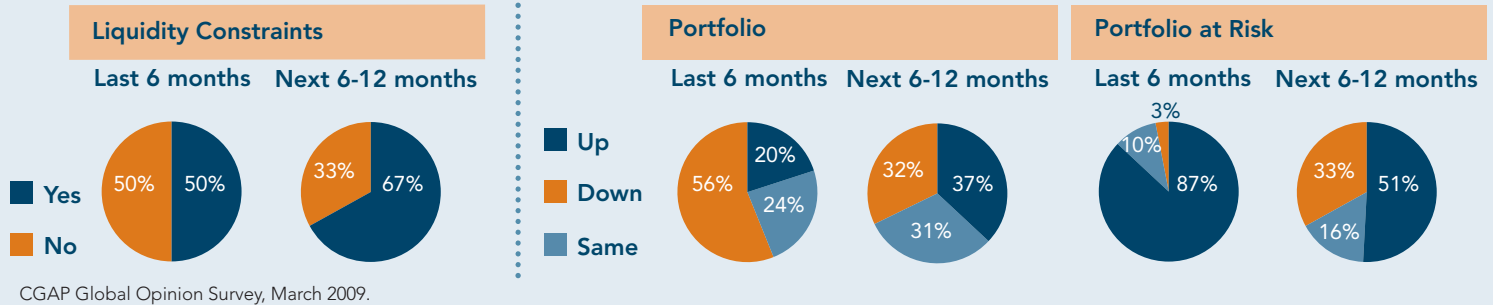


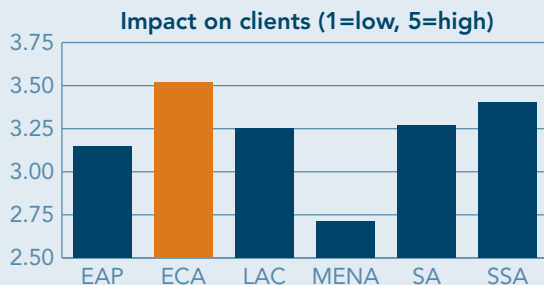
AT A GLANCE

Many countries in Eastern Europe & Central Asia entered the crisis in a vulnerable position: relatively high current account deficits, elevated external debt levels, very rapid credit growth, and a consumption boom financed by foreign currency borrowing created vulnerabilities. Adding to that, the region has some of the most developed and highly leveraged microfinance markets, and is therefore feeling the pain of less liquidity and higher risk stronger than most other developing regions.

MICROFINANCE INSTITUTIONS



MICROFINANCE CLIENTS



- Clients most affected by crisis.
- Clients with higher repayment difficulties than in other regions (unemployment on the rise, remittances down and unprecedented job losses); micro-entrepreneurs' profits down and increasing problems to access liquidity.
- Urban clients appear more affected than rural ones; lower food insecurity than in other regions.

CGAP Global Opinion Survey, March 2009 (44 answers from Europe and Central Asia), and World Bank website.

REGION HIGHLIGHTS

- Number of poor and vulnerable people expected to rise throughout the region, increasing by about 5 million people for every 1 percent decline in GDP.¹
- Decline in real incomes as currencies depreciate in H2 2008: a decline of real income of 30% for Hungary, 40% for Poland, 25% for Turkey, and 70% for Ukraine.²
- 84% percent of DFI loans to MFIs denominated in hard currency.³
- Tajikistan, Azerbaijan, Bosnia, Kyrgyz Republic, Kosovo, and Armenia among top 20 fastest growing microfinance markets worldwide.⁴
- Liquidity injections: Multilateral funders (EBRD, EIB, WB) pledged to provide up to \$24.5 billion as support for banking sector to fund lending for businesses in the region.⁵

1 World Bank - Press Release - Global Crisis Pushing Almost 35 Million People Back Into Poverty And Vulnerability In Europe and Central Asia- Apr 24, 2009.

2 WB- ECA region and the global crisis – April 2009.

3 CGAP.org – Supplement for virtual conference on financial crisis.

4 The Micro Banking Bulletin Autumn 2008.

5 WB- EBRD, EIB and World Bank Group join forces to support Eastern Europe - Press Release – Feb09.

Microfinance Sector (weighted by assets) %

– Banks/NGOs (2008) ^a	98/2
– Yield on Gross Portfolio (2007) ^b	19.7
– Financially Self-Sustainable MFIs (FSS) (2007) ^c	63.5
– Savings/Assets (2007) ^d	9.5

a The Mix Market.

b 2007 MFI Benchmarks, The Mix Market.

c Micro Banking Bulletin – Autumn 2008 – p.35

d The Mix Market.

MACROECONOMIC INDICATORS

annual percent change unless noted otherwise	2008	2009	2010
GDP per capita ¹	5.3	2.7	5.0
Private Consumption ²	8.4	5.3	6.2
Consumer Prices Index ³	8.0	4.6	4.2
Current Account Balance / GDP (%) ⁴	-0.8	-4.1	-4.5
Exchange rate ⁵			
- Russia	-18.1	-8.9	
- Turkey	-23.7	-3.7	
- Ukraine	-35.4	-2	
Remittances ⁶	5.4	(-12.7;-10.1)	(1.6;4.2)
Unemployment ⁷	0.3	(0.3;1)	n/a

1 WB - Global Economic Prospects 2009.

2 WB - Global Economic Prospects 2009.

3 IMF - World Economic Outlook 2009.

4 WB - Global Economic Prospects 2009.

5 oanda.com - against USD (2008 data: 01/01/08 to 01/01/09; 2009 data: 01/01/09 to 05/01/09).

6 WB - Remittances Outlook 2009 – 2009-2010 (numbers in brackets refer to low/high case scenarios).

7 ILO – Employment Trends 2009 – 2009 (numbers in brackets refer to low/high case scenarios).