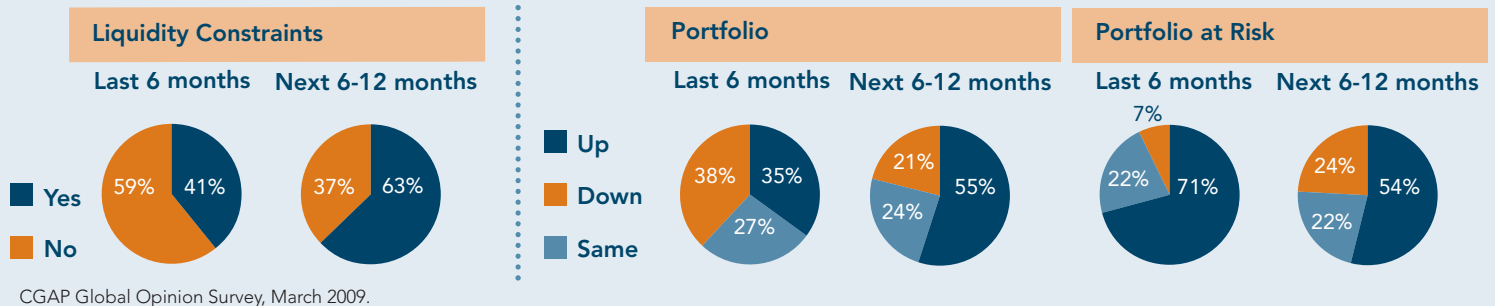


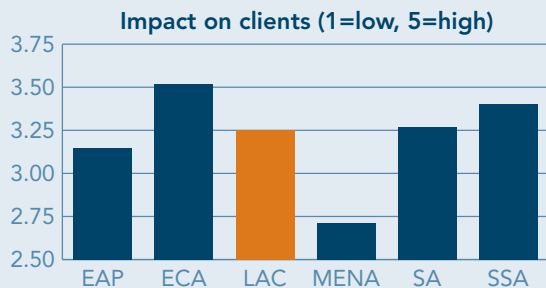
AT A GLANCE

Several countries in Latin America & the Caribbean belong to the highest developed microfinance markets in the world, and have been the cradle of commercial microfinance. This is one of the reasons why the crisis has hit this region especially hard: credit risk and liquidity constraints are of major concern to MFI managers, which already prompted international donors to create two emergency liquidity facilities purely focusing on Latin America & the Caribbean. Still, there is not only negative news: several MFI markets like Mexico and Bolivia impressively manage to defy the economic contraction in the region.

MICROFINANCE INSTITUTIONS



MICROFINANCE CLIENTS



- Clients repayment capacity lowering; hardest hit clients after Europe and Central Asia.
- Micro entrepreneurs' business activity and remittances from abroad decreasing.
- High and volatile food prices impacting clients.
- Urban clients and women facing more difficulties with loan repayment.
- Clients involved in small production and petty trading most affected.

CGAP Global Opinion Survey, March 2009 (114 answers from Latin America and the Caribbean).

REGION HIGHLIGHTS

- Of the 20 developing countries whose economies have reacted most sharply to the deterioration in economic conditions (measured by exchange rate depreciation, increase in spreads, and equity market declines), 8 are in the Latin America and Caribbean region.¹
- Mexico and Haiti among top 20 fastest growing microfinance markets worldwide.²
- Some vibrant markets defy the crisis: In Mexico, Compartamos reported a 2009 1Q net profit of \$21.9 million, and added more than 44,000 clients to its portfolio.³
- High exposure to currency volatility: 73 percent of DFI loans to MFIs denominated in hard currency.⁴ This is especially concerning given major depreciations in late 2008, particularly in Mexico and Brazil.

1 IMF - World Economic Outlook – April 2009.
2 The Micro Banking Bulletin - Autumn 2008.
3 The Wall Street Journal – April 21, 2009.
4 CGAP.org – Supplement for virtual conference on financial crisis.

Microfinance Sector (weighted by assets)	%
– Banks/NGOs (2008) ^a	81/19
– Yield on Gross Portfolio (2007) ^b	26.2
– Financially Self-Sustainable MFIs (FSS) (2007) ^c	45
– Savings/Assets (2007) ^d	51

a The Mix Market.
b 2007 MFI Benchmarks, The Mix Market.
c Micro Banking Bulletin – Autumn 2008.
d The Mix Market.

MACROECONOMIC INDICATORS

annual percent change unless noted otherwise	2008	2009	2010
GDP per capita ¹	3.1	0.9	2.8
Private Consumption ²	5.4	3.1	4.6
Consumer Prices Index ³	7.9	6.6	6.2
Current Account Balance / GDP (%) ⁴	-0.6	-0.3	0.0
Exchange rate ⁵			
- Mexico	-20.7	-0.1	
- Peru	-3.8	3.8	
- Bolivia	7.5	0.2	
Remittances ⁶	0.2	(-7.7;-4.4)	(-1;2.3)
Unemployment ⁷	0.2	(0.2;0.9)	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).