Eastern Europe and Central Asia 2009
MICROFINANCE ANALYSIS AND BENCHMARKING REPORT

A report from Microfinance Information Exchange (MIX)
and Consultative Group to Assist the Poor (CGAP)

February 2010

INTRODUCTION

In 2008, the microfinance sectors in many countries of the Eastern Europe and Central Asia (ECA) region continued on a path of positive but slower growth as the effects of the financial and economic crisis were felt in the last months of the year. Although 2008 macroeconomic indicators show that overall regional income levels increased and poverty rates decreased slightly as a result of high economic growth in prior years, the effects of the global financial crisis were already reflected in the slower growth rate of microfinance institutions - at 15 percent in 2008 vs. 30 percent in 2007 (see **Table 1**). Still, microfinance providers continued to deepen outreach in 2008, increasing their penetration rate by 2 percent.

ECA countries experienced the effects of the global financial and economic crisis by the end of 2008 in the form of bank failures, tightening of credit, slowdown of economic activity, increases in unemployment and food prices, and decreases in remittances. After the onset of the crisis in the summer of 2008, countries in Central and Eastern Europe (CEE) as well as Russia were quickly affected due to their close financial and trade ties to Western Europe and the United States. Countries in the Caucasus and Central Asia, whose economies are highly reliant on remittances and trade with Russia, were hit by the crisis toward the very end of 2008 and into 2009 due to the decrease in transfers from abroad as well as local currency depreciation.

TABLE 1 KEY MACROECONOMIC INDICATORS AND VOLUME FIGURES, 2008

	2008	Compared to 2007
Countries:	22	N/A
Population:	365.6 Million	-0.1%
Poverty Rate:	18.8%	-0.6%
People below poverty line:	68.8 Million	-2 Million
Average GNI Per Capita:	USD 7,068	+31%
Institutions providing MF services:	8,286	+15%
Number of Active Borrowers:	9,011,000	+15%
Total Loan Portfolio:	USD 16,230 Million	+6%
Number of Savers:	10,002,000	+17%
Total Savings Portfolio:	USD 8,356 Million	+16%
Lending Penetration Rate*:	13.1%	+2%
Savings Penetration Rate*:	14.5%	+2.5%

Sources: MIX Market, CGAP Funder Survey, National Statistics Agencies, World Bank. Results for GNI per capita are weighted averages by country.

Note: Lending penetration rate: Percent of active borrowers of population living below the national poverty line; Savings penetration rate: Percent of depositors of population living below the national poverty line.*

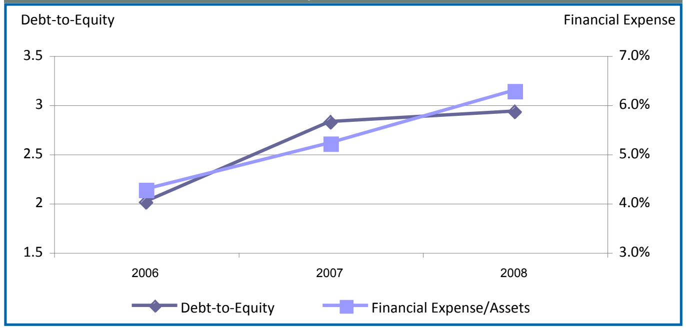
Eastern Europe and Central Asia: Key Indicators 2008

Trend Indicators

Indicator	2006	2007	2008	Trend 07-08
Total borrowers, mln.	1.7	2.4	2.8	⇧
Median borrower	2,414	3,100	3,332	⇧
Total loan portfolio, USD mln.	4,617	7,718	9,727	⇧
Median loan portfolio, USD mln	3.2	4.7	5.5	⇧
Loan balance per borrower, USD	1,785	2,207	2,403	⇧
Depth of outreach*	70.3%	74.7%	78.9%	⇩
Operational self-sufficiency (OSS)	128.3%	123.6%	118.8%	⇩
Nominal yield	28.8%	26.9%	28.7%	⇧
Cost per borrower, USD	218	265	309	⇧
PAR > 30 days	1.63%	1.30%	2.09%	⇧

Source: MIX Market, 2006-2008. Results are peer group medians and totals where indicated and are based on a balanced data set of 169 MFIs that provided outreach indicators for 2006-2008.
** Note: Defined as average loan balance per borrower over GNI per capita.*

Funding Structure: Debt-to-Equity and Financial Expense Ratio for ECA MFIs, 2006-2008



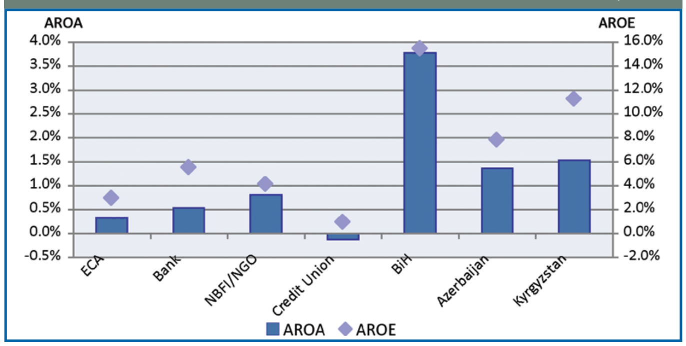
Source: MIX Market, 2006-2008. Results are peer group medians.

Growth by Selected Countries, 2007-2008

Country	Indicators		
	Total borrowers	Total loan portfolio*	Median borrower
BiH	20.2%	20.0%	14.6%
Bulgaria	3.6%	28.9%	-1.8%
Azerbaijan	32.1%	59.3%	19.4%
Armenia	32.3%	41.9%	26.1%
Georgia	5.9%	37.4%	0.5%
Kyrgyzstan	38.2%	41.2%	31.0%
Mongolia	12.0%	30.3%	23.2%
Romania	7.6%	17.6%	-8.3%
Tajikistan	23.4%	45.5%	-0.3%

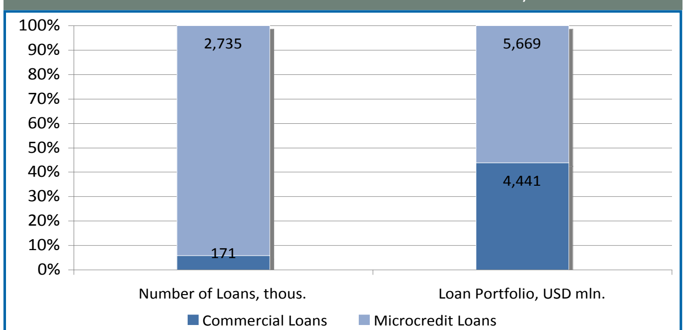
Source: MIX Market, 2007-2008. Results are peer group percentage changes.
** Note: Loan portfolio growth is based on local currency calculations.*

Profitability: AROA and AROE by Charter Type and Selected Countries, 2008



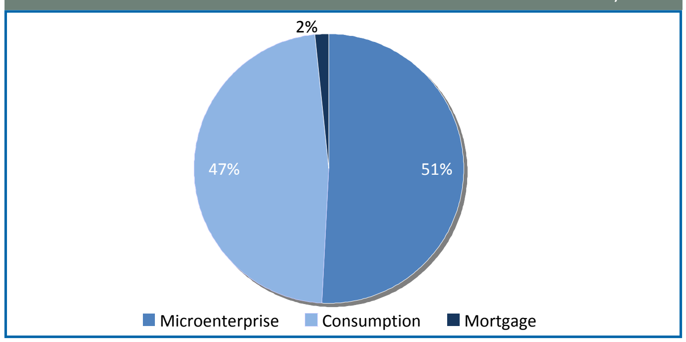
Source: MIX Market, 2008. Results are peer group medians.

Commercial Loans vs. Microcredit Loans in ECA, 2008



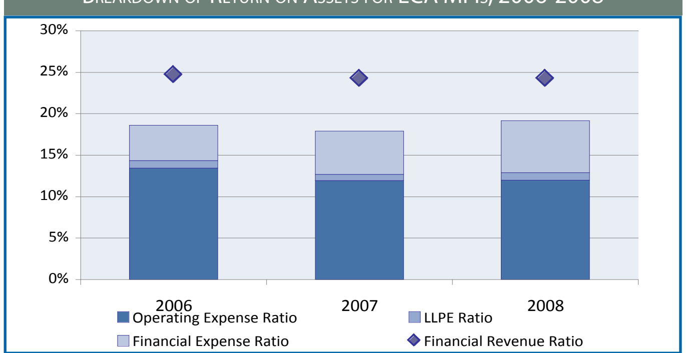
Source: MIX Market, 2008. Results are peer group totals.

Microcredit in ECA: Types of Credit by Number of Loans Outstanding, 2008



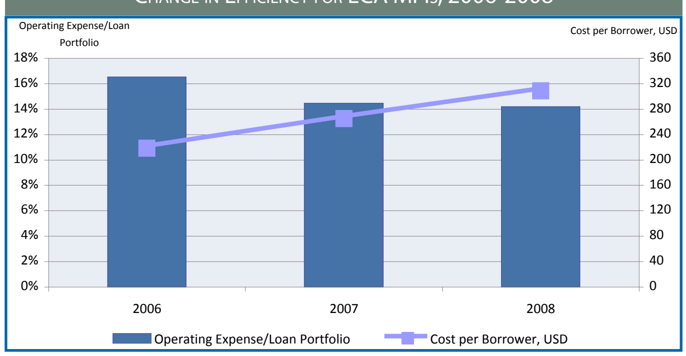
Source: MIX Market, 2008. Results are peer group totals.

Breakdown of Return on Assets for ECA MFIs, 2006-2008



*Source: MIX Market, 2006-2008. Results are peer group medians. * Note: The base of all ratios is average total assets.*

Change in Efficiency for ECA MFIs, 2006-2008



Source: MIX Market, 2006-2008. Results are peer group medians.

Compared to global peers, the microfinance market in ECA is one of the most closely linked with mainstream financial sectors; the largest institutions are microfinance banks, whereas non-bank MFIs cannot mobilize deposits and rely on borrowings from foreign funds and local banks. For that reason, ECA microfinance institutions (MFIs) are exposed to many of the same risks as other financial service providers in the region.

This report, jointly produced by MIX and CGAP, analyzes how MFIs performed and coped with heightened risks in 2008. The report explores the following themes as they pertained to the state of microfinance services in ECA in 2008:

- **Market structure:** the ECA microfinance sector has a distinctive two-tier structure - consolidated markets in the Balkans versus further proliferation in the number of credit unions and small non-bank MFIs in 2008 in the other sub-regions.[1] The crisis exposed many of these small institutions to high risks, which some were not prepared to manage.

- **Credit risk:** While ECA MFIs had some of the lowest delinquency levels globally prior to the crisis, portfolio at risk spiked in 2008 in environments of rising unemployment, high inflation, and over-indebtedness. MFIs responded by reining in growth, increasing provisioning expenses and focusing on portfolio quality.

- **Currency risk:** The majority of funding for ECA MFIs across sub-regions and institutional types comes from foreign sources and is denominated in dollars or euros. Every type of MFI, from banks in Europe to small non-bank financial intermediaries (NBFIs) in Central Asia, has tapped into the international lending market in the past few years. Foreign exchange risk is high in ECA, particularly for MFIs working in countries with volatile currencies while overall there is little use of hedging tools. Funding in local currency in many markets remains limited.

- **Funding risk:** MFIs had liquidity concerns at the end of 2008. Credit unions, in particular, saw their deposits stagnate. Microfinance banks resisted deposit runs and increased their depositor base albeit at a slower rate than in 2007. However, they restricted credit growth in anticipation of a liquidity squeeze. Non-deposit NBFIs faced mounting foreign exchange risk, which discouraged some from seeking new funding from international investors. On a positive note, the majority of ECA debt is long-term and the sector does not need to refinance more than 10-20 percent of loan portfolio in any given year.

- **Policy trends:** Key policy issues that were not forefront in ECA in prior years, such as regulation of branchless banking and consumer protection, became prominent as a result of the financial crisis.

This report begins with a presentation of the state of microfinance services in ECA in 2008 and looks at the overall structure of the market as well as trends in outreach for the past three years. Key issues and recent developments in the policy environment are discussed, followed by an analysis of the funding trends and financial performance of ECA MFIs. The final section discusses the effects of the global financial crisis on microfinance services in selected countries in 2009.

1 The report analyzes MFIs in five sub-regions: the Balkans, CEE, the Caucasus, Central Asia, and Russia. For a detailed explanation of which countries belong to each sub-region see *Definition of Peer Groups* on p. 29.

THE STATE OF MICROFINANCE SERVICES IN ECA IN 2008 – GENERAL TRENDS[2]

⇨ *Despite proliferation in the number of microfinance providers in ECA in 2008 growth in both microcredit and deposit services slowed down in 2008.*

⇨ *Credit unions remain the most numerous players in the market, and together with banks provide all the deposit services in ECA.*

⇨ *Microfinance banks in the Balkans and CEE were some of the first to rein in growth as credit and liquidity risks increased in 2008.*

MARKET STRUCTURE

TABLE 2 Macroeconomic Indicators by Sub-Region

Sub-Regions	Number of countries	Population, mln.	Average GNI per capita	% of people living below national poverty line	Population below poverty line, mln.
Balkans	7	23.6	7,097	15.5%	3.65
Caucasus	3	16.1	3,157	23.5%	3.79
CEE	6	126.8	6,863	22.3%	28.29
Central Asia	5	57.3	2,299	25.4%	14.53
Russia	1	141.8	9,620	13.1%	18.58
Total/ Weighted average	22	365.6	7,068	18.8%	68.84

Source: World Bank, National Statistics Agencies

The microfinance markets in the various ECA subregions remain in different stages of development – while in 2008 there was stability in CEE and further consolidation of microfinance providers in the Balkans, the younger markets of Central Asia and Russia saw continued proliferation of MFIs – contributing to a 15 percent increase in the total number of providers (see **Table 3**). For example, in Tajikistan, the number of MFIs tripled in just one year to reach over a hundred. The proliferation of registered MFIs in Central Asian markets is made possible by fairly liberal registration requirements stipulating small amounts of founding capital for certain institutional types. However, closing an MFI is more difficult, which is why a large number of organizations (close to 100 in Kyrgyzstan and 400 out of 1,000 registered in Kazakhstan) remain registered but are not active. The current structure of these markets renders them vulnerable to shocks, as many very small MFIs are not prepared to meet the risks associated with the financial crisis. As a result, several of them defaulted in 2008 and stopped lending to focus on repaying their external funds; it remains to be seen if these MFIs will resume operations once economies recover or if the market will move toward consolidation.

The absolute leader in the growth and proliferation of one particular type of MFI - financial cooperatives/credit unions – is Russia, showing a 46 percent increase in the number of microfinance service pro-

TABLE 3 Institutions Providing Microfinance Services in the ECA Region: Number and Outreach by Sub-Region

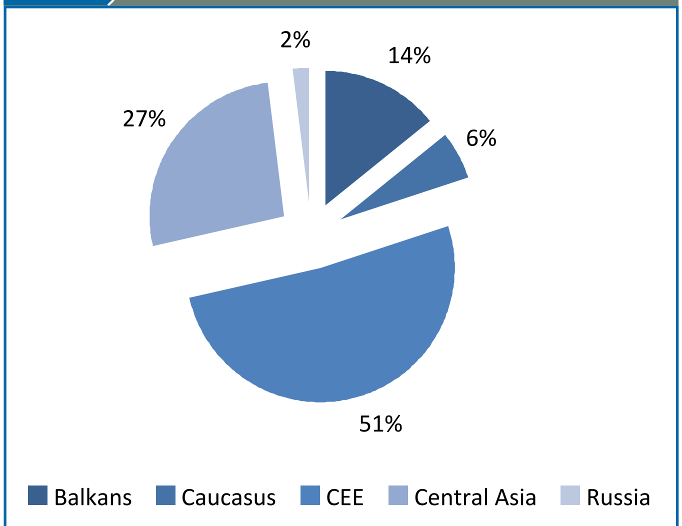
Sub-Region	Number of institutions	Number of active borrowers, thous.	Total portfolio outstanding, USD mln.	Average number of borrowers per inst., thous.	Average loan balance, USD	Lending penetration rate	Number of depositors, thous.	Deposits, USD mln.	Average deposit balance, USD	Savings penetration rate
Balkans	39	927	3,199	23.8	3,450	25.4%	1,409	2,171	1,541	38.6%
Caucasus	137	727	1,537	5.3	2,113	19.2%	597	342	573	15.7%
CEE	3,898	5,607	5,933	1.4	1,058	19.8%	5,128	4,485	875	18.1%
Central Asia	1,442	1,136	2,829	0.8	2,490	7.8%	2,689	887	330	18.5%
Russia	2,770	614	2,732	0.2	4,450	3.3%	181	471	2,606	1.0%
Total	8,286	9,011	16,230	1.1	1,801	13.1%	10,002	8,356	835	14.5%

Source: CGAP 2008 MFI Survey, EBRD, MIX Market, WOCCU.

2 This section presents analysis on the structure of the microfinance markets in ECA countries based on landscape data collected from national networks, Central Banks and statistical agencies as well as findings based on data from 123 MFIs that reported to MIX for the past three years (2006-2008). Microfinance market statistics for each country are provided in Annex III.

viders. Until 2009, Russian credit unions were not formally regulated. The market structure will likely change in 2009-2010 with the adoption of a new law "On credit cooperation" aimed at streamlining credit union activities in Russia by establishing common requirements and standards for their operations, which some credit cooperatives may not be able to meet. In addition, many Russian cooperatives were hit by the crisis at the end of 2008, which may lead some to cease operations altogether.

FIGURE 1 DISTRIBUTION OF DEPOSITORS BY SUB-REGION



Source: CGAP 2008 MFI Survey, EBRD, MIX Market, WOCCU.

Microfinance banks and credit unions remain the only providers of deposit services, as legislation in the majority of ECA countries does not allow for non-bank financial institutions to mobilize deposits. For this reason, where microfinance banks and credit unions are the prevalent providers, the savings penetration rate is higher (except for Russia). Providers in CEE still served half of the savers in the whole region thanks to the strong presence of credit unions and microfinance banks. In contrast, Russia still had the smallest number of savers; its share even decreased by almost 3 percent as a result of the financial crisis, which led to a reduction in disposable income of the population as well as loss of depositors' confidence. Central Asia had the second largest share of depositors, which increased by over 6 percent, due to activities of the Mongolian microfinance banks (see **Figure 1**).

No significant changes occurred in the composition of provider types in ECA. Credit unions remain the most numerous players in the market; at close to 7,000 out of the total 8,286 microfinance service providers, these types of institutions witnessed a 16 percent increase in absolute numbers (see **Table 4**). Another common institutional type is non-bank financial intermediaries (NBFI), whose number increased by over 26 percent in one year due to the proliferation of NBFIs in Central Asia. Their borrower outreach increased by close to 50 percent as the effects of the crisis did not reach them until the very end of 2008. The average NBFI is small, with only 1,300 borrow-

TABLE 4 INSTITUTIONS PROVIDING MICROFINANCE SERVICES IN THE ECA REGION: NUMBER AND OUTREACH BY CHARTER TYPE

Type of institution	Number of institutions	Number of active borrowers, thous.	Total portfolio outstanding, USD mln.	Average number of borrowers per inst., thous.	Average loan balance, USD	Lending penetration rate	Number of depositors, thous.	Deposits, USD mln.	Average deposit balance, USD	Savings penetration rate
Downscaling bank*	56	249	2,899	4.4	11,643	0.4%	27	153	5,573	0.0%
Specialized microfinance bank	21	1,364	4,993	64.9	3,661	2.0%	5,014	4,048	807	7.3%
NBFI	1,044	1,364	2,431	1.3	1,782	2.0%	0	3	20,601	0.0%
NGO	141	84	154	0.6	1,846	0.1%	0	0	0	0.0%
Credit union	6,874	5,917	5,640	0.9	953	8.6%	4,961	4,152	837	7.2%
Government fund	150	34	112	0.2	3,328	0.0%	0	0	0	0.0%
Total	8,286	9,011	16,230	1.1	1,801	13.1%	10,002	8,356	835	14.5%

*Sources: CGAP 2008 MFI Survey, EBRD, MIX Market, WOCCU. Note: * Downscaling banks are commercial banks with only a portion of their portfolio dedicated to microcredit. Only the microcredit activities of downscaling banks are presented in this table.*

ers, but averages are brought down as some of the registered institutions are not active lenders.

In contrast, specialized microfinance banks are fewer in number but serve as many borrowers as NBFIs do, with the average bank having 65,000 clients. As they already have a deep penetration rate in the market due to their size and because they were among the first to feel the effects of the crisis, microfinance banks grew at a slower rate of 19 percent. Two more specialized microfinance banks entered the market in 2008: one NBFI in Georgia transformed into a bank, and a new ProCredit bank opened in Moldova. Commercial downscaling banks have smaller outreach than specialized microfinance banks and NBFIs (borrowers account for only 3 percent of total), but their portfolio share is considerable at 18 percent. This means that their loan balances are much larger (three times the average loan size of microfinance banks), indicating that they do not reach down-market much. Non-governmental organizations (NGOs) play a much smaller role in ECA microfinance, especially as the majority of MFIs have become regulated for-profit entities in recent years. Most NGOs are in Russia and Kosovo. In Kosovo, a new law on the regulation of microfinance activity is likely to lead to the transformation of NGOs into regulated NBFIs. The number of government funds (i.e. non-bank providers of microcredit established and primarily funded by government) shrunk by over one-third due to a reduction of this institutional type in Russia. The only other government fund is in Kazakhstan, and it is the second largest provider in the country.

As in the year before, in 2008, the largest microfinance service providers listed on the MIX Market in terms of the number of active borrowers were banks – seven out of the ten largest institutions. The borrower base of the ten biggest institutions represents 12 percent of the total borrowers for the region, as presented in **Table 3**, and 35 percent of the outreach of all banks, NBFIs, and NGOs. The new members of this top ten list are AccessBank in Azerbaijan and INECO bank in Armenia, each of which grew by almost 50 percent vs. an average of 19 percent for ECA banks, and Kompanion NBFI, which increased its outreach by 75 percent vs. an average of 20 percent in Kyrgyzstan (see **Table 5**).

Similarly to 2007, the largest institutions from the point of view of their market penetration were in Bosnia and Herzegovina. However, this is partly due to multiple borrowings by clients; as a result, clients' over-indebtedness, coupled with the effects of the global crisis, led to substantial growth by mid-2009 of the MFIs' portfolio at risk (PAR) rate over 30 days – up to 5 percent, with over 4 percent write-offs on average.[3] In contrast, at the beginning of 2008 the average PAR over 30 days and the write-off rate for Bosnian MFIs were 1.3 percent and 0.9 percent, respectively.[4]

TABLE 5 TOP 10 INSTITUTIONS

	Top 10 institutions by outreach			Top 10 institutions by market penetration*		
Rank	MFI	Country	Total Borrowers	MFI	Country	Total Borrowers
1	Khan Bank	Mongolia	319,541	Partner	BiH	6.3%
2	ProCredit Bank Serbia	Serbia	113,854	EKI	BiH	6.0%
3	ACBA	Armenia	104,702	XacBank	Mongolia	5.5%
4	ProCredit Bank - KOS	Kosovo	96,420	LOK Microcredit Foundation	BiH	4.1%
5	FMCC	Kyrgyzstan	90,686	MI-BOSPO	BiH	4.0%
6	FINCA - AZE	Azerbaijan	83,948	FMCC	Kyrgyzstan	4.0%
7	Kompanion	Kyrgyzstan	70,824	MIKROFIN	BiH	3.9%
8	AccessBank	Azerbaijan	69,448	Sunrise	BiH	3.7%
9	INECO	Armenia	67,617	PRIZMA	BiH	3.5%
10	ProCredit Bank - GEO	Georgia	66,083	ACBA	Armenia	3.3%

*Source: MIX Market, 2008. Results are totals. Note: * Defined as Number of Microenterprise Loans/Poor People. Note: MFIs which did not provide a product breakdown are not included.*

3 Source: EBRD.
4 Source: MIX Market.

Finally, microfinance services in ECA continued to be delivered through conventional channels, i.e. physical branches. However, in 2008 new solutions for accessing financial services were introduced in ECA markets, including use of mobile phones to make payments, transacting via non-bank agents, and using services of semi-formal e-money providers.

In Russia and most NIS countries, a specific solution – the so-called "payment terminals" – was developed; these cash-in machines allow customers to make payments to numerous service providers, send remittances, top-up bank accounts, and make loan payments. At the end of 2008, there were more than 120,000 automated payment terminals (both cash terminals and card terminals) and approximately 80,000 additional payment or "cash-in" outlets (for example, supermarkets and staffed kiosks) in Russia. According to estimates, the payment terminals have more than 50 million users across the country and process USD 1.9 billion in retail payments per month in the Moscow region alone.

What are the implications of these branchless banking developments for microfinance? Branchless banking solutions provide cheap access points for various financial services and allow quick expansion of the volume of the services. Research has shown that proximity of financial institutions is one of the pre-conditions for broader use of financial services. It is evident that banks are already increasingly interested in the opportunities offered by branchless banking solutions; some Russian commercial banks set up their own networks of payment terminals and most large banks in ECA provide internet banking and mobile banking services to customers.

Non-bank MFIs have not yet been very active in this area however. This may have to do with a number of factors: traditional practices implying close contact with the customers, less sophisticated clientele, the large investment required for technology solutions, etc.

GENERAL TRENDS IN MICROCREDIT AND DEPOSIT SERVICES 2006-2008

TABLE 6 CHANGES IN LENDING INDICATORS FROM 2007 (LANDSCAPE DATA)[5]

Sub-region	Change in the number of active borrowers	Change in the total portfolio outstanding	Change in lending penetration rate
Balkans	16%	11%	7%
Caucasus	85%	47%	11%
CEE	10%	-2%	1%
Central Asia	35%	7%	3%
Russia	-9%	1%	0%
TOTAL	15%	6%	2%

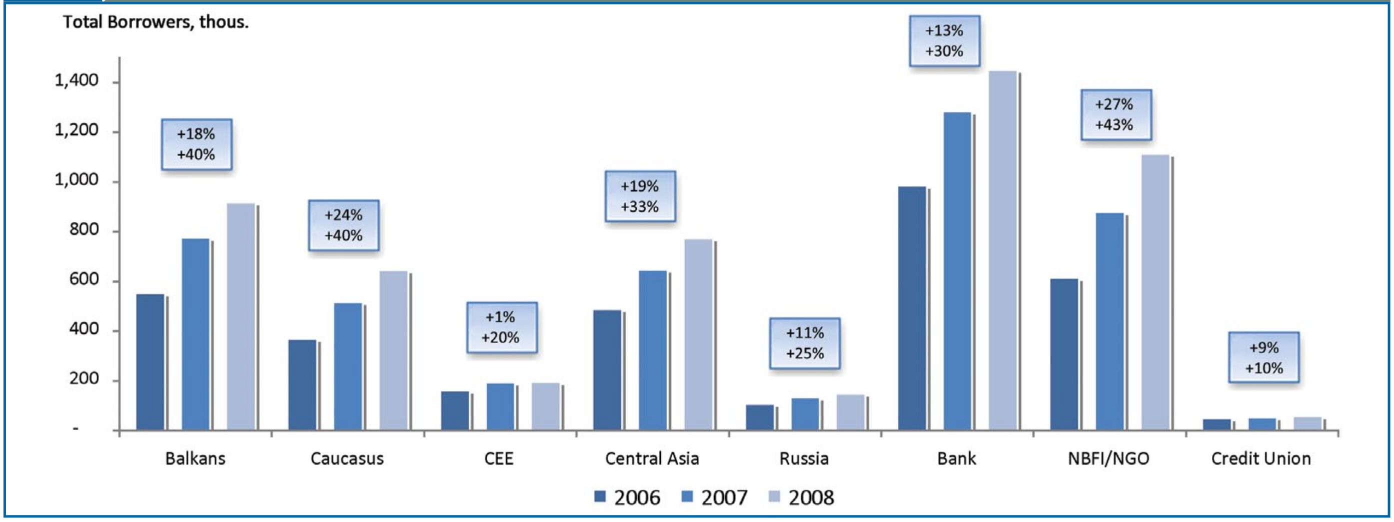
Source: CGAP 2008 MFI Survey, EBRD, MIX Market, WOCCU.

Overall growth of microcredit services slowed down markedly in 2008, despite the proliferation of providers in some markets (see **Table 6**). For balanced trend data from 123 MFIs reporting to MIX Market, growth in outreach increased in 2007 by 34 percent thanks to a booming domestic economy, stable currencies, and an abundance of foreign funding sources. By 2008, the situation had changed; growth slowed down to 18 percent as the economic situation began to worsen, and MFIs reined in growth in expectation of higher credit and liquidity risks. However, results differed for MFIs according to their country of operation and charter type, as these characteristics exposed them to different degrees of risk.

Figure 2 shows that growth has slowed down everywhere in the region, but especially so for MFIs in CEE and Russia. Due to their proximity or close economic ties with Western Europe and the US, some CEE countries and Russia experienced the effects of the global financial crisis soon after it began. In certain countries, the microfinance sectors are tightly linked to the mainstream financial system either because the major providers of microcredit are banks

5 Note: Growth figures in Table 6 are based on comparing volume data for all providers between 2007 and 2008 and includes data of new entrants in the market. MIX Market tracks the growth pattern of a balanced set of institutions that have reported in 2006-2008.

FIGURE 2 TRENDS IN OUTREACH BY SUB-REGION AND CHARTER TYPE, 2006-2008

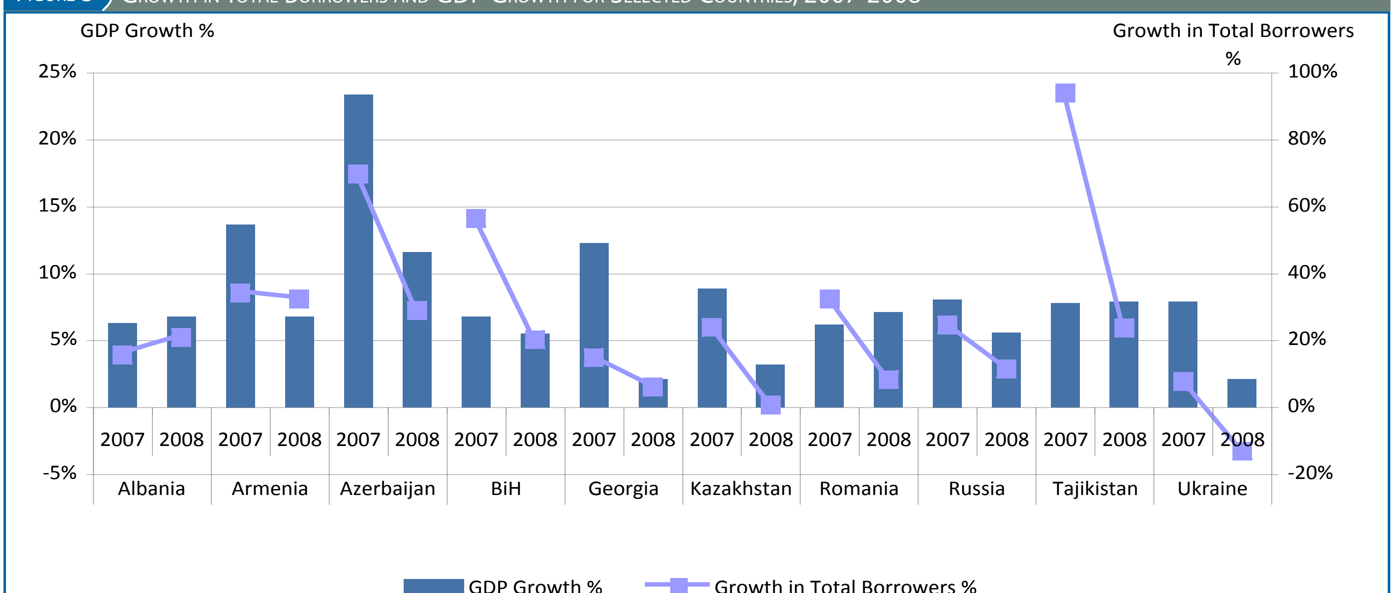


Source: MIX Market, 2006-2008. Results are peer group totals. Numbers in boxes represent growth rates for 2008 (number at the top) and 2007 (number at the bottom).

(Ukraine) or because the credit cooperatives access funding from local banks and financial institutions such as apex cooperatives (Russia). Both Russia and Ukraine experienced banking sector crises; in the case of Ukraine there was a run on bank deposits toward the end of 2008, which heightened the liquidity risk for microfinance and downscaling banks, while in Russia many of the banks restricted lending to credit cooperatives.

Moreover, as economic growth slowed down so did growth in outreach (see **Figure 3**). For example, for some MFIs in Central Asia, the demand for microcredit decreased toward the end of 2008, due to a slowdown of economic activity impacting microfinance clients' businesses. In addition, in many ECA countries the shocks to the financial system and subsequently to the real economy impacted clients' repayment capacity, prompting MFIs to concentrate on loan assessment and monitoring rather than growth.

FIGURE 3 GROWTH IN TOTAL BORROWERS AND GDP GROWTH FOR SELECTED COUNTRIES, 2007-2008



Source: MIX Market, 2006-2008 and IMF. Results are yearly percentage changes.

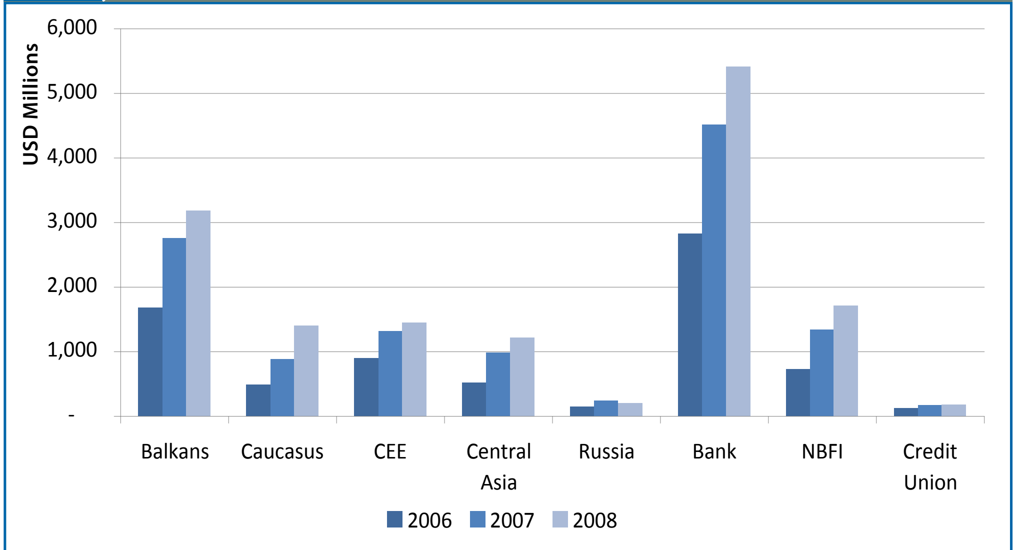
In some CEE countries (Bulgaria, Romania), credit was loose in the past few years, but as the crisis hit, banks tightened disbursement and some bank clients sought credit from non-bank MFIs instead. However, due to the high risk profile of many of these applicants and lack of access to credit registries, MFIs were reluctant to lend. According to a CEO of an MFI in Eastern Europe, management was cautious to approve new loans, doubting the creditworthiness of applicants. As a result, there was almost no growth in outreach in CEE.

In particular, specialized microfinance banks in CEE and the Balkans anticipated deposit withdrawals and decreased repayment capacity of clients. Consequently, growth in borrowers for this institutional type decreased from 30 percent in 2007 to 13 percent in 2008, while portfolio growth in local currency terms decreased from 64 to 29 percent (see **Figure 4** and **Table 7**).

MFIs slowed down their portfolio growth in local currency terms, but not as much as outreach growth. In CEE there was little decrease in portfolio growth, although the borrower base had not changed since 2007, signifying a further shift toward larger loan balances (from USD 3,960 in 2007 to USD 5,311 in 2008). In a time of high risk, some CEE MFIs opted to disburse larger loans to trusted clients rather than attract new clients.

Not all countries were affected by the financial crisis in 2008. Some sectors in the Caucasus (Armenia and Azerbaijan), Central Asia (Kyrgyzstan), and the Balkans (Albania, Kosovo, Macedonia) continued their positive growth path from 2007 at about 20-25 percent in outreach and 30-50 percent in loan portfolio

Figure 4 Growth in Loan Portfolio by Sub-Region and Charter Type, 2006-2008



Source: MIX Market, 2006-2008. Results are peer group totals.

Table 7 Median Growth in Loan Portfolio (Local Currency)

		2007	2008
Sub-Regions	Balkans	50%	31%
	Caucasus	69%	51%
	CEE	30%	25%
	Central Asia	97%	52%
	Russia	45%	52%
Charter Type	Banks	64%	29%
	NBFI/NGO	64%	38%
	Credit Union	22%	11%

Source: MIX Market, 2006-2008. Results are peer group medians.

(see **Table 7**). MFIs in one of the largest markets in ECA, Bosnia and Herzegovina, still registered strong growth in borrowers in 2008 at 30 percent, but saw a marked decrease in portfolio growth from 101 percent in 2007 to 24 percent in 2008 partly due to legislative changes putting a ceiling on loan sizes. As the largest NBFIs in ECA are in Bosnia, growth in portfolio for NBFIs overall also slowed down but was higher than for banks.

Banks were the only institutions contributing to the increase in deposit mobilization, since the number of depositors served by credit unions decreased slight-

TABLE 8 DISTRIBUTION OF SAVINGS MOBILIZATION BY CHARTER TYPE (LANDSCAPE DATA)

Type of Institution	Number of depositors, thous.	Deposits, USD mln.	Distribution of depositors	Distribution of deposits
Bank	5,041	4,201	50.4%	50.3%
NBFI	0.13	2.64	0.0%	0.0%
Credit Union	4,961	4,152	49.6%	49.7%
TOTAL	10,002	8,356	100%	100%

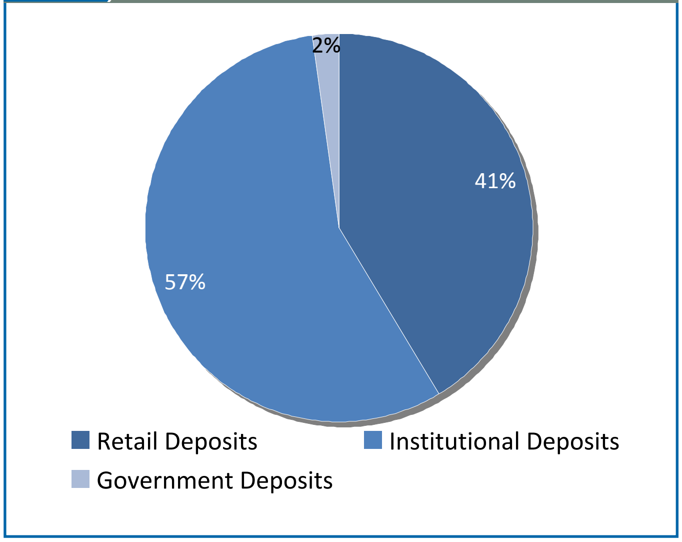
Source: CGAP 2008 MFI Survey, EBRD, MIX Market, WOCCU.

ly in absolute terms in 2008. In 2007, the share of depositors served by downscaling and microfinance banks was 44 percent and a year later it exceeded 50 percent. The average savings balance was almost the same for both credit unions and banks – around USD 800. The few NBFIs in Central Asia (Tajikistan and Kyrgyzstan) holding a deposit-taking license still did not reach typical microfinance retail customers as their average deposit balance exceeded USD 20,000 (see **Table 8**). In some countries (Tajikistan), where legislation allows for certain kinds of NBFIs to mobilize deposits, not many MFIs convert to this institutional type, as it calls for a large amount of founding capital and requires that staff have a comparatively high level of experience in the financial sector.

Of MFIs reporting to MIX Market, microfinance banks serve 99 percent of deposit clients. Growth of deposit services continued to be strong for microfinance banks in 2008. Total depositors increased by 46 percent in 2007 from 2.6 million to 3.8 million, and by 26 percent in 2008 to 4.8 million.[6] However, regional differences are significant, with growth in CEE and the Balkans slower than in Central Asia and the Caucasus. While microfinance banks were by and large resilient to runs on deposits despite financial panic in some countries (only two banks registered a slight decrease in depositors in 2008), growth was still more modest in 2008.

In the Caucasus and Central Asia, growth has also slowed down from 2007 levels, but remains much higher than for peers in the Balkans and CEE. The median microfinance bank in the latter two sub-regions increased its depositor base by 10 percent in 2008 vs. 32 percent in 2007, while this indicator for the median bank in the Caucasus and Central Asia was 38 percent in 2008, down from 106 percent in 2007. The high growth in 2007 in these two sub-regions was due to recent entrants in the market.

FIGURE 5 COMPOSITION OF DEPOSITS OF SPECIALIZED MICROFINANCE BANKS, 2008



Source: MIX Market, 2008. Results are peer group totals

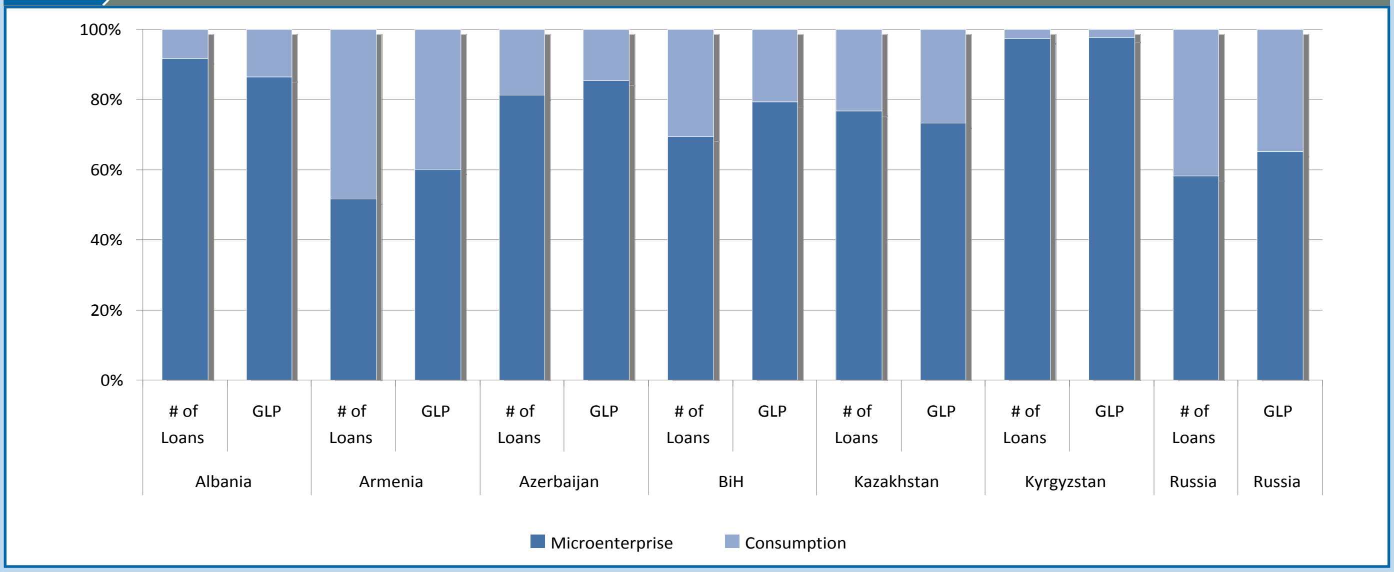
Close to 60 percent of all deposits of microfinance banks come from non-retail clients such as corporations and other financial institutions (see **Figure 5**). Banks in Armenia, Mongolia and Uzbekistan mobilized government deposits as well. The median indicator for an average balance for institutional deposits is USD 68,000 vs. USD 1,100 for retail deposits. Banks may be vulnerable to shocks from the broader economy as their funding base is more exposed to institutional rather than retail deposits, the latter of which tend to be more stable during crises.

6 The deposit clients of two Mongolian banks, Khan Bank and XacBank, represented 47 percent of the total in 2008.

Consumer Lending in Eastern Europe and Central Asia

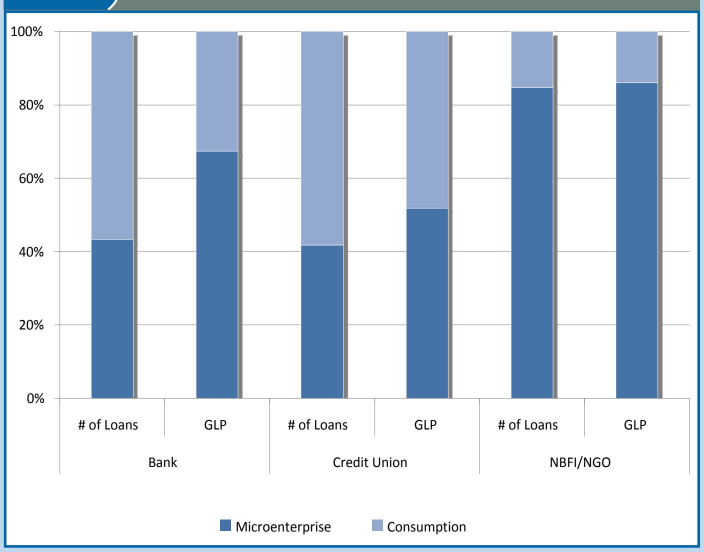
ECA MFIs offer a variety of products, including consumer loans.[7] The exposure to consumer lending carries certain risks, especially during times of crisis when clients' cash flows may suddenly dry up. In ECA some sectors have been more heavily involved in consumer lending than others. In Armenia, Bosnia and Herzegovina, Kazakhstan, and Russia consumer credit constitutes between 20 and 50 percent of all loans outstanding (see **Figure 6**).

FIGURE 6 CONSUMER LENDING IN ECA BY COUNTRY



Source: MIX Market, 2008. Results are peer group totals.

FIGURE 7 CONSUMER LENDING IN ECA BY CHARTER TYPE



Source: MIX Market, 2008. Results are peer group totals.

Mature sectors (Bosnia and Herzegovina) or markets where banks and credit unions dominate (Armenia and Russia, respectively) have greater exposure to consumer lending. As **Figure 7** demonstrates, close to 40 percent of banks' loans outstanding are consumer credits. For NBFIs, the number is about 15 percent. A large part of credit unions' portfolio is also dedicated to consumer lending; for example, many of the cooperatives in Russia are consumer credit cooperatives of citizens and this is their product focus. They have been particularly vulnerable to credit risk as their members' cash flows became uncertain due to the slowdown of economic activity and rise in unemployment in Russia. In addition, 38 percent of mature MFIs' loans are consumer loans versus 24 percent for young MFIs and only 6 percent for new MFIs. Mature MFIs have been in the market longer and have experimented with different loan products. Many of them increasingly turned to consumer lending as it offered new opportunities for growth and profits. It remains to be seen if ECA MFIs, which started out lending to micro-businesses only, will shift their focus back to enterprise lending as consumer lending carries greater risk in times of slower economic activity.

7 Unlike micro-business loans that finance enterprises, consumer loans are loan products financing household needs - consumption, education, mortgage/housing.

POLICY ENVIRONMENT IN ECA: KEY ISSUES AND TRENDS

⇨ *Development of branchless banking solutions for the provision of financial services requires new regulatory approaches.*

⇨ *Consumer protection issues are considered increasingly important by policy makers and industry stakeholders.*

⇨ *There is insufficient scale of deposit mobilization by non-bank MFIs, despite creation of a specific regulatory "window" in some countries.*

⇨ *Issues have arisen related to transformation and commercialization of MFIs, specifically the preservation of transforming institutions' social mission.*

BRANCHLESS BANKING REGULATION

Lack of a clear legal framework for branchless banking can impede development in this sphere. Despite the popularity of these types of delivery channels, there are no countries in the region that have a comprehensive legal framework for branchless banking. Recently Russia took a number of important steps toward harmonizing legislation and integrating various non-bank providers into the financial system. In particular, in 2009, the law "On accepting payments from natural persons by payment agents" (along with respective amendments to the law "On banks and banking activities" and to the Anti-money laundering/Combating financing of terrorism law) was adopted, introducing the notion of the "banking payment agent" and thus formalizing the use of non-bank agents for provision of financial services. But for most ECA countries, development of a legal base for branchless banking solutions remains a task for the future.

CONSUMER PROTECTION

Despite the increase in provision of retail financial services, consumer protection and financial literacy remain weak in the ECA countries.

In 2006 - 2008, the World Bank conducted nine country reviews in the ECA region – Azerbaijan, Bulgaria, Croatia, the Czech Republic, Latvia, Lithuania, Romania, Russia, and Slovakia.[8] For each, a detailed analysis was provided of consumer protection in banking, non-bank credit institutions, insurance, securities, and private pensions, and for selected Diagnostic Reviews, MFIs and credit reporting systems as well. The research focused on five key areas: institutional structures for consumer protection, consumer disclosure, business practices, complaints and dispute resolution, and financial literacy and education. According to the results of the study, one of the most challenging issues for financial consumer protection is the institutional structure. As regulation of financial consumer protection lies midway between financial sector regulation and consumer protection regulation for goods and services in general, countries have taken differing approaches. For example, in Azerbaijan, Croatia, Czech Republic, and Slovakia, Financial Supervisory Agencies are responsible for consumer protection in the area of financial services; in Russia, it is a responsibility of a general consumer protection authority and in Bulgaria, Latvia, Lithuania, and Romania, it depends on the type of financial service. While there is no final consensus among experts as to which agency is best positioned to perform the functions of protecting consumers of financial services, they generally agree that it would be best if consumers could go to a single agency to obtain help related to financial services.

In 2008, Armenia introduced new consumer protection legislation in the field of financial services, including laws on Deposit Taking and Consumer Credit. Additionally, a statutory financial sector om-

8 See: World Bank *Working Paper on Consumer Protection and Financial Literacy: Lessons from Nine Country Studies*, October 2009, and *Diagnostic Reviews* at www.worldbank.org/eca/consumerprotection.

budsman office was established, which was tasked with resolution of the claims of individual customers for up to approximately USD 25,000. Central Bank of Armenia, a unified regulator of financial services, also passed a number of regulations, which in addition to the new laws further detailed the rules of disclosure of information and communication with customers. The implications of the Armenian legislation on provision of financial services and their quality is worthy of further exploration, as it is the first attempt in the region to create a comprehensive consumer protection framework.

The global financial crisis has highlighted the importance of consumer protection and financial education, both for stability of, and customer confidence in, the financial sector. (See *Effects of the Global Financial Crisis on Microfinance Sectors in Selected Countries in 2009* for a case of Ukraine, where retail depositors felt their savings were at risk when the crisis hit, but found themselves unprotected from the government's moratorium on pre-term withdrawals.)

DEPOSIT MOBILIZATION BY NON-BANK MFIS

In some ECA countries – e.g. Kyrgyzstan and Tajikistan – specialized microfinance legislation includes a limited deposit-taking license for non-bank MFIs. It was originally developed with a view of introducing an intermediary form between non-banks and banks to provide additional sources of funding and a smoother transformation path for MFIs, as well as more friendly savings options for microfinance clients. However, though some of these non-bank deposit-taking MFIs received their licenses in the last two years, the process of retail deposit mobilization has not yet taken off. Two microfinance companies (MFC)[9] in Kyrgyzstan show no savers as of the beginning of 2009; 14 micro-deposit organizations (MDO)[10] in Tajikistan served just 128 clients with an average savings balance exceeding USD 20,000.

9 The name of the deposit-taking form of non-bank microfinance institutions in Kyrgyzstan.
10 The name of the deposit-taking form of non-bank microfinance institutions in Tajikistan.

As mentioned in the *General Trends* section above, credit unions remained the main providers of savings services in ECA, though downscaling and specialized microfinance banks were quickly catching up with them, and in 2008, their market shares were almost equal. Unlike Tajik MDOs, both credit unions and banks were reaching typical microfinance clients with their savings services, with an average savings balance of around USD 800.

As research has shown convincingly, savings services in many cases may be more important for clients than credit because they provide a debt-free way to protect against life's risks and build assets. It is not entirely clear as to why the specialized microdeposit forms do not contribute to savings mobilization in the countries where microfinance services are generally very popular among clients. Is a microfinance deposit-taking institution an appropriate form for savings mobilization in an environment of weak enforcement and lack of public trust? Or is there a business model and marketing problem? These issues deserve further exploration.

TRANSFORMATION AND COMMERCIALIZATION: AZERBAIJAN

The issue of transformation remains among the most important ones for many MFIs in ECA. In 2008, it became a subject of intensive, months-long discussion between the government and the microfinance community in Azerbaijan.

Microlending programs of international development agencies and international non-profit organizations that had functioned in Azerbaijan since 1999 were all officially registered as limited liability companies with sole owners in 2002-2003. Parent international NGOs became the owners and received special, non-bank credit organization (NBCO) licenses for their lending activities from the National Bank of Azerbaijan (NBA). Despite their commercial legal form, these microlending NBCOs were subject to the oversight of the Republican Commission for International Humanitarian Assistance established at the

Cabinet of Ministers (COM) of Azerbaijan and, in essence, received a status and various tax and other benefits accorded to humanitarian institutions.

In 2008, as two Azeri NBCOs decided to change ownership through acquisition of their shares by profit-oriented entities, the government opposed these transactions and demanded assurance that the funds originally allocated for microfinance activities, as well as proceeds of these funds, would stay in the country and continue to be used for the same purposes. After several months of discussions, in April 2009 the COM and the microfinance community agreed on the following three transformation options[11]:

1. Microcredit LLCs transform into NGOs and retain humanitarian status.

2. Microcredit LLCs separate humanitarian funds via transfer of assets to a new or existing foundation with a humanitarian status; the foundation would then reinvest the funds in the LLC in exchange for an interest/participation.

3. Earmark the humanitarian funds in the financial statements of the microcredit LLC and make respective changes in the charter indicating restrictions on the amount and purpose of funds.

Aside from Option 2, it was not possible to legally implement or enforce these options within the existing Azeri legislation. The situation was finally resolved via issuance of a special letter by the COM, offering a range of temporary solutions to be applied on a case-by-case basis to the microcredit NBCOs before the new NBCO law is adopted, after which the MFIs would be able to re-register.[12]

The case of Azerbaijan is interesting as very similar discussions are currently underway, for example, in Bosnia and Herzegovina, where local MFIs look into transformation and merger options as they struggle with the consequences of the global financial crisis and clients' over-indebtedness; as many of the Bosnian MFIs were registered as NGOs or commercial companies with social goals, they will likely have to overcome government concerns over transfer of ownership of original donor funds, as well as mission preservation.

GOVERNMENT FUNDING OF MICROFINANCE: RUSSIA

It appears that Russia was the only country in the region where the government adopted a sizeable financial package to support small and medium enterprise (SME) development and microfinance in the times of the financial crisis (in total, the amount allocated by the Russian government is about half of all funding volume provided by 34 funders to the whole ECA region – see section on *Funding Microfinance* below). It was part of both the government's anti-crisis plan and its long-term economic development strategy, aimed at creating a favorable environment for enterprise.

The government assistance package includes:

- A loan program to support SMEs in the amount of about USD 900 million, to be provided via the Russian Development Bank, that will work through its 80 partner banks; and

- Federal budget subsidies for SME development to the Russian regions in 2009 – around USD 318 million, and over USD 450 million for guarantee funds on banks' loans to SMEs. The subsidies are to be allocated to the Russian regions under the condition that the regions provide 50-80 percent of co-funding for these activities, and can be used to establish second-tier MFIs in order to channel funding to retail MFIs.

Overall, these financial measures seem to be in line with anti-crisis measures adopted in several Western countries, including the provision of extra liquid-

11 The term transformation here is used in the broad sense and implies a range of actions taken for the purposes of resolving the situation.

12 See discussion of the proposed NBCO law in Azerbaijan in *Eastern Europe and Central Asia Microfinance Analysis and Benchmarking Report, 2008*, by MIX and CGAP.

ity to commercial banks so that they could increase lending to SMEs, and various subsidies to support SME development at the regional level. Nonetheless, it is known that subsidies in SME lending and microfinance have produced market distorting effects, though their role in the time of crisis has not been explored enough to draw definitive conclusions. The question is, once the crisis has passed, how easy will it be politically for the government to scale back its involvement? And how will the Russian microfinance market, currently not very prominent in the region, compare to other countries as a result of these measures?

While some of the policy issues and developments in the ECA region are conditioned by the features of the current state and development history of the microfinance sector, some others such as consumer protection gained additional importance because of the financial crisis. Those issues as well as regulation of branchless banking solutions will likely be the most topical for policy makers in the region in the near future.

FUNDING MICROFINANCE

⇨ *CEE received the highest portion of donor and investor funding.*

⇨ *Debt instruments were mostly used in ECA, where the microfinance sectors are some of the most commercially oriented globally.*

⇨ *Smaller MFIs from Caucasus and Central Asia have tapped into the international commercial debt market in recent years, which has also exposed them to higher funding risks.*

⇨ *Most loans to MFIs were extended in hard currency. Consequently, MFIs slowed down demand for borrowings from international investors because of high foreign exchange risk.*

FIGURE 8 ECA FUNDING TRENDS AT A GLANCE

	ECA	World
Total Committed (million USD)	3,266	14,788
% Growth	31%	24%
Number of active funders	34	61

At a Glance:

- 34 funders committed almost USD 3.3 billion to ECA as of December 2008, representing 22 percent of total funding committed to microfinance globally – the second largest portion after the region of South Asia
- 20 donors and 14 investors provide cross-border funding for ECA; investors provide almost 90 percent of funding committed
- Top five funders in ECA account for 78 percent of total funding committed to the region (KfW, EBRD, IFC, WB, and EIB)
- Debt is the main instrument (64 percent of all funding to ECA); ECA receives 34 percent of all equity investments globally
- Three countries (Bulgaria, Russian Federation, Ukraine) receive 30 percent of funding committed to ECA

Source: CGAP Microfinance Funder Survey 2009. Number of respondents: 61

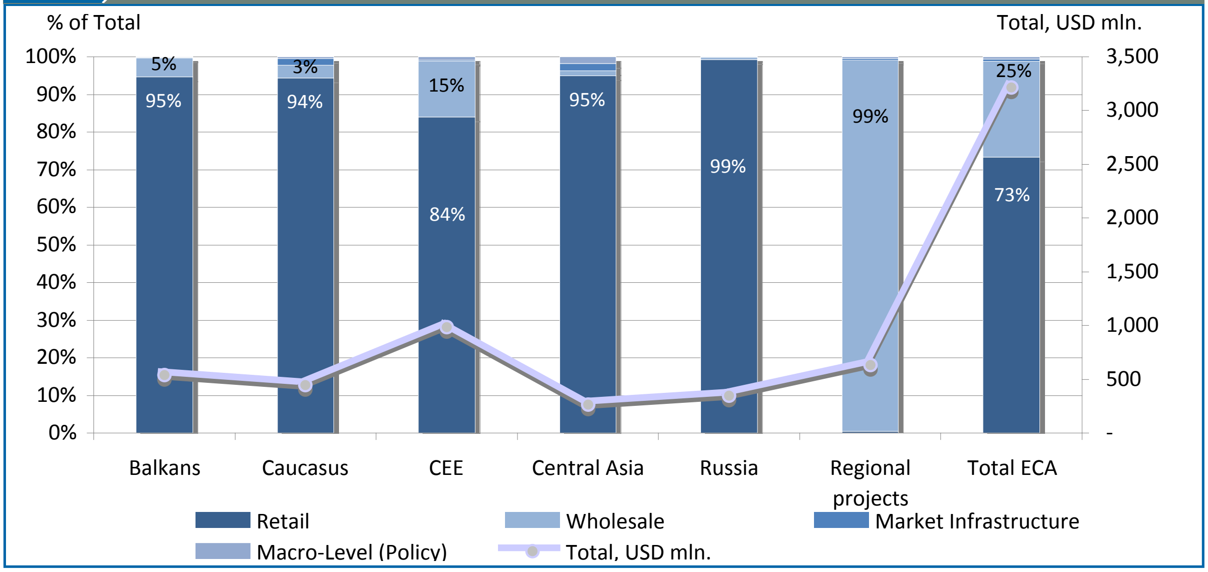
CROSS-BORDER FUNDING AT THE SECTOR LEVEL[13]

Cross-border funders' commitments to ECA increased at a higher rate than total commitments globally. From 2007 to 2008 funders' commitments to ECA grew by 31 percent, compared to 24 percent globally. Close to 99 percent of cross-border funding commitments to ECA was destined for financing the portfolio of MFIs directly or indirectly, compared to 84 percent globally, which reflects the priorities of investors providing most of the ECA funding (see **Figure 9**).[14] Less than USD 20 million, or only about 1 percent of the total committed funding was used for market infrastructure development. As in

13 Committed cross-border funding at the sector level: the CGAP Microfinance Funder Survey provides data on cross-border investor and donor funding as of December 2008, at all three levels of the microfinance industry – macro (policy and regulatory environment), meso (general market infrastructure and wholesale lending) and micro (retail level). These data are reported by donors and investors. Amounts are committed, i.e. include the entire amount set aside for microfinance in all active projects, whether disbursed or not in 2008. A list of main cross-border funders in ECA is provided in Appendix III, Table 23.

14 There is no detailed breakdown for the meso-level funding for 2007, which makes comparison with 2008 difficult.

FIGURE 9 Distribution of Funding by Level of the Financial System and Sub-Region, %

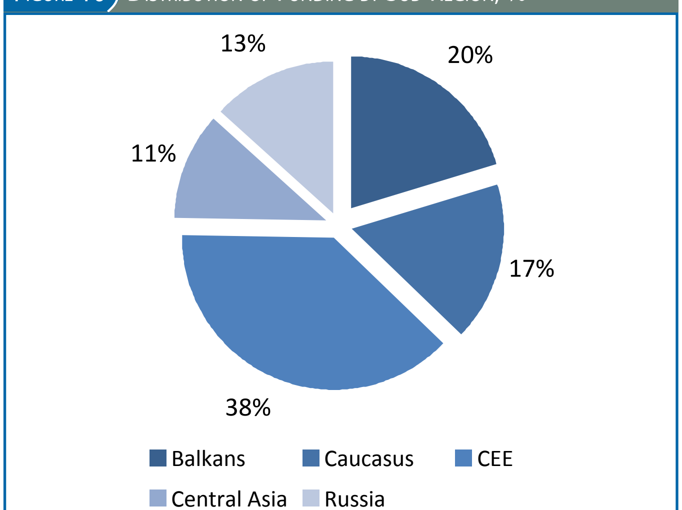


Source: CGAP Microfinance Funder Survey 2009. Number of respondents: 61

the previous year, the smallest portion of funding went to macro-level (policy) projects: these usually require smaller investment compared to funding microfinance portfolios. In 2008, only six funders were active at the policy level.

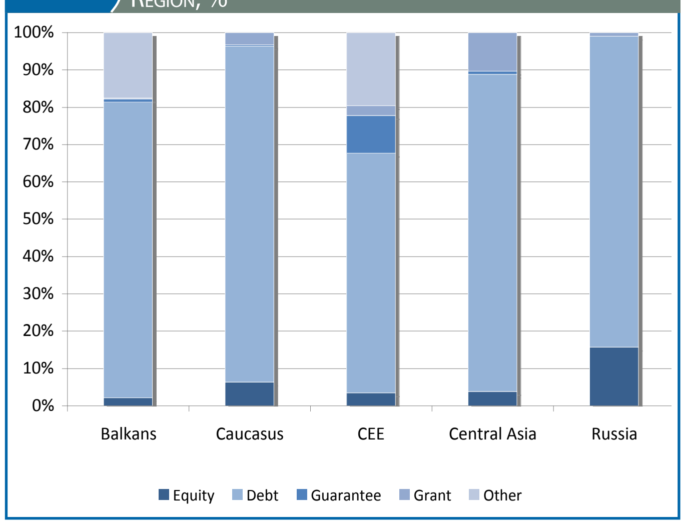
Distribution of funding by sub-region (see **Figure 10**) shows that as in 2007, CEE - where the majority of microfinance and downscaling banks operate and loan balances are the largest - had the highest portion of donor and investor funding in the sector (38 percent), while Central Asia had the least (11 percent). The share of funding to Russia decreased slightly, and stayed roughly at the same level for the other sub-regions.

FIGURE 10 Distribution of Funding by Sub-Region, %



Source: CGAP Microfinance Funder Survey 2009. Number of respondents: 61

FIGURE 11 Distribution of Funding by Instrument Type and Sub-Region, %



Source: CGAP Microfinance Funder Survey 2009. Number of respondents: 61

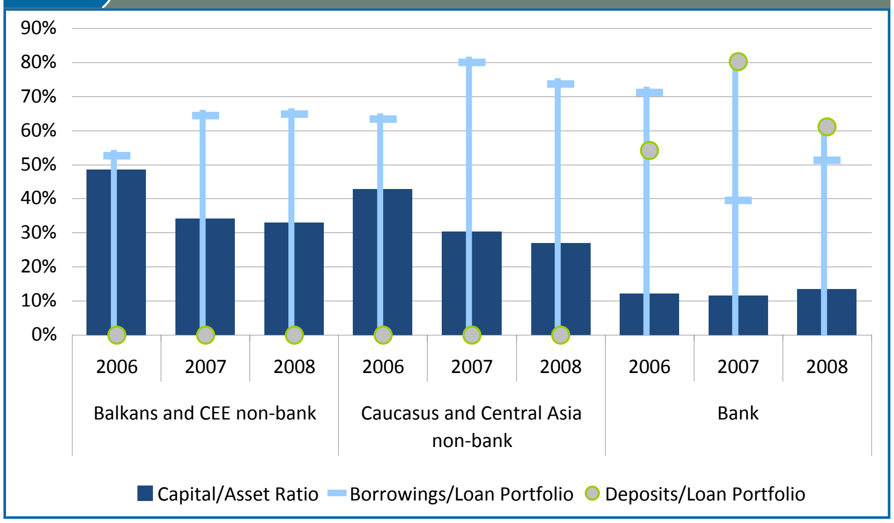
Similar to the previous year, debt was the most widely used instrument across the region. Guarantees were once again found only in the CEE region (see **Figure 11**). With the exception of increased funding through wholesale facilities, funders' decisions with respect to funding instruments and sub-regions mainly followed the same patterns as in the previous year. It does not seem that the financial and economic crisis influenced funding decisions of cross-border investors in 2008, although its impact can be expected in 2009.

TOTAL FUNDING AT THE RETAIL LEVEL[15]

MFIs in Eastern Europe and Central Asia became more leveraged in 2007, while little change in leverage occurred in 2008. Debt-to-equity ratio increased from 2.0 in 2006 to 2.7 in 2008 and to 2.9 in 2008.

The increase in median leverage was a result of small and medium non-bank MFIs tapping into commercial markets. For all regions, total borrowings going to the non-bank sector nearly tripled in amount since 2006 (see **Figure 13**). For the median MFI in the Caucasus and Central Asia in 2006, 63 percent of the loan portfolio was funded by borrowing, and by 2008 this indicator was 73 percent (see **Figure 12**). From **Figure 13** it is evident that larger MFIs in these two sub-regions

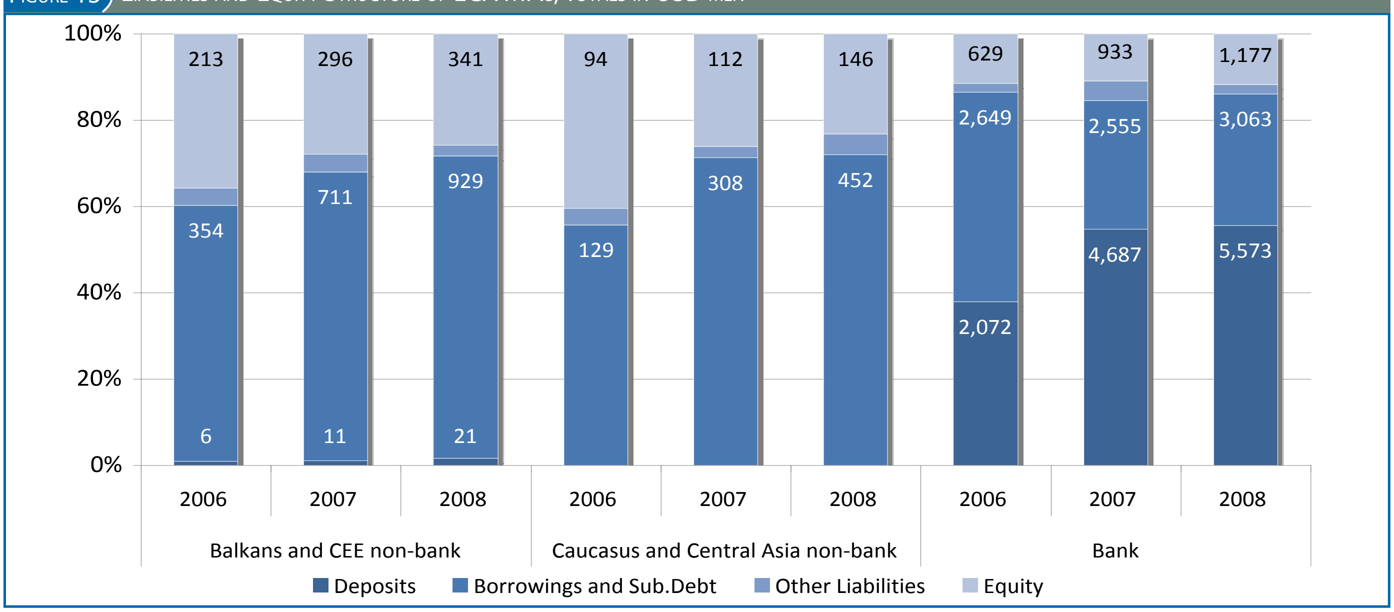
FIGURE 12 FUNDING STRUCTURE FOR ECA MFIs, 2006-2008, MEDIANS



Source: MIX Market, 2006-2008. Results are peer group medians.

15 Outstanding liabilities at the retail level (cross-border and local): the Funding Structure Database of MIX presents findings on the funding of retail microfinance from both cross-border and local funders. These data are reported by the MFIs, through the disclosure of their balance sheet. Amounts are outstanding.

FIGURE 13 LIABILITIES AND EQUITY STRUCTURE OF ECA MFIs, TOTALS IN USD MLN



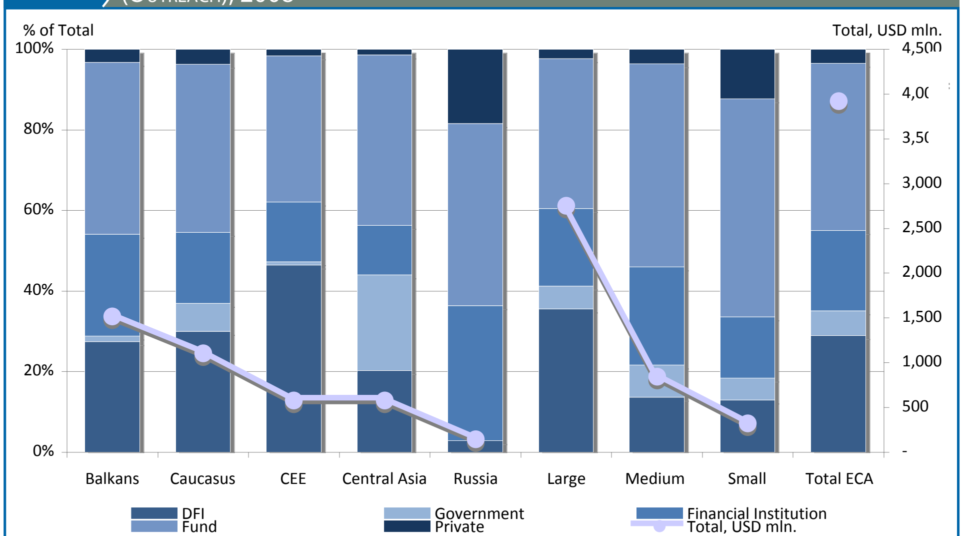
Source: MIX Market, 2006-2008. Results are peer group totals in USD mln. Sub.Debt=Subordinated Debt also expanded their funding base through borrowings, since the shift that occurred between 2006 and 2007 in the funding structure is substantial; total borrowings and subordinated debt as a percentage of total liabilities and equity increased from 55 percent to 71 percent in just one year. In contrast, in CEE and the Balkans, it was the smaller MFIs that drove the median increase in borrowings-to-loans ratio (see **Figure 12**), while the total funding composition did not change as visibly as for MFIs in Central Asia and the Caucasus (see **Figure 13**). It is notable that unlike 2007, in 2008 there was little change in the funding structure of MFIs in both median and total terms.

For banks, deposits started to play a major role in funding structure in 2007 after providers across all sub-regions entered the market or expanded their deposit services (both **Figures 12** and **13** show that trend). However, as growth in deposits slowed down in 2008, the share of deposits in the funding structure decreased for the median bank (driven by smaller banks in CEE and the Balkans) while in total terms it remained at the same levels as in 2007.

Despite the proliferation of small institutions in the region, large MFIs (those with more than 30,000 borrowers) receive the greatest share of all retail funding at close to USD 3 billion (see **Figure 14**). As a significant part of large institutions are represented by NBFIs from Bosnia and Herzegovina and ProCredit banks in Europe, the Balkans is the sub-region that receives the greatest amount of retail funding. In contrast, small institutions (those with less than 10,000 borrowers), despite becoming more leveraged in the past few years, receive less than USD 400 million of all retail funding.

In terms of interest rates, large MFIs access funding at the lowest cost since they get most of the non-commercially priced government and DFI debt and benefit from the competition between local and foreign lenders (see **Table 9**). Small MFIs in the Balkans benefit from operating in a mature market and receive funding at similar terms as their larger peers. Small MFIs in the Caucasus still receive a significant portion of private NGO funding, which is priced at below-market rates, while their peers in Central Asia receive mostly commercial funding. Across the

FIGURE 14 MFI NON-DEPOSIT FINANCIAL LIABILITIES BY LENDER TYPE, SUB-REGION AND MFI SIZE (OUTREACH), 2008



Source: MIX Market, 2006-2008. Results are peer group medians.

TABLE 9 INTEREST RATES ON BORROWINGS BY SIZE OF MFI (OUTREACH), LENDER TYPE AND SUB-REGION, 2008

		Large (Outreach)	Medium (Outreach)	Small (Outreach)
Lender Type	Financial Institution	8.1%	10.4%	12.1%
	Fund	8.1%	9.6%	9.3%
	DFI/Government	5.7%	5.2%	5.9%
	Private	6.7%	4.9%	5.8%
Sub-region	Balkans	6.8%	7.1%	6.9%
	Caucasus	N/A	8.8%	7.4%
	CEE	7.5%	N/A	10.4%
	Central Asia	8.3%	8.0%	9.7%
	Russia	N/A	N/A	12.6%

Source: MIX Funding Structure Database, 2008. Results are weighted averages.

board in ECA, costs have increased by 1-1.5 percent from 2007, contributing to greater financial expenses for MFIs (see **Table 10**).

TABLE 10 CHANGE IN COST OF DEBT BY LENDER TYPE, 2007-2008

	2007	2008
Financial Institution	7.4%	8.4%
Fund	8.0%	9.3%
DFI/Government	4.7%	5.8%
Private	4.0%	4.4%

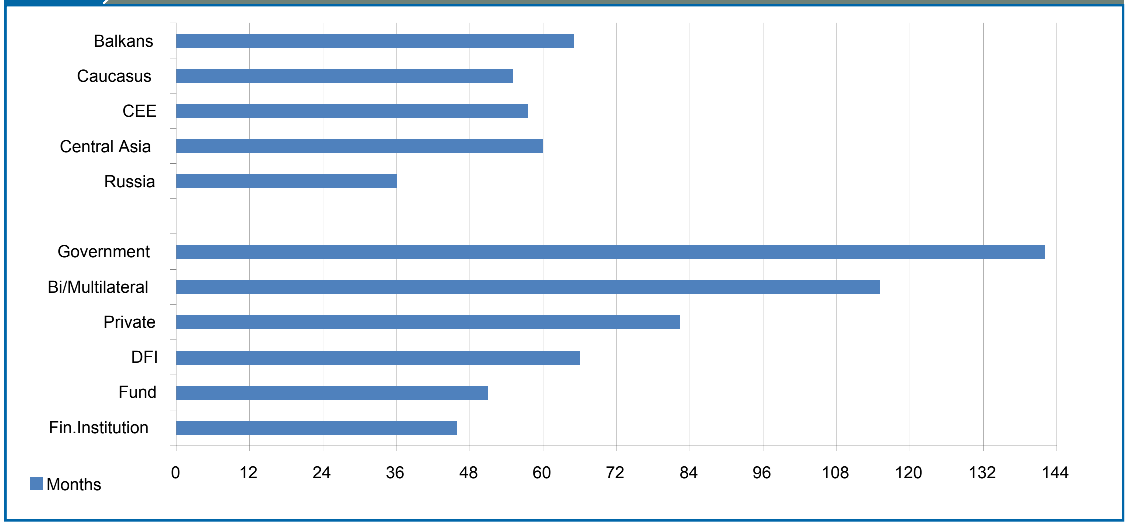
Source: MIX Funding Structure Database, 2007-2008. Results are weighted averages.

MFIs can expect that their financial expenses will also increase due to foreign exchange losses in 2009. Seventy-six percent of non-deposit liabilities in ECA in 2008 were denominated in euros, USD, and a small portion in Swiss francs. However, actual foreign exchange exposure is smaller at 54 percent, as in some countries the local currency is euro (Montenegro and Kosovo), and in others it is pegged to the euro (Bulgaria, Bosnia and Herzegovina). When discounting for the effect of currencies pegged to the euro, in the Balkans 38 percent of debt is denominated in foreign currency, but the number is higher in the Caucasus (78 percent), where the majority of funding is from international investors, in particular funds (microfinance investment vehicles). In Central Asia, 58 percent of debt is in foreign currency. Large state-supported providers and commercial banks in this sub-region have access to funding in local currency from governments and banks, but most other actors are limited to borrowing from foreign investors.

In the second half of 2008 and in 2009, a number of currencies depreciated against the dollar, including the Armenian dram, Georgian lari, Tajik somoni, Kyrgyz som and the Russian rouble, exposing MFIs to foreign exchange losses. In some of these countries, foreign exchange hedging tools do not exist, while local funding possibilities remain limited due to lack of supply and prohibitive costs. Some MFIs manage this risk by disbursing loans in hard currency or indexed loans, thereby passing some of the increased cost on to the end client. In addition, MFIs have been working with their investors to address foreign exchange risk; for example, an MFI from Armenia received assistance from one funder to hedge its liabilities by signing a back-to-back contract with an international hedging institution. MFIs also responded to this risk by seeking to switch to local currency sources of funding and even prepaying their dollar denominated debt, which is another reason why portfolio growth is expected to decrease in 2009.

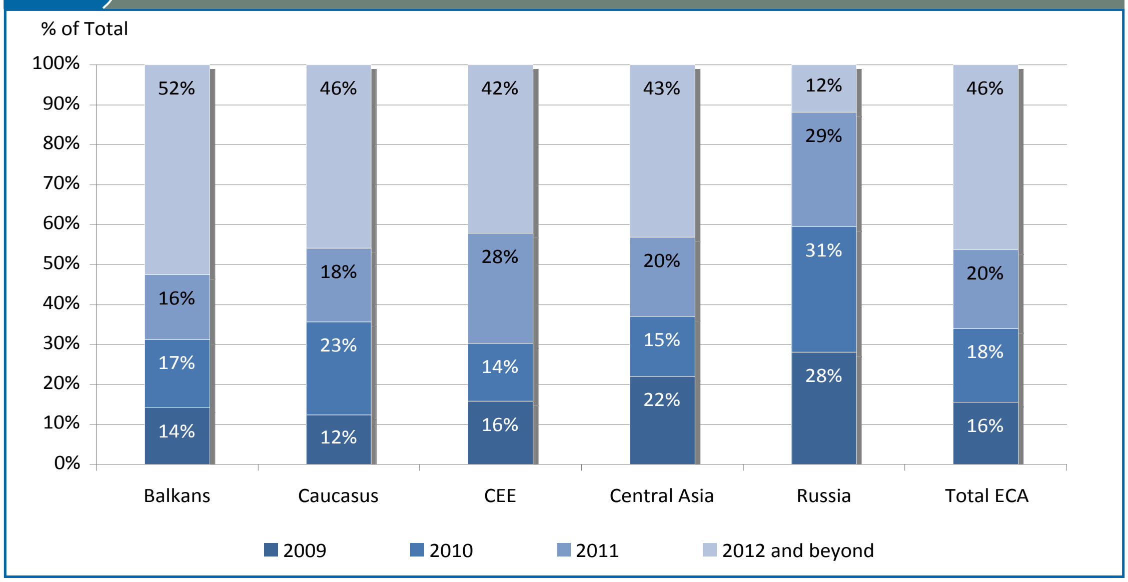
As a result of these developments, MFIs have slowed down demand for borrowings from foreign investors while the expected contraction of foreign funding supply has not materialized. According to the CEO of a medium-sized MFI in Central Asia, the organization started feeling the effects of the crisis in the form of higher delinquency in the last three months of 2008. Management had to re-adjust growth figures and turn down previously agreed upon loans from international investors. External funds were available and the cost increased less than expected (by about 1-1.5 percent), but because of the high foreign exchange risk, the MFI's management was looking to switch its funder base to local sources. International investors noted liquidity problems in October to November of 2008, right after the crisis hit, but by the early months of 2009 they were able to lend again. Yet demand from MFIs for hard currency loans has slowed down, either because demand from clients has decreased or because MFIs adopted policies to concentrate on portfolio quality and restrict lending by lowering the amount and maturity of new loans.

Figure 15 Maturity of MFI Borrowings in ECA by Sub-Region and Lender Type, 2008



Source: MIX Funding Structure Database, 2008. Results are weighted averages.

Figure 16 Year of Maturity of MFI Borrowings by Sub-Region



Source: MIX Funding Structure Database, 2008. Results are peer group totals.

Even as demand for new loans is slowing down, MFIs will still need to re-finance existing loans. In ECA there is a relatively small amount of short-term debt, with the exception of Russia. As **Figure 15** shows, even the shortest-term debt from financial institutions (which are mostly domestic banks) has a weighted average maturity of close to 48 months or four years. Thus, most MFIs in ECA are looking to refinance 15 - 20 percent of their debt in any given year (see **Figure 16**), demonstrating that they would have to refinance their portfolio gradually.

FINANCIAL PERFORMANCE OF ECA MFIs

⇨ *Higher financial costs and deteriorating portfolio quality squeezed profit margins in 2008.*

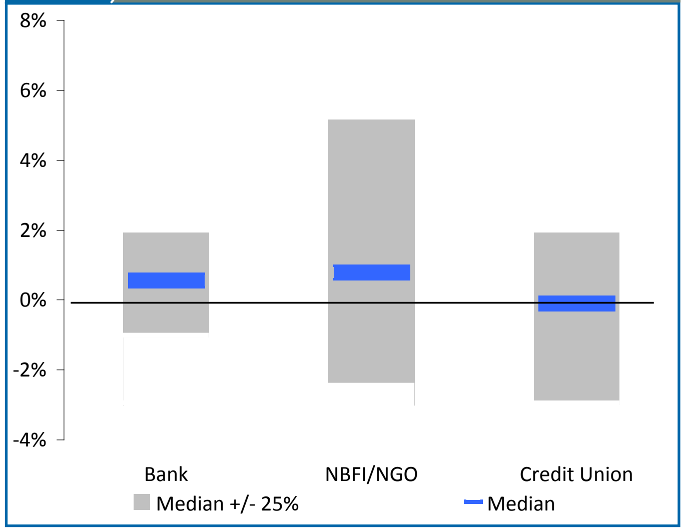
⇨ *Despite a rise in loan balances, little was achieved in efficiency gains in 2008.*

⇨ *Staff and branch growth slowed down in 2008, in line with lower outreach growth.*

⇨ *Credit risk increased in every sub-region and for every charter type in 2008 and was highest in CEE and Russia.*

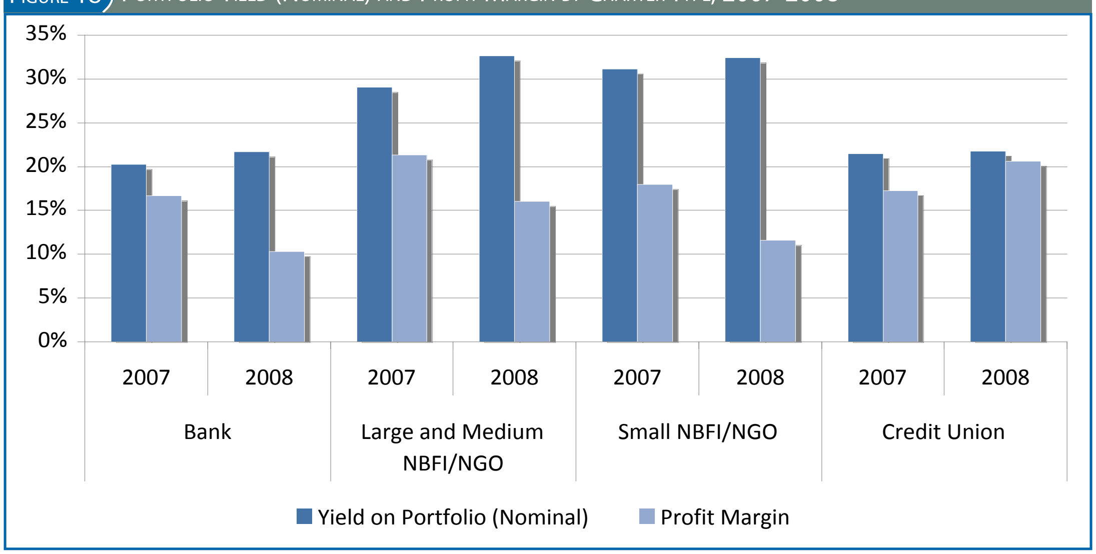
Profits were squeezed for MFIs that were already affected by the crisis in 2008, for those operating in high inflation environments, and for small MFIs. Adjusted returns for microfinance banks were barely positive, with a third of the banks, mostly those operating in the Balkans and CEE, registering negative ROA in 2008 (see **Figure 17**). NBFIs overall were slightly more profitable than banks, but with a wide dispersion in results – about one-third registered negative returns. More than 50 percent of unprofitable MFIs were small organizations, many of which operate in countries with double-digit inflation, such as Azerbaijan and Central Asian countries. As **Figure 18** shows, yields have increased slightly in 2008, while profit margins have sharply decreased. The biggest drop in profit margins was for banks - from 17 to 10 percent - and for small NBFIs and NGOs, from 18 to 12 percent. For credit unions profit margins slightly increased, due to larger financial revenues in 2008 (from 16 percent to 19 percent) as a greater portion of their assets was allocated to the loan portfolio (from 86 percent to 88 percent).

FIGURE 17 DISPERSION IN ADJUSTED RETURN ON ASSETS (AROA) BY CHARTER TYPE, 2008



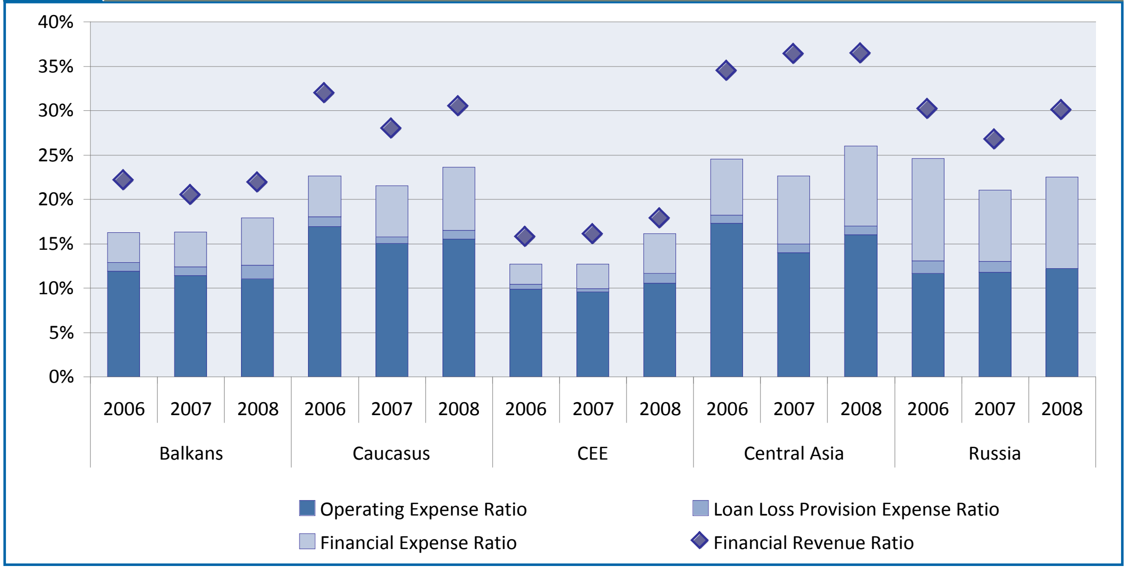
Source: MIX Market, 2008. Results are peer group medians, 25th and 75th percentile.

FIGURE 18 PORTFOLIO YIELD (NOMINAL) AND PROFIT MARGIN BY CHARTER TYPE, 2007-2008



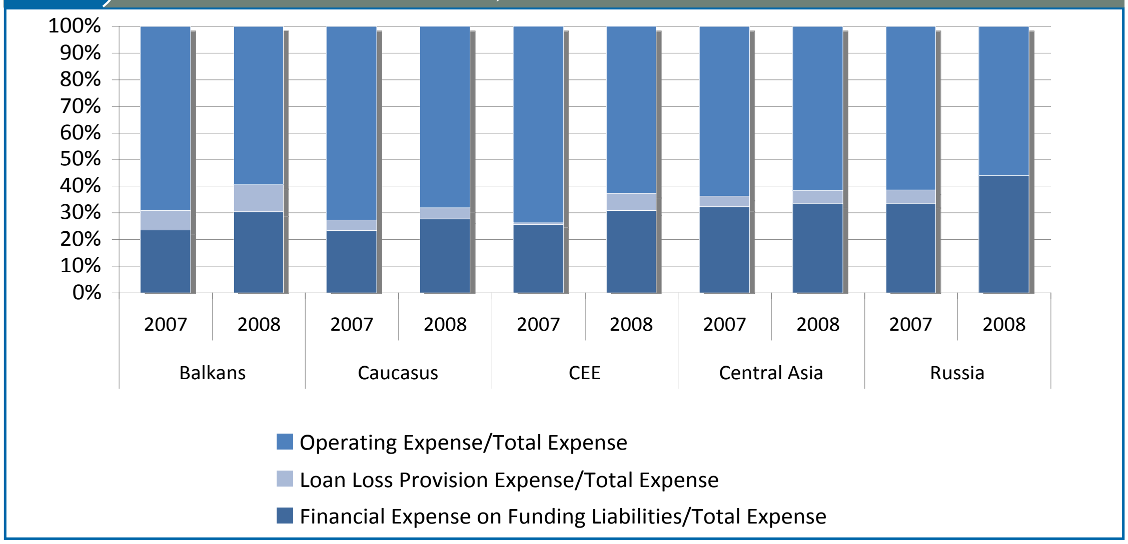
Source: MIX Market, 2008. Results are peer group medians.

FIGURE 19 BREAKDOWN OF RETURN ON ASSETS BY SUB-REGION, 2006-2008



Source: MIX Market, 2006-2008. Results are peer group medians.

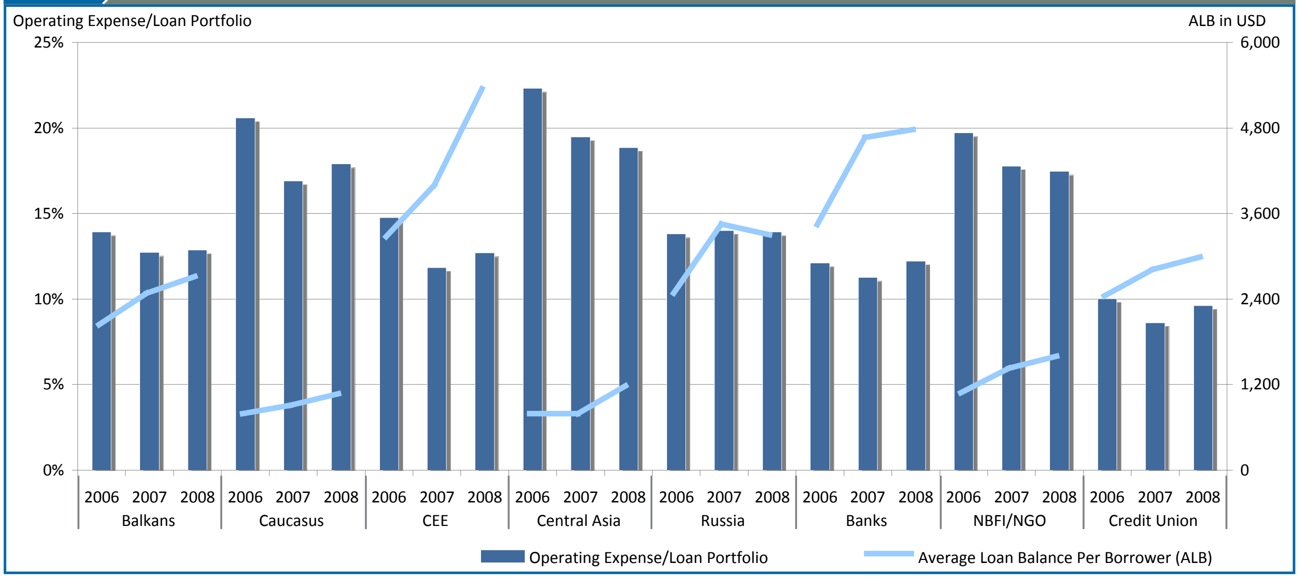
FIGURE 20 COMPOSITION OF EXPENSES BY SUB-REGION, 2007-2008



Source: MIX Market, 2006-2008. Results are peer group medians. Note: The graph is based on unadjusted data and in 2008 Russian MFIs did not report provisioning expenses as they are not required by law to do so.

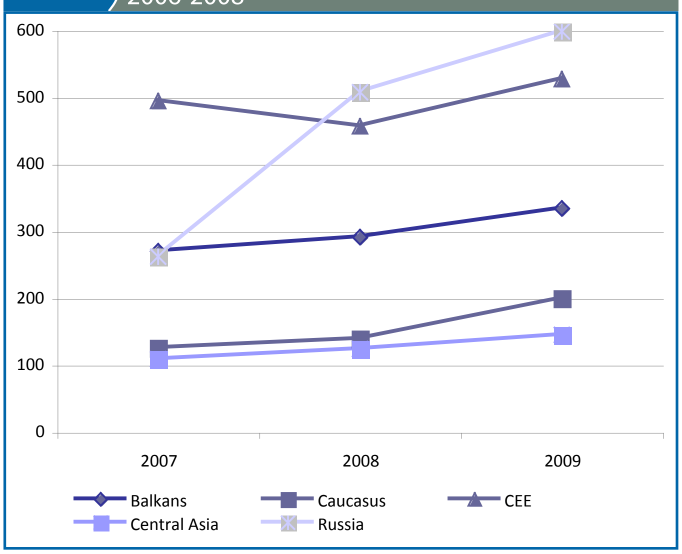
Lower profitability in 2008 stemmed from rising provisioning and financial expenses. This trend was especially visible in the Balkans and CEE. In both sub-regions provisioning expenses constituted a larger portion of total expenses as credit risk increased (see **Figures 19** and **20**). In Bosnia and Herzegovina alone, where over-indebtedness has been an issue in past years and delinquency levels started rising toward the end of 2008, the adjusted loan loss provision expense ratio increased from 1.25 to 3.7 percent. Financial expenses on funding liabilities also increased as a share of total expenses in 2008 in almost all sub-regions, since smaller MFIs accessed commercial funding, debt became more costly, and interest expense on deposits rose for banks.

FIGURE 21 TRENDS IN EFFICIENCY AND AVERAGE LOAN BALANCE PER BORROWER (ALB) BY SUB-REGION AND CHARTER TYPE, 2006-2008



Source: MIX Market, 2006-2008. Results are peer group medians.

FIGURE 22 TRENDS IN COST PER BORROWER (USD) BY SUB-REGION, 2006-2008



Source: MIX Market, 2006-2008. Results are peer group medians.

In 2008, operating expenses remained at similar levels as 2007 demonstrating that ECA MFIs achieved few efficiency gains despite a steep increase in average loan balances (see **Figure 21**). Loan balances have been rising in every sub-region and for every charter type as income levels in ECA and the needs of micro-businesses increase. In 2007, across the region - but especially in younger markets in the Caucasus and Central Asia - NBFIs decreased their operating expenses as a percentage of loan portfolio, a function of both larger balances and sector maturity. However, in 2008 operating expenses remained the same or slightly increased in the region and across charter types, although loan balances have continued to rise. At the same time, the cost per borrower ratio - another indicator of efficiency - increased to greater levels in 2008 than in 2007 (see **Figure 22**), indicating reduced efficiency levels for ECA MFIs in 2008.

There was little change in productivity, as growth in staff and branches slowed down in line with lower growth in 2008. While in 2007 in most sub-regions the median MFI opened two to three branches, in 2008 the indicator was down to one. In regions of very slow growth in clients such as CEE and Russia, the median number of staff slightly decreased (from 32 to 30 in CEE and 26 to 24 in Russia). Banks in particular adjusted quickly to the changing environment of tighter credit; in 2007 median staff increased by 35 percent versus 8 percent in 2008. In 2009, one can expect productivity levels to be down. As staff shifts focus to monitoring current clients and delinquent loans away from growth, productivity ratios would be negatively affected. A CEO of an MFI in the Caucasus indicated that loan officers were spending more time on managing portfolio quality, and moreover, due to losses from write offs the institution was not able to pay bonuses. All of these factors were occurring in a number of MFIs in the region and may decrease staff performance in 2009.

Table 11 Portfolio at Risk > 30 days by Sub-Region and Charter Type, 2006-2008

	Portfolio at Risk>30 Days		
	2006	2007	2008
Balkans	1.2%	1.4%	2.2%
Caucasus	1.0%	0.3%	1.4%
CEE	3.1%	2.5%	3.4%
Central Asia	1.1%	1.2%	2.2%
Russia	1.5%	1.7%	3.7%
Bank	1.3%	1.3%	2.0%
NBFI/NGO	1.6%	0.9%	2.1%
Credit Union	2.5%	2.0%	2.1%

Source: MIX Market, 2006-2008. Results are peer group medians.

Risk levels were increasing across the board in ECA, but sectors in CEE and Russia were faced with the highest credit risk among peers, as unemployment increased and remittance flows from Russia and Kazakhstan decreased by the end of 2008 (see **Table 11**). For NBFIs and NGOs, median PAR > 30 days nearly doubled after staying at very low levels in 2007. While risk increased in 2008, PAR ratios were still relatively low at about 2-3 percent. In 2009, one can expect much higher delinquency levels as the economic crisis affects more microfinance clients.

LOOKING AHEAD

The data in this report demonstrate that for year 2008 the effects of the financial crisis and economic slowdown were first felt by a specific type of MFI (specialized microfinance banks) and in several sub-regions (CEE and Russia). However, by the end of 2008 MFIs were already preparing for the risks they would face in 2009 by shifting their focus from growth to portfolio quality. Moreover, the financial crisis underlined the importance of some policy measures such as consumer protection, especially in times when MFIs may be inclined to increase the cost of loans, engage in aggressive collection practices, or disburse indexed loans in order to address their rising costs.

Preliminary figures for 2009 for sectors in different ECA countries show high credit risk levels, negative returns, increased cost of funds and stagnation in outreach (see *Effects of the Global Financial Crisis on Microfinance Sectors in Selected Countries in 2009* below). Still, a positive sign is that in many countries MFIs performed better than commercial banks in terms of delinquency levels, while a few sectors have remained relatively unscathed. Compared globally, the ECA microfinance sector is relatively young, but in less than two decades of operations, it has become integrated with domestic and international financial markets, and as a result is facing similar challenges to mainstream providers during this financial crisis. Open questions remain: how deep of a mark the crisis will leave on the performance of ECA MFIs; whether the industry will see more active deposit mobilization by NBFIs and more microfinance-specific legislation on consumer protection; whether more NBFIs will transform into banks to alleviate foreign currency exposure by shifting their funding base to deposits in local currency; and finally, as many small providers may not be able to withstand the crisis while others merge, whether there will be greater consolidation of the market as a result.

Effects of the Global Financial Crisis on Microfinance Sectors in Selected Countries in 2009

AZERBAIJAN

MFIs in Azerbaijan proved to be less vulnerable to the effects of the global financial crisis in 2009 than other peers in the region and in comparison with commercial banks in the country. In 2009, the banking sector in Azerbaijan suffered from higher credit risk – as of 31 October 2009, 14 downscaling banks, members of AMFA, registered PAR> 30 days of 4.73 percent for their microcredit portfolio. In contrast, microfinance providers had a median PAR>30 days of 1.03 percent, demonstrating their ability to maintain portfolio quality at a time of heightened credit risk. However, as MFIs shifted their focus to portfolio quality, they decreased growth in outreach significantly; in 2007, growth in borrowers was 64 percent, it was down to 31 percent in 2008, and by the third quarter of 2009 it has decreased to 17 percent.

BOSNIA AND HERZEGOVINA

The Bosnian microfinance market has become highly saturated in the past few years, as competition among MFIs and between MFIs and commercial banks intensified and as large flows of investment spurred fast expansion. In 2008, the penetration rate (borrowers over number of people below the national poverty line) for non-bank MFIs and ProCredit bank stood at 84 percent, as the sector still registered strong growth in borrowers at 22 percent. By the middle of 2009, due to client over-indebtedness and decreased repayment capacity as the economic slowdown hit Bosnia, risk levels increased; PAR > 30 days was 6.6 percent by September 2009 vs. 2.5 percent at the end of 2008. Moreover, the majority of Bosnian MFIs, which up until 2008 were still among the most profitable in the region with AROA of 4.22 percent versus 0.3 percent for ECA, registered negative returns with a median AROA of -2 percent in 2009.

GEORGIA

By mid-2009, Georgian MFIs did not appear to be at all affected by the global crisis – demonstrating two-digit growth numbers in the number of MFIs and active clients, compared to just six months before.

Table 12 Trends in Microcredit Services for Georgian MFIs

	Dec-08	Jul-09	Growth, %
Number of MFIs	27	31	14.80%
Active borrowers	80,480	92,715	15.20%
Gross loan portfolio, GEL	112,680,241	109,962,460	-2.40%
Average loan balance, GEL	1,400	1,186	-15.30%

Source: MIX Market, 2006-2008. Results are peer group medians.

It should be noted that while the number of active borrowers grew, the gross loan portfolio declined slightly – which means that the Georgian MFIs started penetrating deeper into the market.

RUSSIA

In the fall of 2008, Russian banks experienced deposit withdrawals at the rate of 5-7 percent per month. For credit unions, the withdrawal rate was even higher – some 10 percent per month. While the withdrawal wave for banks, after reaching its peak in October and November of 2008, reversed in early 2009, and the volume of savings was eventually restored, credit unions continued to struggle throughout 2009. Some credit unions even increased interest rates on savings up to 30 percent per annum in an attempt to keep their savings portfolios.

In the first five months of 2009, banks' portfolios of loans to SMEs and individual entrepreneurs decreased by 6 percent and 8 percent respectively, after growing by 36 percent and 19 percent in the previous year. The interest rates on bank loans grew to 20 percent per annum on average, which made loans less attractive and less affordable for SMEs.[16] PAR for SME loans grew up to 4.5 percent, compared to 2.5 percent as of January 2009 and just 1.5 percent the year before.[17] For credit unions, delinquency rates grew fast to reach over 5 percent, and the number of active borrowers decreased by about 15 percent in the first two quarters of 2009.[18]

16 Source: Speech by Deputy Minister of Economic Development Anna Popova on February 10, 2009.

17 Source: Central Bank of the Russian Federation.

18 Source: RMC research, 2009

TAJIKISTAN

In 2009, due to the crisis local commercial banks cut down the volume of lending to individuals and SMEs. Only four commercial banks in Tajikistan continued lending to small and medium-sized businesses, but they were hardly accessible to the majority of people living in rural areas.

MFIs, though continuing to lend (the number of active borrowers more than doubled in one year), started experiencing repayment problems by mid-2009. Research on almost half of all microfinance service providers in Tajikistan showed the following results:

Table 13 Portfolio at Risk Trends for Microcredit Providers in Tajikistan

Type of Institution	#	PAR > 30 days
Banks	2	21.33%
MFIs with portfolio over USD 1,000,000	7	6.12%
MFIs with portfolio over USD 500,000	6	12.90%
MFIs with portfolio below USD 500,000	36	4.62%
Total	51	16.80%

Source: Research by MDO Bovari va Hamkori, July 2009.

This situation is alarming, as PAR grew by over 13 times from the 1.25 percent figure at the beginning of 2009.[19]

UKRAINE

A situation similar to that in Russia was observed in Ukraine (where the majority of microfinance services are banks) in the fourth quarter of 2008; due to a massive run on banks, the total volume of deposits shrunk by some 10-15 percent.[20] In October 2008, the National Bank of Ukraine had to impose a moratorium on pre-term withdrawal of all term deposits, which did not restore customer confidence in the banking sector. The share of overdue loans throughout the banking system stood at the level of 10 percent, up from 4-5 percent in mid-2008. As many as 14-16 percent of bank loans to individuals were in arrears, most of them denominated in foreign currency.

19 Source: MIX Market.

20 Source: Oxford Analytica, February 2009

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ACKNOWLEDGEMENTS

Special thanks to Barbara Gähwiler, Kathryn Imboden, Antonique Koning and Timothy Lyman from CGAP, to Blaine Stephens from MIX and to Monica Harutyunyan for providing reviews of the report.

Additional thanks to the regional associations who provided invaluable help on data collection and background in 2009: Association of Microfinance Institutions in Kosovo (AMIK), Azerbaijan Micro-finance Association (AMFA), Association of Microfinance Institutions in Kyrgyzstan (AMFI), Association of Microfinance Organizations of Tajikistan (AMFOT), and the Russian Microfinance Center (RMC). We would also like to thank ARMINFO News Agency, Central Bank of Armenia, Central Bank of Georgia, EBRD, the National Bank of Azerbaijan, the National Bank of Kyrgyzstan, the National Bank of Tajikistan and the Statistical Agency of Republic of Kazakhstan.

For more background on the region, please refer to prior years' reports: *Benchmarking Microfinance in Eastern Europe and Central Asia 2006* and *Benchmarking Microfinance in Eastern Europe and Central Asia 2008*, available online at www.themix.org.

DATA AND DATA PREPARATION

For benchmarking purposes, MIX collects and prepares MFI financial and outreach data according to international microfinance reporting standards as applied in the *MicroBanking Bulletin*. Raw data are collected from the MFI, inputted into standard reporting formats and crosschecked with audited financial statements, ratings and other third party due diligence reports, as available. Performance results are then adjusted, using industry standard adjustments, to eliminate subsidy, guarantee minimal provisioning for risk, and reflect the impact of inflation on institutional performance. This process increases comparability of performance results across institutions.

Eastern Europe and Central Asia MFI participants
Benchmarks 2008 (217 MFIs)
Albania: ASC Union, BESA, FAF-DC, Opportunity Albania, ProCredit Bank – ALB;
Armenia: ACBA, AREGAK UCO, ECLOF - ARM, Farm Credit Armenia, FINCA - ARM, Nor Horizon, INECO, KAMURJ, SEF-ARM;
Azerbaijan: AccessBank, Agrarcredit, Aqroinvest, Azercredit, Azerdemiryolbank, Azeri Star, Bank of Baku, CredAgro NBCO, DAYAQ-Credit, FINCA - AZE, FinDev, Invest Credit, Komak Credit, MikroMaliyye Credit, Normicro, Parabank, Umid-Credit, Viator;
Bosnia and Herzegovina: EKI, LIDER, LOK Microcredit Foundation, MI-BOSPO, MIKRA, MIKROFIN, Mikro ALDI, Partner, PRIZMA, ProCredit Bank - BIH, SINERGIJA, Sunrise, Women for Women;
Bulgaria: Aetos, Agroimpuls, DKS Dobrich, Doveriye- Bulgaria, General Toshevo, Kaynardja 96, Kredo, KSK RPK, Maritsa Invest, Mikrofond, Miziya, Momina Voda, Nachala, Nadejda 96, Perelik, Pomoriiski stopanin, Popular Kasa-Kystendil, ProCredit Bank - BGR, Saglasie, Samokov 96, Smilyan, Solidarnost, Stopanin, USTOI;
Georgia: Alliance Group, CREDO, Crystal, FinAgro, FINCA - GEO, ImerCredit, JSC Bank Constanta, Lazika Capital, ProCredit Bank – GEO;
Kazakhstan: Abzal Kredit, ACF, A-invest, Arnur Credit, Bereke, FFSA, Kemek, KMF, MCO 'Oral', Moldir;
Kosovo: AFK, BZMF, FINCA - KOS, KEP, KGMAMF, KosInvest, KRK Ltd, ProCredit Bank – KOS;
Kyrgyzstan: 1st MCC, Agrocredit Plus, Aiyl Bank, Bai Tushum, Bereke-credit, BTA Bank, Dirigible, Elet-Capital, FMCC, FNT Credit, Joldosh Group, Kompanion, Mol Bulak Finance, OXUS – KGS;
Macedonia: FULM, Horizonti, Moznosti, ProCredit Bank – MKD;
Moldova: Invest-Credit Moldova, Microinvest, ProCredit - MDA, ProCredit Bank – MDA;
Mongolia: Credit Mongol, Khan Bank, TFS, VFM, XacBank;
Montenegro: AgroInvest, OBM;
Poland: Fundusz Mikro, Inicjatywa Mikro;
Romania: CAPA, Express Finance, LAM, OMRO, ProCredit Bank - ROM, ROMCOM;
Russia: Alternativa, Alteya, Avantaj, BFSBS, Blago, BRCCC, CEF, Chita FSBS, CMFinance, Doveriye - Volgograd, Doveriye (Amursk), Doveriye-Altay, Edinstvo Yurga, Edinstvo-Volgograd, EKPA, FFECC, FINCA - Russia, FORUS, Galaktika, Gorodskoy, Impuls, Intellekt, KMB, KVK, KVK-Altay, Nadejda, Narodniy Kredit_Kemerov, Neftegaz, Obereg (Vladivostok), Partner Russia, Povoljye, Raduga, Reserv-Altay, Rezerv, Rost, Rus, RWMN, SBS, Sodeystviye, Sodeystviye-2005, Sodruzhestvo, Soglasiye, Soyuz-Khimik, SoyuzKredit, Soyuz-Primoroye, Stanichnik, Tsaritsinskiy passaj, Tsimlyansk, Tverskoy, USFSBS, Vostok Kapital, VRFSBS;
Serbia: MDF, OBS, ProCredit Bank Serbia;
Tajikistan: Agroinvestbank, Amlok, ASTI, Bank Eskhata, Borshud, Ehyoi kuhiston, FINCA - TJK, FMFB - TJK, Imkoniyat, Imodi Hutal, IMON, JOVID, Maqsadi dasgiri, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF Vahsh Microfin, MLO HUMO, MLO 'Saodat Invest', Nov Credit, OXUS - TJK, Sugd Microfin;
Ukraine: HOPE, ProCredit Bank – UKR;
Uzbekistan: ASR, Garant-Invest, Mikrokredit Bank, SABR, Umid.

Eastern Europe and Central Asia MFI participants

Trends 2006-2008 (123 MFIs)

Albania: ASC Union, BESA, FAF-DC, Opportunity Albania, ProCredit Bank – ALB;

Armenia: ACBA, AREGAK UCO, ECLOF - ARM, FINCA - ARM, Nor Horizon, INECO, KAMURJ, SEF-ARM;

Azerbaijan: AccessBank, Aqroinvest, Azercredit, Azerdemiryolbank, Azeri Star, CredAgro NBCO, DAYAQ-Credit, FINCA - AZE, FinDev, MikroMaliyye Credit, Normicro, Viator;

Bosnia and Herzegovina: EKI, LIDER, LOK Microcredit Foundation, MI-BOSPO, MIKRA, MIKROFIN, Mikro ALDI, Partner, PRIZMA, Pro-Credit Bank - BIH, SINERGIJA, Sunrise, Women for Women;

Bulgaria: Aetos, Doveriye- Bulgaria, General Toshevo, Kaynardja 96, Maritsa Invest, Mikrofond, Miziya, Nachala, Perelik, ProCredit Bank - BGR, Saglasie, USTOI;

Georgia: Alliance Group, CREDO, Crystal, FINCA - GEO, ImerCredit, JSC Bank Constanta, Lazika Capital, ProCredit Bank – GEO;

Kazakhstan: ACF, Arnur Credit, Bereke, KMF;

Kosovo: AFK, BZMF, FINCA - KOS, KEP, KosInvest, KRK Ltd, ProCredit Bank – KOS;

Kyrgyzstan: Aiyl Bank, Bai Tushum, BTA Bank, Elet-Capital, FMCC, Kompanion, Mol Bulak Finance;

Macedonia: FULM, Horizonti, Moznosti, ProCredit Bank – MKD;

Moldova: Microinvest;

Mongolia: Credit Mongol, Khan Bank, TFS, XacBank;

Montenegro: AgroInvest, OBM;

Poland: Fundusz Mikro, Inicjatywa Mikro;

Romania: CAPA, LAM, OMRO, ProCredit Bank - ROM;

Russia: Alternativa, Alteya, CEF, Chita FSBS, CMFinance, Doveriye (Amursk), EKPA, FFECC, FINCA - Russia, FORUS, Intellekt, KMB, Rost, SBS, Sodeystviye, Sodruzhestvo, VRFSBS;

Serbia: MDF, OBS, ProCredit Bank Serbia;

Tajikistan: Agroinvestbank, ASTI, Bank Eskhata, FINCA - TJK, FMFB - TJK, Imkoniyat, IMON, JOVID, MLF MicroInvest, MLO HUMO;

Ukraine: HOPE, ProCredit Bank – UKR

Category	Peer Group	Definition	Number of MFIs	MFI Participants
Sub-Regions	Balkans	Albania, BiH, Croatia, Kosovo, Macedonia, Montenegro, Serbia	34	Albania: ASC Union, BESA, FAF-DC, Opportunity Albania, ProCredit Bank - ALB; Bosnia and Herzegovina: EKI, LIDER, LOK Microcredit Foundation, MI-BOSPO, MIKRA, MIKROFIN, Mikro ALDI, Partner, PRIZMA, ProCredit Bank - BIH, SINERGIJA, Sunrise, Women for Women; Kosovo: AFK, BZMF, FINCA - KOS, KEP, KGMAMF, KosInvest, KRK Ltd, ProCredit Bank – KOS; Macedonia: FULM, Horizonti, Moznosti, ProCredit Bank – MKD; Montenegro: AgroInvest, OBM; Serbia: MDF, OBS, ProCredit Bank Serbia
	Caucasus	Armenia, Azerbaijan, Georgia	36	Armenia: ACBA, AREGAK UCO, ECLOF - ARM, Farm Credit Armenia, FINCA - ARM, Nor Horizon, INECO, KAMURJ, SEF-ARM; Azerbaijan: AccessBank, Agrarcredit, Aqroinvest, Azercredit, Azerdemiryolbank, Azeri Star, Bank of Baku, CredAgro NBCO, DAYAQ-Credit, FINCA - AZE, FinDev, Invest Credit, Komak Credit, MikroMaliyye Credit, Normicro, Parabank, Umid-Credit, Viator; Georgia: Alliance Group, CREDO, Crystal, FinAgro, FINCA - GEO, ImerCredit, JSC Bank Constanta, Lazika Capital, ProCredit Bank - GEO
	CEE	Belarus, Bulgaria, Moldova, Poland, Romania, Ukraine	38	Bulgaria: Aetos, Agroimpuls, DKS Dobrich, Doveriye- Bulgaria, General Toshevo, Kaynardja 96, Kredo, KSK RPK, Maritsa Invest, Mikrofond, Miziya, Momina Voda, Nachala, Nadejda 96, Perelik, Pomoriiski stopanin, Popular Kasa-Kystendil, ProCredit Bank - BGR, Saglasie, Samokov 96, Smilyan, Solidarnost, Stopanin, USTOI; Moldova: Invest-Credit Moldova, Microinvest, ProCredit - MDA, ProCredit Bank – MDA; Poland: Fundusz Mikro, Inicjatywa Mikro; Romania: CAPA, Express Finance, LAM, OMRO, ProCredit Bank - ROM, ROMCOM; Ukraine: HOPE, ProCredit Bank – UKR
	Central Asia	Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Uzbekistan	57	Kazakhstan: Abzal Kredit, ACF, A-invest, Arnur Credit, Bereke, FFSA, Kemek, KMF, MCO 'Oral', Moldir; Kyrgyzstan: 1st MCC, Agrocredit Plus, Aiyl Bank, Bai Tushum, Bereke-credit, BTA Bank, Dirigible, Elet-Capital, FMCC, FNT Credit, Joldosh Group, Kompanion, Mol Bulak Finance, OXUS – KGS; Mongolia: Credit Mongol, Khan Bank, TFS, VFM, XacBank; Tajikistan: Agroinvestbank, Amlok, ASTI, Bank Eskhata, Borshud, Ehyoi kuhiston, FINCA - TJK, FMFB - TJK, Imkoniyat, Imodi Hutal, IMON, JOVID, Maqsadi dasgiri, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF Vahsh Microfin, MLO HUMO, MLO 'Saodat Invest', Nov Credit, OXUS - TJK, Sugd Microfin; Uzbekistan: ASR, Garant-Invest, Mikrokredit Bank, SABR, Umid.
	Russia	Russia	52	Alternativa, Alteya, Avantaj, BFSBS, Blago, BRCCC, CEF, Chita FSBS, CMFinance, Doveriye - Volgograd, Doveriye (Amursk), Doveriye-Altay, Edinstvo Yurga, Edinstvo-Volgograd, EKPA, FFECC, FINCA - Russia, FORUS, Galaktika, Gorodskoy, Impuls, Intellekt, KMB, KVK, KVK-Altay, Nadejda, Narodniy Kredit_Kemerov, Neftegaz, Obereg (Vladivostok), Partner Russia, Povoljye, Raduga, Reserv-Altay, Rezerv, Rost, Rus, RWMN, SBS, Sodeystviye, Sodeystviye-2005, Sodruzhestvo, Soglasiye, Soyuz-Khimik, SoyuzKredit, Soyuz-Primoroye, Stanichnik, Tsaritsinskiy passaj, Tsimlyansk, Tverskoy, USFSBS, Vostok Kapital, VRFSBS
Charter Types	Bank		29	ACBA, AccessBank, Agroinvestbank, Aiyl Bank, Azerdemiryolbank, Bank Eskhata, Bank of Baku, BTA Bank, FMFB - TJK, FORUS, INECO, JSC Bank Constanta, Khan Bank, KMB, Mikrokredit Bank, OBM, OBS, Parabank, ProCredit Bank - ALB, ProCredit Bank - BGR, ProCredit Bank - BIH, ProCredit Bank - GEO, ProCredit Bank - KOS, ProCredit Bank - MDA, ProCredit Bank - MKD, ProCredit Bank - ROM, ProCredit Bank - UKR, ProCredit Bank Serbia, XacBank
	NBFI/NGO		119	1st MCC, Abzal Kredit, ACF, AFK, Agrarcredit, Agrocredit Plus, AgroInvest, A-invest, Alliance Group, Amlok, AREGAK UCO, Arnur Credit, ASTI, Azercredit, Azeri Star, Bai Tushum, Bereke, Bereke-credit, BESA, BFSBS, Borshud, BZMF, CAPA, CEF, Chita FSBS, CMFinance, CredAgro NBCO, Credit Mongol, CREDO, Crystal, DAYAQ-Credit, Dirigible, ECLOF - ARM, Ehyoi kuhiston, EKI, Elet-Capital, Express Finance, FAF-DC, Farm Credit Armenia, FFSA, FinAgro, FINCA - ARM, FINCA - AZE, FINCA - GEO, FINCA - KOS, FINCA - Russia, FINCA - TJK, FinDev, FMCC, FNT Credit, Fundusz Mikro, Garant-Invest, HOPE, Horizon, Horizonti, ImerCredit, Imkoniyat, Imodi Hutal, IMON, Inicjatywa Mikro, Invest Credit, Invest-Credit Moldova, Joldosh Group, JOVID, KAMURJ, Kemek, KEP, KGMAMF, KMF, Kompanion, KosInvest, KRK Ltd, LAM, Lazika Capital, LIDER, LOK Microcredit Foundation, Maqsadi dasgiri, MCO 'Oral', MDF, MI-BOSPO, Microinvest, MIKRA, Mikro ALDI, MIKROFIN, Mikrofond, MikroMaliyye Credit, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF Vahsh Microfin, MLO HUMO, MLO 'Saodat Invest', Mol Bulak Finance, Moldir, Normicro, Nov Credit, OMRO, Opportunity Albania, OXUS - KGS, OXUS - TJK, Partner, PRIZMA, ProCredit - MDA, ROMCOM, RWMN, SABR, SEF-ARM, SINERGIJA, Sodruzhestvo, Sugd Microfin, Sunrise, TFS, Umid-Credit, USFSBS, USTOI, VFM, Viator, VRFSBS, Women for Women
	Credit Union		69	Aetos, Agroimpuls, Alternativa, Alteya, Aqroinvest, ASC Union, ASR, Avantaj, Blago, BRCCC, DKS Dobrich, Doveriye - Volgograd, Doveriye (Amursk), Doveriye- Bulgaria, Doveriye-Altay, Edinstvo Yurga, Edinstvo-Volgograd, EKPA, FFECC, FULM, Galaktika, General Toshevo, Gorodskoy, Impuls, Intellekt, Kaynardja 96, Komak Credit, Kredo, KSK RPK, KVK, KVK-Altay, Maritsa Invest, Miziya, Momina Voda, Moznosti, Nachala, Nadejda, Nadejda 96, Narodniy Kredit_Kemerov, Neftegaz, Obereg (Vladivostok), Partner Russia, Perelik, Pomoriiski stopanin, Popular Kasa-Kystendil, Povoljye, Raduga, Reserv-Altay, Rezerv, Rost, Rus, Saglasie, Samokov 96, SBS, Smilyan, Sodeystviye, Sodeystviye-2005, Soglasiye, Solidarnost, Soyuz-Khimik, SoyuzKredit, Soyuz-Primoroye, Stanichnik, Stopanin, Tsaritsinskiy passaj, Tsimlyansk, Tverskoy, Umid, Vostok Kapital

Category	Peer Group	Definition	Number of MFIs	MFI Participants
Outreach	Large	Number of Borrowers > 30,000	30	ACBA, AccessBank, AgroInvest, Aiyl Bank, Azerdemiryolbank, Bank of Baku, CMFinance, EKI, FINCA - AZE, FMCC, INECO, Khan Bank, KMB, Kompanion, LOK Microcredit Foundation, MI-BOSPO, MIKROFIN, Mikrokredit Bank, OBM, Partner, PRIZMA, ProCredit Bank - ALB, ProCredit Bank - BGR, ProCredit Bank - BIH, ProCredit Bank - GEO, ProCredit Bank - KOS, ProCredit Bank - MKD, ProCredit Bank - ROM, ProCredit Bank - UKR, ProCredit Bank Serbia, XacBank
	Medium	Number of Borrowers ≥ 10,000 and ≤ 30,000	33	Agroinvestbank, AREGAK UCO, ASC Union, Azercredit, Bai Tushum, Bank Eskhata, BESA, BTA Bank, CredAgro NBCO, CREDO, EKPA, FFSA, FINCA - ARM, FINCA - GEO, FINCA - KOS, FINCA - Russia, FINCA - TJK, FMFB - TJK, FORUS, Fundusz Mikro, IMON, JSC Bank Constanta, KAMURJ, KEP, KMF, MIKRA, MLF MicroInvest, Normicro, Opportunity Albania, ProCredit - MDA, SINERGIJA, Sunrise, Women for Women
	Small	Number of Borrowers < 10,000	154	1st MCC, Abzal Kredit, ACF, Aetos, AFK, Agrarcredit, Agrocredit Plus, Agroimpuls, A-invest, Alliance Group, Alternativa, Alteya, Amlok, Aqroinvest, Arnur Credit, ASR, ASTI, Avantaj, Azeri Star, Bereke, Bereke-credit, BFSBS, Blago, Borshud, BRCCC, BZMF, CAPA, CEF, Chita FSBS, Credit Mongol, Crystal, DAYAQ-Credit, Dirigible, DKS Dobrich, Doveriye - Volgograd, Doveriye (Amursk), Doveriye- Bulgaria, Doveriye-Altay, ECLOF - ARM, Edinstvo Yurga, Edinstvo-Volgograd, Ehyoi kuhiston, Elet-Capital, Express Finance, FAF-DC, Farm Credit Armenia, FFECC, FinAgro, FinDev, FNT Credit, FULM, Galaktika, Garant-Invest, General Toshevo, Gorodskoy, HOPE, Horizon, Horizonti, ImerCredit, Imkoniyat, Imodi Hutal, Impuls, Inicjatywa Mikro, Intellekt, Invest Credit, Invest-Credit Moldova, Joldosh Group, JOVID, Kaynardja 96, Kemek, KGMAMF, Komak Credit, KosInvest, Kredo, KRK Ltd, KSK RPK, KVK, KVK-Altay, LAM, Lazika Capital, LIDER, Maqsadi dasgiri, Maritsa Invest, MCO 'Oral', MDF, Microinvest, Mikro ALDI, Mikrofond, Mikro-Maliyye Credit, Miziya, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF Vahsh Microfin, MLO HUMO, MLO 'Saodat Invest', Mol Bulak Finance, Moldir, Momina Voda, Moznosti, Nachala, Nadejda, Nadejda 96, Narodniy Kredit_Kemerov, Neftegaz, Nov Credit, Obereg (Vladivostok), OBS, OMRO, OXUS - KGS, OXUS - TJK, Parabank, Partner Russia, Perelik, Pomoriiski stopanin, Popular Kasa-Kystendil, Povoljye, ProCredit Bank - MDA, Raduga, Reserv-Altay, Rezerv, ROM-COM, Rost, Rus, RWMN, SABR, Saglasie, Samokov 96, SBS, SEF-ARM, Smilyan, Sodeystviye, Sodeystviye-2005, Sodruzhestvo, Soglasiye, Solidarnost, Soyuz-Khimik, SoyuzKredit, Soyuz-Primoroye, Stanichnik, Stopanin, Sugd Microfin, TFS, Tsaritsinskiy passaj, Tsimlyansk, Tverskoy, Umid, Umid-Credit, USFSBS, USTOI, VFM, Viator, Vostok Kapital, VRFSBS

Indicator Definitions

Indicator	Definition
INSTITUTIONAL CHARACTERISTICS	
Number of MFIs	Sample Size of Group
Age	Years Functioning as an MFI
Total Assets	Total Assets, adjusted for Inflation and standardized provisioning for loan impairment and write-offs
Offices	Number, including head office
Personnel	Total number of staff members
FINANCING STRUCTURE	
Capital/ Asset Ratio	Adjusted Total Equity/ Adjusted Total Assets
Debt to Equity	Adjusted Total Liabilities/ Adjusted Total Equity
Deposits to Loans	Deposits/ Adjusted Gross Loan Portfolio
Deposits to Total Assets	Deposits/ Adjusted Total Assets
Portfolio to Assets	Adjusted Gross Loan Portfolio/ Adjusted Total Assets
OUTREACH INDICATORS	
Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs
Percent of Women Borrowers	Number of active women borrowers/ Adjusted Number of Active Borrowers
Number of Loans Outstanding	Number of loans outstanding, adjusted for standardized write-offs
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio/ Adjusted Number of Active Borrowers
Average Loan Balance per Borrower/ GNI per Capita	Adjusted Average Loan Balance per Borrower/ GNI per Capita
Average Outstanding Balance	Adjusted Gross Loan Portfolio/ Adjusted Number of Loans Outstanding
Average Outstanding Balance / GNI per Capita	Adjusted Average Outstanding Balance/ GNI per Capita
Number of Depositors	Number of depositors with any type of deposit account
Number of Deposit Accounts	Number of all deposit accounts
Deposits	Total value of all deposit accounts
Average Deposit Balance per Depositor	Deposits/ Number of Depositors
Average Deposit Balance per Depositor / GNI per capita	Average Deposit Balance per Depositor / GNI per capita
Average Deposit Account Balance	Depositors/ Number of Deposit Accounts
Average Deposit Account Balance / GNI per capita	Average Deposit Account Balance / GNI per capita
MACROECONOMIC INDICATORS	
GNI per Capita	Total income generated by a country's residents, irrespective of location / Total number of residents (World Development Indicators)
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country (World Development Indicators)
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits (IMF/International Financial Statistics)
Inflation Rate	Annual change in average consumer prices (IMF/International Financial Statistics)
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3) / GDP, measuring the monetization of the economy (IMF/International Financial Statistics)
OVERALL FINANCIAL PERFORMANCE	
Return on Assets	(Adjusted Net Operating Income - Taxes)/ Adjusted Average Total Assets
Return on Equity	(Adjusted Net Operating Income - Taxes)/ Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Impairment Losses on Loans + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue/ Adjusted (Financial Expense + Impairment Losses on Loans + Operating Expense)
REVENUES	
Financial Revenue/Assets	Adjusted Financial Revenue/ Adjusted Average Total Assets
Profit Margin	Adjusted Net Operating Income/ Adjusted Financial Revenue
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio/ Adjusted Average Gross Loan Portfolio
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate)/ (1 + Inflation Rate)
EXPENSES	
Total Expense/ Assets	Adjusted (Financial Expense + Net Impairment Loss + Operating Expense) / Adjusted Average Total Assets
Financial Expense/Assets	Adjusted Financial Expense / Adjusted Average Total Assets
Provision for Loan Impairment/ Assets	Adjusted Impairment Losses on Loans/ Adjusted Average Total Assets
Operating Expense / Assets	Adjusted Operating Expense/ Adjusted Average Total Assets
Personnel Expense/ Assets	Adjusted Personnel Expense/ Adjusted Average Total Assets
Administrative Expense/ Assets	Adjusted Administrative Expense/ Adjusted Average Total Assets
Adjustment Expense/ Assets	(Unadjusted Net Operating Income - Adjusted Net Operating Income)/ Adjusted Average Total Assets
EFFICIENCY	
Operating Expense/ Loan Portfolio	Adjusted Operating Expense/ Adjusted Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense/ Adjusted Average Gross Loan Portfolio
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense/ GNI per capita
Cost per Borrower	Adjusted Operating Expense/ Adjusted Average Number of Active Borrowers
Cost per Loan	Adjusted Operating Expense/ Adjusted Average Number of Loans
PRODUCTIVITY	
Borrowers per Staff Member	Adjusted Number of Active Borrowers/ Number of Personnel
Loans per Staff Member	Adjusted Number of Loans Outstanding/Number of Personnel
Borrowers per Loan Officer	Adjusted Number of Active Borrowers/ Number of Loan Officers
Loans per Loan Officer	Adjusted Number of Loans Outstanding/ Number of Loan Officers
Depositors per Staff Member	Number of Depositors/ Number of Personnel
Deposit Accounts per Staff Member	Number of Deposit Accounts/ Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers/ Number of Personnel
RISK AND LIQUIDITY	
Portfolio at Risk > 30 Days	Outstanding balance, portfolio overdue> 30 Days + renegotiated portfolio/ Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, portfolio overdue> 90 Days + renegotiated portfolio/ Adjusted Gross Loan Portfolio
Write-off Ratio	Adjusted Value of loans written-off/ Adjusted Average Gross Loan Portfolio
Loan Loss Rate	(Adjusted Write-offs - Value of Loans Recovered)/ Adjusted Average Gross Loan Portfolio
Risk Coverage Ratio	Adjusted Impairment Loss Allowance/ PAR > 30 Days
Non-earning Liquid Assets as a % of Total Assets	Adjusted Cash and banks/ Adjusted Total Assets

Benchmarks for Eastern Europe and Central Asia

(All figures are "medians")		Sub-Regions				
	ECA	Balkans	Caucasus	CEE	Central Asia	Russia
INSTITUTIONAL CHARACTERISTICS						
Number of MFIs	218	35	36	38	57	52
Age	9	9	9	12	5	7
Total Assets	4,766,477	50,434,230	13,724,164	2,223,812	2,821,242	1,883,717
Offices	6	18	8	1	4	3
Personnel	34	148	88	6	38	14
FINANCING STRUCTURE						
Capital/ Asset Ratio	22.8%	24.9%	21.3%	34.3%	28.1%	10.0%
Debt to Equity	2.9	3.0	3.7	1.9	2.3	5.1
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	80.8%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	73.4%
Portfolio to Assets	88.0%	91.7%	84.0%	85.6%	87.4%	90.1%
OUTREACH INDICATORS						
Number of Active Borrowers	2,163	12,863	6,237	382	1,765	651
Percent of Women Borrowers	43.0%	41.6%	34.1%	34.3%	46.4%	60.4%
Number of Loans Outstanding	2,266	13,320	6,237	368	2,029	718
Gross Loan Portfolio	3,951,943	41,314,440	9,424,560	2,109,643	1,396,845	1,449,328
Average Loan Balance per Borrower	2,177	2,679	1,219	4,201	822	2,759
Average Loan Balance per Borrower/ GNI per Capita	68%	77%	50%	89%	102%	37%
Average Outstanding Balance	2,120	2,521	1,149	4,286	822	2,427
Average Outstanding Balance / GNI per Capita	66%	76%	48%	90%	102%	32%
Number of Depositors	0	0	0	0	0	306
Number of Deposit Accounts	0	0	0	0	0	327
Deposits	0	0	0	0	0	405,534
Average Deposit Balance per Depositor	0	0	0	0	0	2705
Average Deposit Balance per Depositor / GNI per capita	0%	0%	0%	0%	0%	36%
Average Deposit Account Balance	0	0	0	0	0	2,607
Average Deposit Account Balance / GNI per capita	0%	0%	0%	0%	0%	35%
MACROECONOMIC INDICATORS						
GNI per Capita	3,780	3,595	2,645	4,460	610	7,530
GDP Growth Rate	8%	7%	19%	6%	8%	8%
Deposit Rate	5.4%	4.0%	10.5%	3.7%	8.4%	5.1%
Inflation Rate	9.0%	3.2%	13.0%	8.4%	10.8%	9.0%
Financial Depth	42.9%	64.6%	21.2%	76.8%	30.9%	42.9%
OVERALL FINANCIAL PERFORMANCE						
Return on Assets	0.3%	1.6%	1.6%	-1.7%	1.2%	-0.2%
Return on Equity	2.9%	8.0%	9.5%	-5.8%	6.3%	5.8%
Operational Self-Sufficiency	117.1%	113.3%	118.0%	122.9%	120.6%	111.8%
Financial Self-Sufficiency	104.3%	110.1%	110.1%	95.3%	104.8%	100.7%
REVENUES						
Financial Revenue/Assets	24.4%	20.8%	29.2%	15.3%	33.9%	32.3%
Profit Margin	4.0%	9.1%	9.1%	-5.0%	4.4%	0.7%
Yield on Gross Portfolio (nominal)	29.4%	23.0%	32.3%	19.8%	35.5%	38.0%
Yield on Gross Portfolio (real)	19.3%	18.3%	17.7%	10.1%	22.4%	26.6%
EXPENSES						
Total Expense/ Assets	24.2%	18.4%	26.4%	18.0%	29.5%	32.1%
Financial Expense/Assets	8.9%	6.2%	10.4%	6.6%	10.6%	13.6%
Provision for Loan Impairment/ Assets	1.3%	1.5%	1.0%	1.0%	1.4%	1.8%
Operating Expense / Assets	12.8%	10.8%	15.4%	9.7%	17.0%	13.4%
Personnel Expense/ Assets	7.2%	5.8%	9.7%	4.4%	9.5%	7.8%
Administrative Expense/ Assets	5.1%	4.6%	5.9%	4.2%	6.7%	5.1%
Adjustment Expense/ Assets	2.0%	0.5%	3.0%	3.7%	2.9%	2.1%
EFFICIENCY						
Operating Expense/ Loan Portfolio	15.0%	12.6%	16.6%	11.9%	19.2%	16.2%
Personnel Expense/ Loan Portfolio	8.2%	7.2%	10.6%	6.2%	10.4%	10.3%
Average Salary/ GNI per Capita	3.9	5.5	4.4	2.6	6.7	1.6
Cost per Borrower	309	313	200	535	164	587
Cost per Loan	289	313	185	500	155	522
PRODUCTIVITY						
Borrowers per Staff Member	58	104	86	46	52	40
Loans per Staff Member	59	104	92	50	54	42
Borrowers per Loan Officer	167	209	230	135	142	140
Loans per Loan Officer	169	211	244	142	151	140
Depositors per Staff Member	0	0	0	0	0	37
Deposit Accounts per Staff Member	0	0	0	0	0	45
Personnel Allocation Ratio	37.0%	52.5%	37.5%	33.3%	35.1%	33.3%
RISK AND LIQUIDITY						
Portfolio at Risk > 30 Days	2.0%	2.2%	1.2%	2.4%	1.7%	3.0%
Portfolio at Risk > 90 Days	1.0%	1.2%	0.4%	1.0%	0.9%	1.5%
Write-off Ratio	0.4%	1.2%	0.3%	0.4%	0.1%	0.3%
Loan Loss Rate	0.3%	0.9%	0.2%	0.1%	0.1%	0.2%
Risk Coverage Ratio	78.0%	89.0%	144.0%	50.0%	77.4%	45.2%
Non-earning Liquid Assets as a % of Total Assets	5.5%	6.0%	8.9%	7.9%	6.2%	2.7%

Benchmarks for Eastern Europe and Central Asia

(All figures are "medians")	Legal Charter and Size (Outreach)					
	Bank	NBFI/NGO	Credit Union	Large	Medium	Small
INSTITUTIONAL CHARACTERISTICS						
Number of MFIs	29	120	69	31	33	154
Age	10	8	10	10	10	7
Total Assets	237,340,926	5,619,183	1,412,617	224,650,803	41,523,846	1,895,118
Offices	40	8	1	44	17	3
Personnel	822	46	9	796	215	17
FINANCING STRUCTURE						
Capital/ Asset Ratio	14.7%	31.4%	17.5%	16.0%	21.9%	30.6%
Debt to Equity	5.8	2.2	2.9	5.3	3.6	2.0
Deposits to Loans	63.6%	0.0%	67.5%	48.6%	0.0%	0.0%
Deposits to Total Assets	46.2%	0.0%	63.6%	35.2%	0.0%	0.0%
Portfolio to Assets	70.2%	89.9%	89.2%	76.8%	86.2%	89.2%
OUTREACH INDICATORS						
Number of Active Borrowers	41,671	2,927	431	62,580	13,748	755
Percent of Women Borrowers	30.1%	43.3%	45.5%	41.6%	41.6%	45.1%
Number of Loans Outstanding	43,480	3,214	434	64,056	15,705	925
Gross Loan Portfolio	164,808,642	4,689,303	1,221,601	161,612,057	34,454,504	1,421,802
Average Loan Balance per Borrower	4,117	1,484	2,511	2,405	2,320	2,136
Average Loan Balance per Borrower/ GNI per Capita	162%	72%	49%	93%	76%	64%
Average Outstanding Balance	4,117	1,499	2,478	2,311	2,165	2,052
Average Outstanding Balance / GNI per Capita	162%	71%	46%	93%	76%	60%
Number of Depositors	80,741	0	168	30,400	0	0
Number of Deposit Accounts	82,904	0	185	113,096	0	0
Deposits	104,825,926	0	353,220	99,696,402	0	0
Average Deposit Balance per Depositor	1564	75	3053	1446	0	0
Average Deposit Balance per Depositor / GNI per capita	49%	3%	43%	42%	0%	0%
Average Deposit Account Balance	1,517	75	2,941	1,446	0	0
Average Deposit Account Balance / GNI per capita	48%	3%	41%	39%	0%	0%
MACROECONOMIC INDICATORS						
GNI per Capita	2,580	2,580	7,530	3,035	2,580	4,460
GDP Growth Rate	8%	8%	8%	8%	8%	8%
Deposit Rate	6.7%	6.3%	5.1%	5.4%	5.9%	5.1%
Inflation Rate	9.0%	10.2%	9.0%	7.4%	9.2%	9.0%
Financial Depth	30.9%	30.9%	42.9%	40.7%	25.0%	42.9%
OVERALL FINANCIAL PERFORMANCE						
Return on Assets	0.5%	0.8%	-0.1%	2.2%	1.8%	-0.5%
Return on Equity	5.5%	4.1%	0.9%	13.0%	8.0%	-0.5%
Operational Self-Sufficiency	111.2%	117.0%	123.3%	118.0%	116.0%	117.0%
Financial Self-Sufficiency	104.7%	105.7%	102.6%	116.5%	111.0%	100.4%
REVENUES						
Financial Revenue/Assets	18.7%	28.7%	20.0%	19.2%	28.4%	25.3%
Profit Margin	4.5%	4.5%	2.5%	14.1%	9.9%	0.4%
Yield on Gross Portfolio (nominal)	22.9%	32.1%	29.9%	21.4%	32.3%	31.2%
Yield on Gross Portfolio (real)	14.4%	22.0%	19.2%	14.9%	22.7%	19.6%
EXPENSES						
Total Expense/ Assets	17.5%	26.8%	24.2%	17.9%	25.0%	27.5%
Financial Expense/Assets	8.5%	9.0%	10.4%	7.3%	9.0%	9.5%
Provision for Loan Impairment/ Assets	1.2%	1.3%	1.3%	1.1%	1.6%	1.3%
Operating Expense / Assets	8.0%	15.7%	9.9%	7.9%	14.5%	13.8%
Personnel Expense/ Assets	4.1%	9.4%	5.7%	4.4%	8.1%	7.6%
Administrative Expense/ Assets	4.2%	6.4%	3.6%	4.2%	5.1%	5.5%
Adjustment Expense/ Assets	0.7%	2.5%	3.6%	0.7%	1.3%	3.4%
EFFICIENCY						
Operating Expense/ Loan Portfolio	12.4%	17.8%	12.3%	11.5%	17.3%	15.5%
Personnel Expense/ Loan Portfolio	6.2%	10.4%	7.0%	5.9%	9.6%	9.3%
Average Salary/ GNI per Capita	5.3	4.3	2.0	5.3	5.5	2.9
Cost per Borrower	585	239	333	268	275	333
Cost per Loan	585	229	333	268	258	311
PRODUCTIVITY						
Borrowers per Staff Member	43	64	53	83	76	51
Loans per Staff Member	48	65	55	83	78	53
Borrowers per Loan Officer	197	165	163	256	179	142
Loans per Loan Officer	198	167	163	264	187	145
Depositors per Staff Member	59	0	38	46	0	0
Deposit Accounts per Staff Member	59	0	46	110	0	0
Personnel Allocation Ratio	29.5%	42.4%	33.3%	41.1%	42.0%	34.9%
RISK AND LIQUIDITY						
Portfolio at Risk > 30 Days	1.9%	2.0%	2.0%	1.7%	1.6%	2.1%
Portfolio at Risk > 90 Days	1.1%	0.9%	1.0%	1.0%	1.0%	1.0%
Write-off Ratio	0.7%	0.4%	0.2%	0.7%	0.8%	0.2%
Loan Loss Rate	0.5%	0.2%	0.2%	0.5%	0.7%	0.1%
Risk Coverage Ratio	120.3%	86.6%	46.4%	119.0%	101.1%	61.3%
Non-earning Liquid Assets as a % of Total Assets	20.0%	5.2%	2.9%	12.4%	8.3%	4.6%

ANNEX I: DATA SOURCES

Four different data sets are drawn on to present the analysis of the microfinance sector in this report:

- *CGAP 2009 MFI Survey* covering over 8,200 institutions in the region. Given the big sample size it only contains basic volume data like the number of borrowers and savers and loan portfolio size. This data set provides the most complete landscape description of microfinance in the ECA region in 2008, drawing on data from associations, regulators, donors and publicly available data to compile aggregate statistics for all types of microfinance providers.

- *CGAP 2009 Microfinance Funder Survey* data. Conducted annually, this survey provides market intelligence to the industry on the microfinance portfolio of leading donors and investors.

- MIX data set for 217 MFIs in 2008 and a balanced panel data set of 122 MFIs for 2006-2008. These institutions were selected based on their ability to provide transparent, detailed reporting. The report analyzes this sample to review MFI financial and operating performance.

- *MIX Funding Structure Database* for 2008. 140 MFIs provided detailed information on their individual borrowings, including source, original currency, beginning and maturity date, and interest rate of the loan. While each MFI's information is confidential, MIX creates aggregate analysis on the types of lenders, cost and maturity of retail debt in ECA.

Together, these data sets represent the most detailed and comprehensive collection of financial performance, outreach, product line and funding structure information for MFIs in the region. The performance of the sample analyzed in this report is overall representative of the general trends in Eastern Europe and Central Asia, as the sample of 217 MFIs covers 60 percent of the total loan portfolio for ECA as presented in Table 3 of the report, with 100 percent coverage for microfinance banks and 74 percent coverage of NBFIs and NGOs. Data for all of the individual institutions included in the report is publicly available online and regularly updated at www.mixmarket.org.

Annex II: Acronyms

Acronym	Description
ALB	Average Loan Balance
AMFA	Azerbaijan Association of Micro-Finance
AMFI	Association of Microfinance Institutions, Kyrgyzstan
AMFOT	Association of Microfinance Organizations of Tajikistan
AMIK	Association of Microfinance Institutions in Kosovo
AML/CFT	Anti-money laundering/Combating financing of terrorism
APR	Annual Percentage Rate
AROA	Adjusted Return on Assets
AZN	Azerbaijan Manat
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CGAP	Consultative Group to Assist the Poor
COM	Cabinet of Ministers
DFI	Development Financial Institution
EBRD	European Bank for Reconstruction and Development
ECA	Eastern Europe and Central Asia
EMN	European Microfinance Network
EIB	European Investment Bank
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GEL	Georgian Lari
GLP	Gross Loan Portfolio
GNI	Gross National Income
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau
LLC	Limited Liability Company
LLPE	Loan Loss Provision Expense
MBB	MicroBanking Bulletin
MCC	Microcredit Company
MDO	Microdeposit Organization
MFI	Microfinance Institution
MIX	Microfinance Information Exchange
MIV	Microfinance Investment Vehicle
NAMOCU	National Association of Microfinance Organizations and Credit Unions of Uzbekistan
NBCO	Non-bank Credit Organization
NBFI	Non-bank Financial Intermediary
NGO	Nongovernmental Organization
PAR	Portfolio at Risk
RMC	Russian Microfinance Center
ROA	Return on Assets
SME	Small and medium-sized enterprise
USD	United States Dollar
WB	World Bank
WOCCU	World Council of Credit Unions

ANNEX III: 2008 MICROFINANCE SECTOR DATA BY COUNTRY AND LEGAL STATUS

THE BALKANS

TABLE 1 ALBANIA

Population	3,140,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	40,122	198,690,941	4,952	177,360	278,907,525	1,570
Non-bank Financial Insitution	NBFI	3	32,343	100,182,355	3,097	0	0	0
Savings and Credit Union	Credit Union	1	16,141	40,501,796	2,509	1,701	11,141,501	6,550
Total		5	88,606	339,375,092	3,830	179,331	290,049,026	1,617

Source: MIX Market.

TABLE 2 BOSNIA AND HERZEGOVINA

Population	3,770,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	65,227	225,933,333	3,464	113,096	238,007,801	2,104
Microcredit Company	NBFI	2	65,881	197,347,199	2,996	0	0	0
Microcredit Foundation	NBFI	10	309,053	579,708,569	1,876	0	0	0
Total		13	440,161	1,002,989,101	2,279	113,096	238,007,801	2,104

Source: MIX Market.

TABLE 3 CROATIA

Population	4,430,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Credit Union	Credit Union	2	2,348	6,676,639	2,844	0	0	0
Total		2	2,348	6,676,639	2,844	0	0	0

Source: MIX Market. Note: Data is from 2007.

TABLE 4 KOSOVO

Population	2,200,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	96,420	609,193,056	6,318	402,214	795,347,222	1,977
NGO	NGO	9	49,368	122,080,573	2,473	0	0	0
Total		10	145,788	731,273,629	5,016	402,214	795,347,222	1,977

Source: AMIK, MIX Market.

TABLE 5 MACEDONIA

Population	2,040,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	33,984	184,829,815	5,439	129,687	183,586,859	1,416
Saving House	Credit Union	2	13,117	54,665,635	4,168	18,025	9,227,783	512
Foundation	NGO	1	2,976	3,473,834	1,167	0	0	0
Total		4	50,077	242,969,284	4,852	147,712	192,814,642	1,305

Source: MIX Market.

TABLE 6 MONTENEGRO

Population	620,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	39,712	155,287,500	3,910	80,741	125,775,000	1,558
Non-bank Financial Intermidary	NBFI	1	39,275	91,223,858	2,323	0	0	0
Total		2	78,987	246,511,358	3,121	80,741	125,775,000	1,558

Source: MIX Market.

TABLE 7 SERBIA

Population	7,350,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	2	119,151	625,574,246	5,250	485,577	528,934,943	1,089
NGO	NGO	1	2,297	3,954,608	1,722	0	0	0
Total		3	121,448	629,528,854	5,184	485,577	528,934,943	1,089

Source: MIX Market.

CAUCASUS

TABLE 8 ARMENIA

Population	3,080,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	3	40,15,26322	41,974,551	7,975	0	0	0
Specialized Microfinance Bank	Bank	2	172,527	344,310,917	1,996	199,858	118,740,450	594
Universal Credit Organization	NBFI	25	104,809	178,356,387	1,702	0	0	0
Microenterprise Development Fund	NBFI	1	13,361	10,917,025	817	0	0	0
Credit Union	Credit Union	1	N/A	1,401,200	N/A	N/A	N/A	N/A
Total		32	295,960	576,960,080	1,949	199,858	118,740,450	594

Source: ARMINFO News Agency, Central Bank of Armenia, EBRD, MIX Market, WOCCU.

Table 9 Azerbaijan

Population	8,680,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	9	13,070	39,795,750	3,045	0	0	0
Specialized Microfinance Bank	Bank	1	69,144	207,141,975	2,996	22,641	26,977,778	1,192
Non-bank credit organization	NBFI	16	178,731	216,728,380	1,213	0	0	0
Credit Union	Credit Union	48	9,432	17,374,706	1,842	9,432	4,607,616	489
Total		74	270,377	481,040,811	1,779	32,073	31,585,394	985

Source: AMFA, EBRD, MIX Market, National Bank of Azerbaijan, MIX Market, WOCCU.
Notes: In 2008, 75 credit unions were registered with the NBA. Deposits for credit unions are member shares.

Table 10 Georgia

Population	4,360,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	3	14,317	84,834,031	5,925	0	0	0
Specialized Microfinance Bank	Bank	1	66,083	313,198,795	4,739	364,742	191,483,735	525
Microfinance Organization	NBFI	27	80,480	80,485,886	1,000	0	0	0
Total		31	160,880	478,518,712	2,974	364,742	191,483,735	525

Source: Central Bank of Georgia, EBRD, MIX Market.

CENTRAL AND EASTERN EUROPE

Table 11 Belarus

Population	9,680,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	7	6,551	65,118,372	9,940	0	0	0
Credit Union	Credit Union	13	729	220,153	302	729	237,303	326
Total		20	7,280	65,338,525	8,975	729	237,303	326

Source: EBRD, WOCCU.

Table 12 Bulgaria

Population	7,620,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	64,102	590,607,143	9,214	220,023	503,440,000	2,288
Non-bank Financial Intermediary	NBFI	3	4,880	13,720,001	2,811	0	0	0
Cooperative	Credit Union	19	3,968	20,077,980	5,060	478	2,342,219	4,900
Total		23	72,950	624,405,124	8,559	220,501	505,782,219	2,294

Source: MIX Market.

TABLE 13 MOLDOVA

Population	3,630,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	2,974	12,243,278	4,117	9,231	9,668,926	1,047
Non-bank Credit Organizations	NBFI	24	21,716	141,084,023	6,497	0	0	0
Savings and Credit Association	Credit Union	422	123,588	47,399,854	384	123,588	13,724,532	111
Total		447	148,278	200,727,155	1,354	132,819	23,393,458	176

Source: MIX Market, National Commission for Financial Markets, WOCCU.
Note: Borrowers for NBFIs are estimated using the average loan size of three NBFIs available on MIX Market.

TABLE 14 POLAND

Population	38,120,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Non-bank Financial Intermediary	NBFI	2	16,207	58,403,991	3,604	0	0	0
Credit Union	Credit Union	62	1,856,247	2,349,126,550	1,266	1,856,247	2,920,399,888	1,573
Total		64	1,872,454	2,407,530,541	1,286	1,856,247	2,920,399,888	1,573

Source: MIX Market, WOCCU.

TABLE 15 BULGARIA

Population	21,510,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	1	41,671	299,670,893	7,191	142,379	210,214,607	1,476
Microfinance Company	NBFI	5	15,407	101,825,693	6,609	0	0	0
Credit Union	Credit Union	2,501	680,000	701,030,928	1,031	N/A	N/A	N/A
Total		2,507	737,078	1,102,527,514	1,496	142,379	210,214,607	1,476

Source: MIX Market, EMN. Note: Data on credit unions are from 2007.

TABLE 16 UKRAINE

Population	46,260,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	7	50,021	456,805,486	9,132	0	0	0
Specialized Microfinance Bank	Bank	1	45,858	370,646,000	8,082	105,656	175,030,000	1,657
Finance Company	NBFI	1	3,330	2,255,917	677	0	0	0
Credit Union	Credit Union	828	2,669,411	702,851,867	263	2,669,411	650,347,340	244
Total		837	2,768,620	1,532,559,270	554	2,775,067	825,377,340	297

Source: EBRD, MIX Market, WOCCU.

CENTRAL ASIA

Table 17 Kazakhstan

Population	15,670,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	3	3,430	76,185,265	22,211	0	0	0
Microcredit Organization	NBFI	512	38,480	320,940,062	8,340	0	0	0
Credit Partnership	Credit Union	166	10,346	993,305,452	96,009	0	0	0
Government Development Institution	Gov't Fund	1	24,907	59,317,626	2,382	0	0	0
Total		682	77,163	1,449,748,405	18,788	0	0	0

Source: EBRD, MIX Market, Statistical Agency of the Republic of Kazakhstan. Note: Only portfolio data were available for NBFIs and credit unions. Borrowers were estimated using the average loan size of the loans disbursed to clients of these insitutions in the first quarter of 2009.

Table 18 Kyrgyzstan

Population	5,280,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	4	15,687	81,326,020	5,184	0	0	0
Specialized Microfinance Bank	Bank	1	36,821	58,809,006	1,597	0	0	0
Microcredit Agency	NBFI	119	12,064	9,456,543	784	0	0	0
Microcredit Company	NBFI	170	210,074	153,341,192	730	0	0	0
Microfinance Company	NBFI	2	150	1,010,061	6,734	0	0	0
Credit Union	Credit Union	248	18,788	22,375,611	1,191	1,072	462,608	432
Total		544	293,584	326,318,434	1,111	1,072	462,608	432

Source: EBRD, MIX Market, National Bank of Kyrgyzstan.

Table 19 Mongolia

Population	2,230,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Specialized Microfinance Bank	Bank	2	382,978	596,071,282	1,556	2,383,258	599,468,377	252
Microfinance Organization	NBFI	3	9,273	8,483,359	915	0	0	0
Total		5	392,251	604,554,641	1,541	2,383,258	599,468,377	252

Source: MIX Market.

TABLE 20 TAJIKISTAN

Population	6,840,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	4	33,990	114,799,481	3,377	27,427	152,848,406	5,573
Specialized Microfinance Bank	Bank	1	13,153	32,550,227	2,475	7,077	11,154,118	1,576
Microloan Foundation	NBFI	41	67,316	19,048,225	283	0	0	0
Microloan Organization	NBFI	37	62,773	47,929,945	764	0	0	0
Microdeposit Organization	NBFI	14	23,705	12,177,799	514	128	2,636,945	20,601
Credit Union	Credit Union	7	401	1,935,482	4,827	154	1,632,662	10,602
Total		104	201,338	228,441,158	1,135	34,786	168,272,132	4,837

Source: AMFOT, EBRD, MIX Market, National Bankf of Tajikistan.
Note: Deposits for downscaling banks are based on MIX Market data for Agroinvestbank and Bank Eskhata.

TABLE 21 UZBEKISTAN

Population	27,310,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	3	3,430	76,185,265	22,211	0	0	0
Specialized Microfinance Bank	Bank	512	38,480	320,940,062	8,340	0	0	0
Microcredit Institution	NBFI	166	10,346	993,305,452	96,009	0	0	0
Credit Union	Credit Union	1	24,907	59,317,626	2,382	0	0	0
Total		682	77,163	1,449,748,405	18,788	0	0	0

Source: EBRD, MIX Market, NAMOCU, WOCCU. Note: Data on NBFIs are from 2007.

RUSSIA

TABLE 22 RUSSIA

Population	141,800,000							
Provider	Legal Status	Number of Institutions	Active Borrowers	Portfolio, USD	Average Loan Balance, USD	Depositors	Deposits, USD	Avg. Deposit Balance, USD
Downscaling Bank	Bank	14	100,929	1,909,819,512	18,922	0	0	0
Specialized Microfinance Bank	Bank	1	13,428	53,177,210	3,960	236	102,505	434
Non-bank Deposit and Credit Organization	NBFI	1	3,334	10,628,652	3,188	0	0	0
Credit Consumer Cooperatives	Credit Union	1,271	316,355	489,864,652	1,548	180,411	470,706,790	2,609
Agricultural Credit Consumer Cooperative	Credit Union	1,202	96,160	117,612,284	1,223	0	0	0
State, Regional and Municipal Fund for Entrepreneurship Support	Gov't Fund	149	8,846	53,000,000	5,991	0	0	0
Private Foundation	NGO	130	28,889	24,647,400	853	0	0	0
Private Commercial Non-bank MFI	NBFI	2	45,989	73,508,245	1,598	0	0	0
Total		2,770	613,930	2,732,257,955	4,450	180,647	470,809,295	2,606

Source: EBRD, MIX Market, RMC. Note: Data on credit unions, agricultural cooperatives and government funds are based on experts' estimates.

Cross-Border Funders in Eastern Europe and Central Asia

Table 23 Cross-border Funders Active in ECA, 2008

			Donors (20)*																			Investors (14)													
	Number of active donors	Number of active investors	AsDB	CIDA	Citi Foundation	Cordaid	DOEN Foundation	EC	Ford Foundation	GTZ	ICCO	IFAD	ILO	IsDB	JICA	Mastercard Foundation	MCC	Oxfam Novib	SDC	USAID	World Bank	AECID	CSIF	DCA USAID	EBRD	EIB	Finnfund	FMO	IFC	ING	KfW	Kiva	Oikocredit	OPIC	SIFEM
Albania	2	4										1							1			1						1					1		1
Armenia	7	3				1					1	1					1	1		1	1				1						1		1		
Azerbaijan	4	8									1	1								1	1		1		1				1	1	1	1	1		1
Belarus	0	4																							1			1	1		1				
Bosnia and Herzegovina	1	8										1										1	1		1		1		1		1	1	1		
Bulgaria	2	6			1														1					1	1	1					1	1	1		
Croatia	1	0																			1														
Georgia	5	7				1		1				1								1	1		1	1	1			1	1		1		1		
Kazakhstan	3	3									1									1	1		1		1								1		
Kosovo	1	3																			1				1						1		1		
Kyrgyz Republic	5	3						1		1	1				1					1					1				1				1		
Lithuania	0	1																															1		
Macedonia, FYR	1	2																		1					1			1							
Moldova	5	6					1					1	1						1		1				1			1			1	1	1	1	
Montenegro	1	5				1																1			1					1	1		1		
Poland	2	2			1				1																				1				1		
Romania	1	5			1																				1				1		1		1	1	
Russian Federation	3	4		1	1															1					1				1		1		1		
Serbia	3	5				1														1	1	1			1			1			1		1		
Tajikistan	8	7	1					1		1	1			1		1		1		1			1		1			1	1		1	1	1		
Turkey	2	2			1							1																	1		1				
Turkmenistan	1	0						1																											
Ukraine	6	6		1						1								1	1	1	1				1				1		1	1	1	1	
Uzbekistan	3	1	1												1						1				1										
Number countries where involved			2	2	5	4	1	4	1	3	5	7	1	1	2	1	1	3	4	10	10	4	5	2	18	1	1	7	11	2	15	6	18	3	2

Source: CGAP Microfinance Funder Survey 2009. Number of respondents: 61

About Microfinance Information Exchange (MIX):

The Microfinance Information Exchange (MIX) is the leading provider of business information and data services for the microfinance industry. Dedicated to strengthening the microfinance sector by promoting transparency, MIX provides detailed performance and financial information on microfinance institutions, investors, networks, and service providers associated with the industry. MIX does this through a variety of publicly available platforms, including MIX Market (www.mixmarket.org) and the MicroBanking Bulletin.

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For more information, please visit www.themix.org or e-mail info@themix.org

This report was produced with the support of:

Consultative Group to Assist the Poor (CGAP)

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