Africa Microfinance Analysis and Benchmarking Report, 2008

A Report from MIX and CGAP

December 2008

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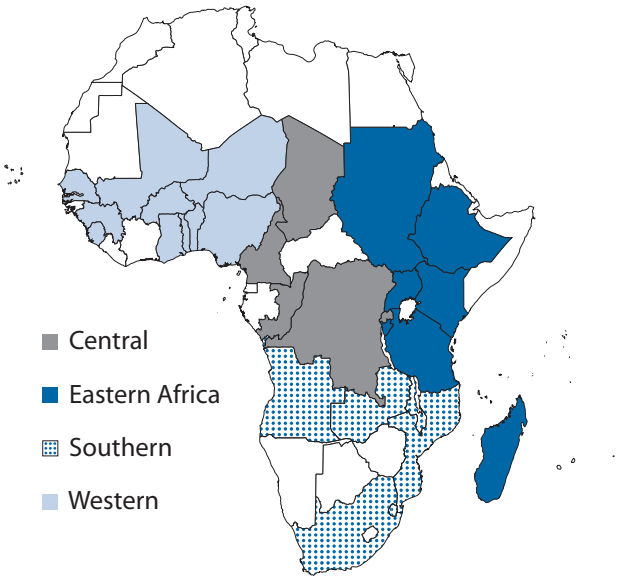


Overview

In 2007, sub-Saharan Africa experienced encouraging economic growth of 6.7 percent and continued to accelerate progress in human development, improve infrastructure, and strengthen the policy environment. Africa also received renewed attention from the private sector, funders, domestic and international investors, and development agencies. Microfinance has been able to capitalize on these positive developments, experiencing strong growth in 2007.

Given the diversity of experience in the Africa region, this report reviews overall developments throughout Africa and separate breakdowns for each of the four subregions: Central, East, Southern, and West Africa. This report analyzes the development of the microfinance field, focusing on the key growth trends, the national and regional regulatory environments, funding flows and structure, and performance of microfinance institutions.

General Growth Trends

In 2007, 160 MFIs in Africa, more than ever before, participated in the benchmark data used for this report. These MFIs reached 5.2 million borrowers and 9 million savers this year alone. The total outstanding loan portfolio of these MFIs was just over 2.5 billion USD, while deposits exceeded 2.1 billion USD.

In order to provide further insights into growth and productivity changes, this report also utilizes trend data capturing information from 111 MFIs over the last two years. As shown in **Table 1**, this trend data indicates a growth in borrowers of 25 percent (reaching 4.7 million borrowers in 2007), 5 percent higher than the global average growth in borrowers of 20 percent, and an even

Table 1 Volume Figure Trend Data by Subregion

		Borrowers (Thousands)	Savers (Thousands)	Loan Portfolio (USD Mil)	Savings (USD Mil)
Africa	2006	3,785	5,473	1,320	1,148
	2007	4,731	7,177	2,236	1,839
	% Increase	**25%**	**31%**	**69%**	**60%**
Central Region	2006	219	350	97	135
	2007	213	455	142	232
	% Increase	**-3%**	**30%**	**46%**	**72%**
Eastern Region	2006	2,061	2,241	554	472
	2007	2,628	3,172	1,025	799
	% Increase	**28%**	**42%**	**85%**	**69%**
Southern Region	2006	519	694	188	144
	2007	767	993	417	254
	% Increase	**48%**	**43%**	**121%**	**76%**
Western Region	2006	986	2,189	481	396
	2007	1,123	2,557	652	553
	% Increase	**14%**	**17%**	**36%**	**40%**

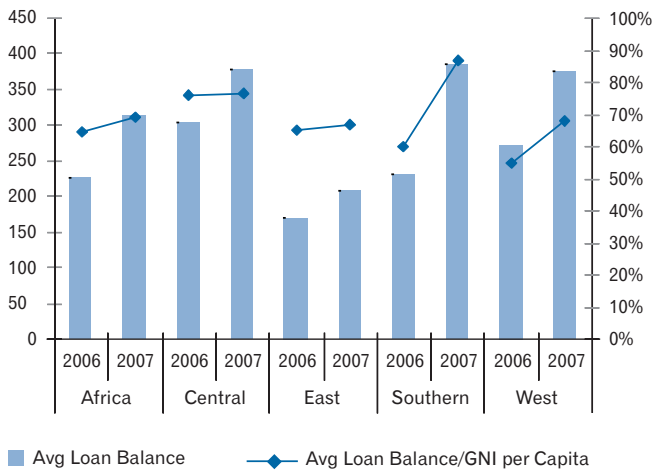
Table 2 Top Ten Countries in Borrowers and Savers by Penetration Rates

Country	Subregion	Population (Thousands)	Borrowers (Thousands)	Penetration Rate	Savers (Thousands)	Penetration Rate
Kenya	East	34,000	877	2.6%	3,172	9%
Togo	West	6,000	90	1.5%	344	6%
Senegal	West	12,000	221	1.8%	654	5%
Mali	West	14,000	216	1.5%	409	3%
Ghana	West	22,000	315	1.4%	902	4%
Burkina Faso	West	13,000	129	1.0%	523	4%
Cameroon	Central	16,000	135	0.8%	400	3%
South Africa	Southern	47,000	632	1.3%	783	2%
Uganda	East	29,000	216	0.7%	482	2%
Ethiopia	East	71,000	1,427	2.0%	732	1%

larger growth in savers at 31 percent (reaching 7.2 million savers in 2007). Loan portfolio grew 69 percent, exhibiting an increase of nearly one billion USD – a 47 percent loan portfolio growth of the median MFI when calculated in local currency. Savings also experienced significant growth at 60 percent, reaching 1.8 million borrowers in 2007 – the median MFI increasing its savings by 17 percent when calculated in local currency (31 percent when looking only at MFIs with full financial intermediation).

While the general growth picture across Africa shows strong uptake in both lending and deposit taking, differences persist among the Central, East, Southern, and West subregions. Despite the larger growth in savers than borrowers, loan portfolio grew at a more rapid pace than savings. The Eastern and Southern regions experienced the greatest growth in both borrowers and savers, while the Central region was the only one to actually decrease in number of borrowers. West Africa experienced growth, but on a much smaller scale, likely due to the much higher penetration rates in this region. **Table 2** lists the top 10 countries by penetration rates of borrowers as well as savers. Incidentally, these 10 countries had the greatest penetration rates for both groups. Five of them are from West Africa, indicating that microfinance is likely already meeting more of the demand here than in the other regions.

Figure 2 Loan Balance Trends by Subregion



Despite having three countries in this list, East Africa continues to exhibit rapid growth; the market here is not yet saturated.

The Central region was the only region to experience a decrease in number of borrowers, exhibiting a drop of 3 percent. Cameroon witnessed the greatest decrease in total borrowers (in terms of both absolute number and percentage) of all of Africa, as MFIs worked to clean up their books, clearing off loans with long term delinquency. The Central region represents the smallest microfinance market in Africa, with the lowest penetration rate of borrowers. Only 7.5 percent of reporting MFIs from Africa are based in this Central region.

The Eastern region continued to exhibit the highest numbers across all volume figures. The total loan portfolio and amount of savings, each demonstrating the largest absolute growth of all African regions in 2007, correspond to the significantly higher numbers of borrowers and savers. Eastern Africa is the home of large scale lenders: of the nine MFIs in this sample with over 100,000 borrowers, six are from East Africa. Despite their size, these large scale MFIs still managed to meet Africa-wide growth rates of 25 percent, adding over half a million borrowers.

The Southern region demonstrated the largest percentage growth in borrowers with nearly a 48 percent increase over the previous year (see **Figure 2**). This region also exhibited the greatest increase in average loan size as well as loan balance over GNI per capita, which grew by 27 percent from 2006 to 2007. The total loan portfolio for this region increased by 119 percent in local currency over the previous year. The market is highly segmented by types of institutions. Banks served most clients in the Southern region, with 81 percent of the borrowers. NGOs served 13 percent, and non bank financial intermediaries comprised the remaining 6 percent. In addition, each institutional type served different products. The banks tended to have larger loan sizes; their median average loan balance over GNI per capita is 161.4 percent. NGO and non bank financial intermediary median loan sizes over GNI per capita were much smaller, at 39.7 percent and 60.3 percent respectively.

Deposit taking institutions, such as cooperatives, banks, and rural banks, had the broadest outreach in West Africa. As a result, the region serviced twice as many savers as borrowers. Six of the 10 MFIs reporting the highest total voluntary savings are from this subregion; five of these MFIs are cooperatives, which represent over 40 percent of the borrowers in West Africa, concentrated in the West African Economic and Monetary Union (WAEMU) countries.[1] Total deposits grew by 40 percent; cooperatives covered 78 percent of this growth. Half of the NGOs reporting in this region also accepted deposits, and while this covers only 2 percent of the savings, they did increase their total deposits by more than 100 percent. Lending did not grow as quickly as deposit taking, with only 36 percent growth in loan portfolio.

Legal and Regulatory Environment and Trends

Governments in sub-Saharan Africa increased their focus on regulating microfinance. Many countries in the region have included microfinance in banking legislation, broader non-banking financial institution (NBFI) legislation, or microfinance-specific laws or regulations. Since 2002, 31 countries passed new or revised microfinance legislation, while 24 countries have adopted national microfinance strategies.[2]

1 WAEMU countries include: Benin, Burkina Faso, Cotê d'Ivoire, Mali, Niger, Senegal, and Togo. For more information, see MIX report titled UEMOA Benchmarking Report (published in French).

2 Typically, national microfinance strategies are publicly approved documents, developed through a consultative process and include an overview of microfinance in the country, a vision for the sector, strategic objectives, and an action plan for implementation.

Microfinance is becoming more integrated into formal financial systems, as a growing number of countries place the supervision of MFIs under the same body that supervises banks and other financial institutions. There are also a number of countries that are taking a more pragmatic proportionate approach to prudential/non-prudential regulations for financial institutions. Less encouragingly for improving the access of poor people to financial services, consumer protection measures, and particularly those for clients of financial services, are rare across the continent. Only one country has made allowances for small-value transactions in its anti-money laundering/combating the funding of terrorism regulations.

Microfinance Laws and Regulations

Countries have taken diverse approaches ranging from working within existing financial sector laws and regulations to developing specific new microfinance regulation (see **Figure 3**). A significant number of sub-Saharan African countries (26)[3] have chosen to address regulating microfinance through the implementation of specialized microfinance laws or regulations. An additional four (Sudan, Zimbabwe, Cape Verde, and Guinea Bissau) drafted or have begun the process of drafting microfinance-specific legislation. In 15 countries, MFIs implicitly or explicitly fall under the broader banking or non-banking financial institutions legislation. Only a handful of countries have no legislation in place to cover the microfinance sector.

Proportionate Regulation

Sixteen countries have existing or draft legislation that provide for the categorization of MFIs by scope of activities or by size, and generally adjusts the type and level of regulation accordingly (see **Figure 4**). For example, under the CEMAC[4] microfinance law put into effect in 2002, MFIs are divided into three tiers: credit-only institutions, institutions that take savings from members only, and institutions that take deposits from the general public. Credit-only institutions and small institutions are not subject to the same prudential regulatory requirements as deposit-taking institutions. Mozambique divides institutions into two categories: those that are licensed and are prudentially regulated ("microbanks" and credit cooperatives) and those that are registered and are monitored by the Central Bank (credit programs and savings and loans associations). In Uganda, the legislation stipulates four different categories of financial institutions (commercial banks, credit-only institutions, microfinance deposit-taking institutions, and cooperatives), and it imposes different regulation for each 'tier'.

Ten countries partially differentiate between institutions. In Zambia, for example, deposit-taking MFIs are subject to different consumer protection disclosure requirements, such as posting their income statement and balance sheet in a conspicuous place on their premises.

Figure 3 Microfinance Regulation by Country

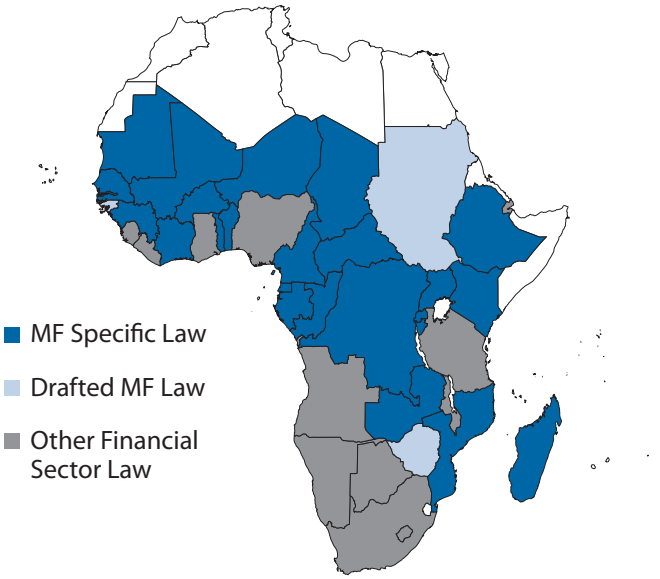
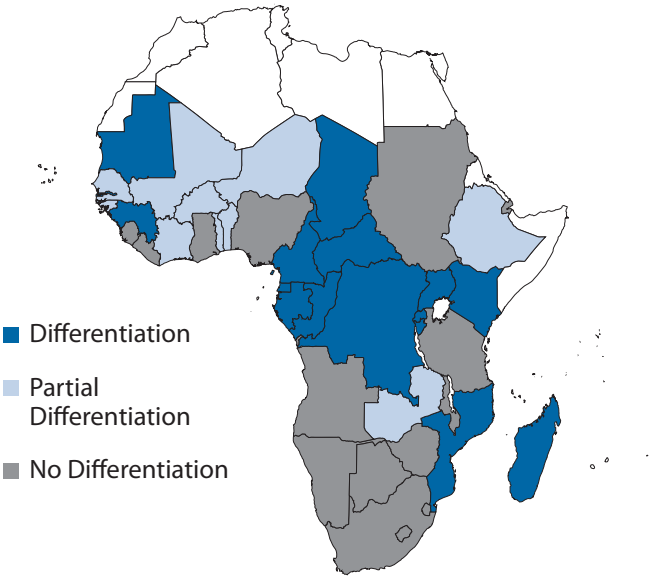


Figure 4 Proportionate Regulation by Country



Supervisory Authority

The overall trend in sub-Saharan Africa is to place the supervision of the microfinance sector under the banking supervisory authority, which indicates that microfinance is becoming more integrated into the formal financial system. The Central Bank is the regulator and supervisor in 31 countries. Kenya, Mauritius, Namibia and Uganda placed only deposit-taking MFIs under the supervision of the Central Bank, while other MFIs are supervised by the Ministry of Finance or another government authority.

In 29 sub-Saharan African countries, the regulation and supervision of financial cooperatives falls under the specialized microfinance or NBFI law or even under the banking/financial institutions law.[5] In 16 countries, cooperatives are regulated under a separate law or act for cooperatives. In 27 countries, financial cooperatives are regulated and supervised by the banking supervisory authority. In addition, in the 26 countries that have passed (or are about to pass) microfinance or NBFI laws since 2002, cooperatives are regulated and supervised by the banking supervisory authority in 21 of them.[6] This indicates greater recognition of the role of cooperatives in the financial system and a trend towards more thorough supervision. In the rest of the countries, where there is no specific legislation for financial cooperatives, financial cooperatives are regulated and supervised by the applicable cooperative regulatory authority (such as the Registrar of Cooperatives). South Africa developed a self-regulation model by the national cooperative trade association.

3 The number would be 27, but Guinea Bissau, though part of the West African Economic and Monetary Union (WAEMU), has not yet passed the first PARMEC law. PARMEC (Project d'Appui à la Réglementation sur les Mutuelles d'Epargne et de Crédit), was a project in the 1990s to support the regulation of MFIs in the eight countries of the WAEMU.

4 Cameroon, Congo, Central African Republic, Equatorial Guinea, Gabon and Chad are the members of CEMAC (Communauté Economique et Monétaire de l'Afrique Centrale).

5 This number includes six countries (South Africa, Madagascar, Rwada, Zambia, the Gambia and Tanzania) in which cooperatives fall under both a cooperative law and a microfinance or credit law.

6 This figure includes the eight WAEMU countries and the six CEMAC countries where the Ministries of Finance also play a role in licensing and supervising MFIs.

Broader Financial Sector Laws and Regulations

AML/CFT

As part of global efforts to ensure integrity and security of financial flows, the international community promotes compliance against a set of standards to address money laundering and terrorism financing risks. Financial institutions have a key role in undertaking anti-money laundering (AML) and combating the financing of terrorism (CFT) measures. Implementation of these measures could be seen as conflicting with socio-economic objectives of promoting financial inclusion as a means to improve income levels and address poverty. However, when implemented thoughtfully, the pursuit of financial inclusion and an effective AML/CFT regime are complementary to financial sector and national security policy objectives.

With the exception of Mozambique and Mauritius, all sub-Saharan African countries have passed laws or regulations addressing AML/CFT since the Financial Action Task Force (FATF) issued its 40 recommendations on AML in 2003 (amended in 2004) and nine recommendations on CFT in 2001 (amended to 11 in 2004).

The key challenge, however, is implementation of such laws and regulations, especially in the context of low balance and low transaction value as seen in most microfinance institutions. Only seven countries seem to have a Financial Intelligence Unit (FIU) in place (South Africa, Mauritius, Gabon, Cameroon, Niger, Nigeria, and Senegal), although at least four others have issued regulations to set up an FIU (see **Figure 5**). South Africa is the only country that seems to have adapted "know your customer" (KYC) requirements and provided appropriate exemptions on low-value transactions in recognition of the difficulties low-income people face in providing proof of residence.

Consumer Protection

In general, very little information is available about general consumer protection measures in sub-Saharan Africa and even less on consumer protection measures for financial services. Only two countries (South Africa and Mauritius) seem to have consumer protection measures for clients of financial institutions and three others have a consumer protection law or are considering such a law (Malawi,

Figure 5 AML/CFT Regulation by Country

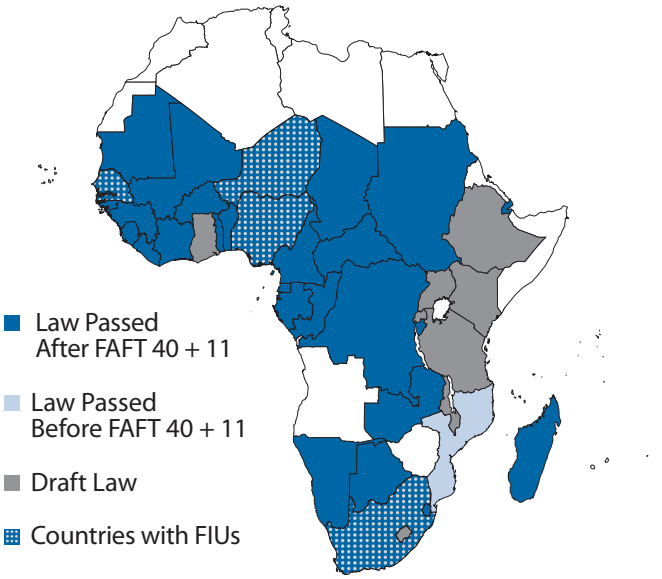
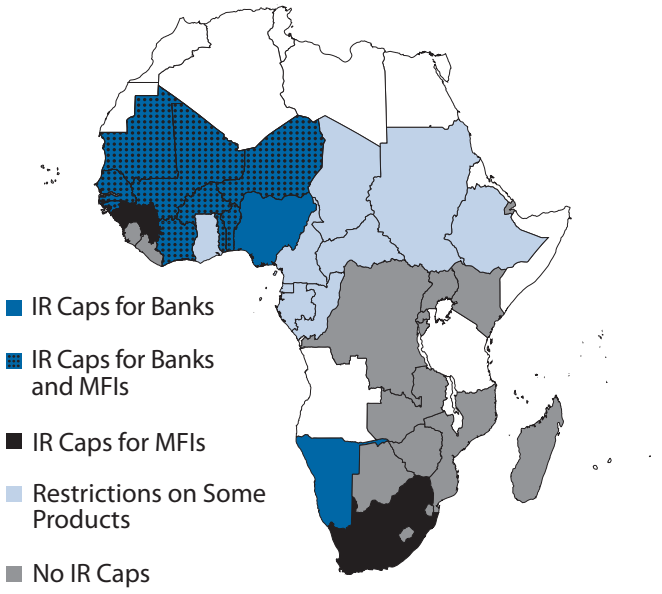


Figure 6 Interest Ceiling by Country



Kenya, and Uganda).[7] Mauritius, for example, includes a measure in its 2004 Banking Act that provides for the appointment of an ombudsman for dealing with complaints against financial institutions by their customers. Twenty countries have included in their regulation some kind of disclosure requirement by financial institutions or specifically, MFIs, to their customers.

Interest Rate Caps

Sixteen countries have no interest rate ceilings, including countries such as Liberia and Lesotho that have lifted interest rate ceilings in recent years. Eleven countries[8] have some type of interest rate ceilings:

- WAEMU (eight countries): Currently fixed at 27 percent for MFIs and 18 percent for banks
- Namibia: Approximately 27 percent (linked to the prime rate)
- South Africa: For microloans [(RR x 2.2) + 20%] per year where RR is the South African Reserve Bank Repurchase Rate
- Guinea: Legislation specifies that the interest rate cannot increase by more than 33 percent over the previous year's rate.

The CEMAC countries and Ethiopia have a minimum interest rate on deposits (3.25 and 2 percent, respectively). In other countries, interest rate restrictions are tied to certain types of loans (agricultural loans in Nigeria), to type of lending (10 percent maximum profit margin for Islamic lending in Sudan), to a targeted government lending program (Uganda, Benin) or to a particular institutional type (cooperatives in Ghana).

7 Applicability to financial institutions is not explicit.

8 Additional research on interest rate ceiling in Nigeria is currently being undertaken.

Table 3 Consumer Protection Regulation by Country

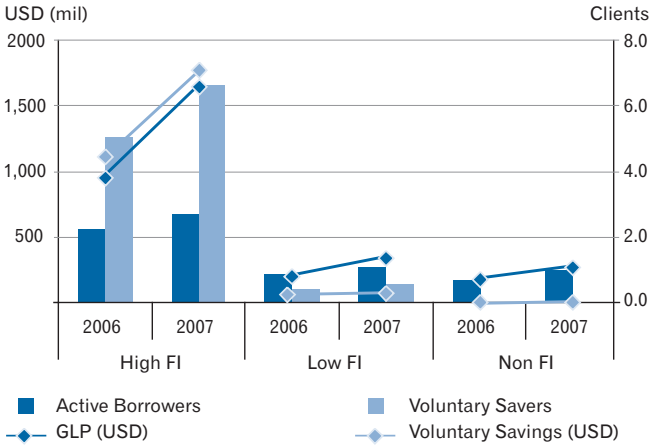
Consumer Protection Law or Regulation	Countries
Law or Regulation	Kenya, Malawi, South Africa, Uganda, Mauritius
Disclosure Norms	Botswana, CEMAC Countries (6), Liberia, Mozambique, Namibia, Tanzania, WAEMU Countries (8), Zambia
No Disclosure Requirements	Angola, Ethiopia, Lesotho, Madagascar, Nigeria

Funding Microfinance

Funders had total commitments of $1.76 billion, covering 716 projects in all 48 countries in sub-Saharan Africa. Despite a 12 percent decrease in external funding in 2007, funders continued to be strongly interested in supporting access to finance as the total number of projects increased by 61 percent. This number includes funding from a wide variety of funders, though most are non-commercial, using public monies. In contrast, a CGAP survey that focuses on Microfinance Investment Vehicles (MIVs) — private funds that typically have more of a commercial orientation — reports that they invested only $69 million in sub-Saharan Africa.[9]

This decrease in external funding has meant that MFIs which use savings mobilization as a main funding source have continued to experience rapid growth, while those with low or no financial intermediation have remained relatively on par with their 2006 volume figures (see **Figure 7**).

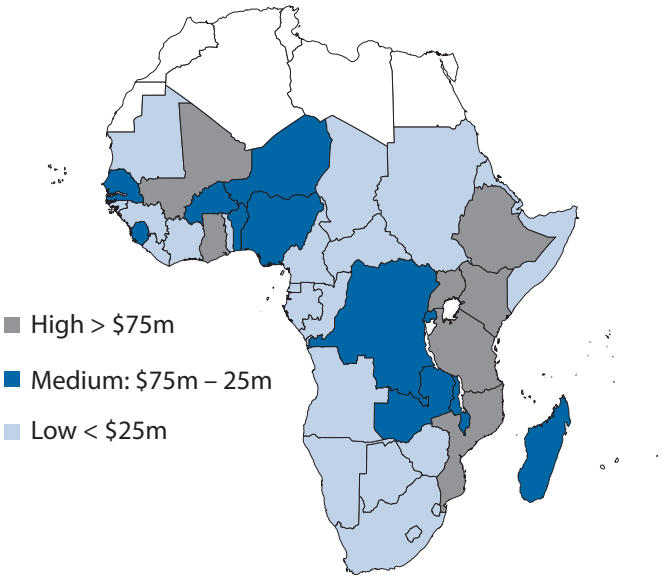
Figure 7 Financial Intermediation Trend Data



Geographic Concentration of Funding

Funding is heavily concentrated in Eastern Africa and certain countries in Western Africa, with Uganda having the largest number (62) of financial access programs (see **Figure 8**). Funding is least concentrated in Central and Southern Africa. Funders are also investing in regional projects that do not focus on specific countries. However, only 12 percent of funding($210 million) goes to regional initiatives. Seven countries (Ghana, Uganda, Kenya, Tanzania, Ethiopia, Mali and Mozambique) account for nearly 50 percent of total committed funding, while the 20 least-funded countries account for only 3 percent.

Figure 8 Funding Amount per Country (in USD)



Funders' Activities at Different Levels of the Financial System

Funders' activities can be distributed among three categories of the financial system: (i) projects supporting retail institutions, (ii) projects supporting financial infrastructure, and (iii) projects supporting policy environments.

In 2007, funders favored retail institutions projects with 59 percent of their projects supporting a wide range of financial and non-financial institutions. They mostly invested in projects providing funding (64 percent) through grants and loans, to MFIs and projects providing technical assistance (31percent) through grants (see **Figure 9**).

Another area of the financial system that funders invested in was financial infrastructure. Usually, funders look to invest in projects that will support locally available market infrastructure and services, including auditors, rating agencies, networks and associations, credit bureaus, transfer and payment systems, information technology and technical service providers. In 2007, those projects represented 25 percent of their projects. Projects at this level are divided between

9 Does not include Oikocredit, Triodos Fair Share Fund, Triodos DOEN Fund, Hivos Triodos Fund.

(i) capacity-building activities (55 percent) such as training of trainer courses, audits, MIS, and MFI ratings, (ii) infrastructure (22 percent) in the form of support toward payments systems and credit bureaus and accounting standards, and (iii) refinancing through apexes or banks to MFIs (14 percent).

Funders supported government policies and systems, including laws and regulations and enforcement bodies, such as banking supervision. In 2007, 16 percent of funders' projects focused on policy environments and they were equally divided into regulation/supervision (46 percent) and broader policy issues (44 percent), such as interest rate regime, tax issues, and national strategies.

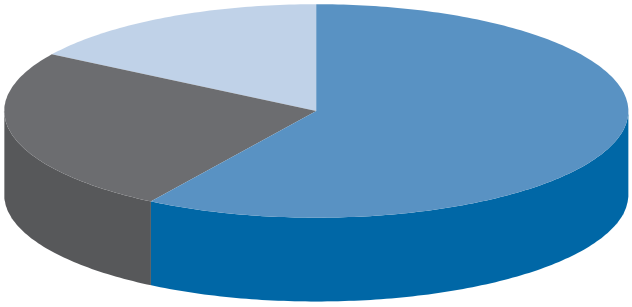
There is a strong trend of funder collaboration at the policy level as these projects tended to be large, allowing funders to pool resources, provide specialized expertise, and achieve economies of scale. In 2007, 70 percent of all policy projects were supported by two or more funders, mostly multilateral and bilateral donors.

Funding Instruments

Funders use a variety of instruments depending on the activities, the overall project objective, their comparative advantage, the country context, other stakeholders, etc. In 2007 they favored grants (34 percent) and loans (32 percent). Bilateral funders and international NGOs were the main providers of grants, while loans were funded primarily by Development Finance Institutions (DFIs), MIVs, private foundations, multilateral funders and international NGOs. In-kind funding (9 percent) was typically coupled with either a loan or a grant. Equity funding (5 percent) and guarantees (3 percent) came largely from DFIs (see **Figure 10**).

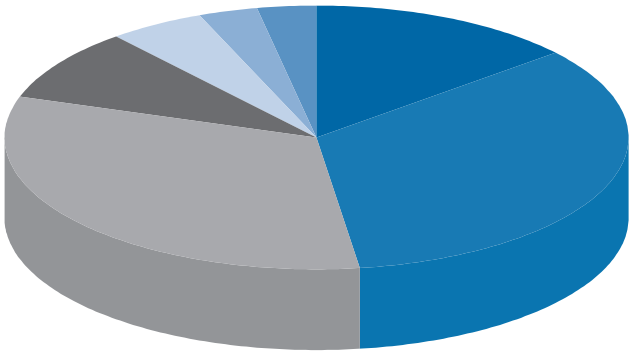
While external funding for microfinance is heavily focused on the Eastern and Western regions, these are, in fact, the regions experiencing the least growth in sustainability (see **Figure 12**). The Central region experienced the largest percentage growth in external funding, however, this remains much smaller than in any other region (see **Table 4**). The funding structure of MFIs in Africa differs significantly by both region and charter type. Certain regions and charter types witnessed considerable change in their funding structure over the last year, while others remained relatively constant (see **Figures 11 and 13**).

Figure 9 Projects by Activity Level (% based on the number of projects)



- Retail Institutions (59%)
- Financial Infrastructure (25%)
- Policy Environments (16%)

Figure 10 Funding Instruments (% based on the number of projects)



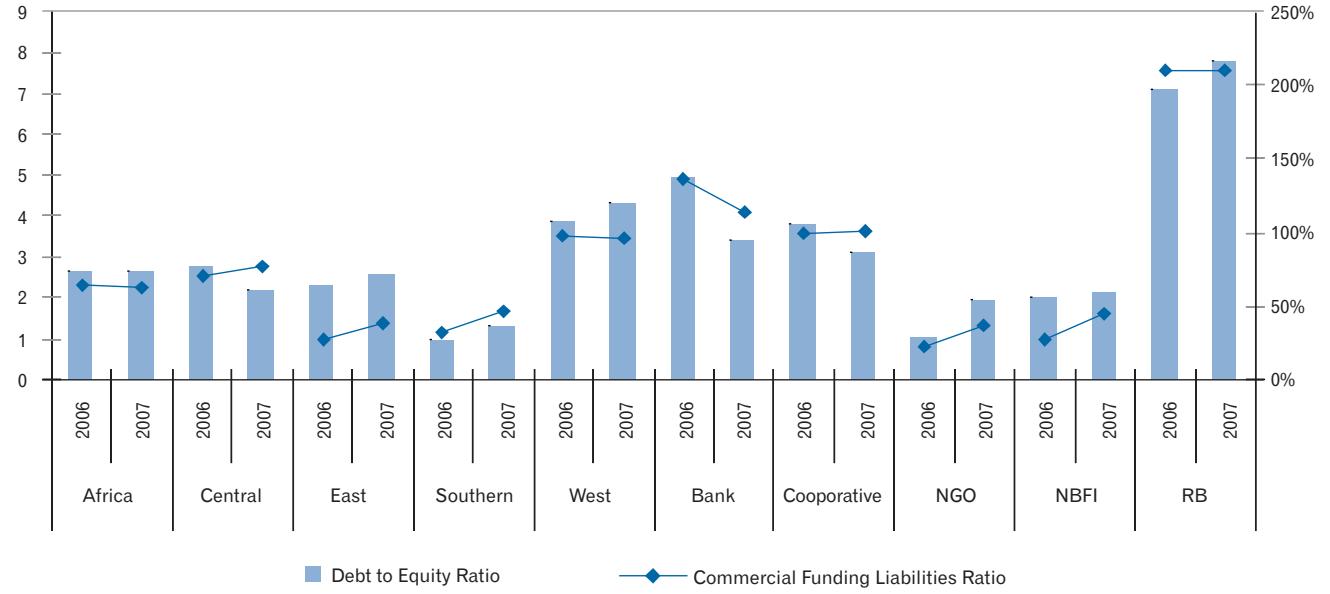
- Grants (34%)
- Loans (32%)
- In-Kind (9%)
- Equity (5%)
- Guarantees (3%)
- Other (4%)
- N/A (13%)

By far, the Central region place the most weight on mobilizing savings as a source of funding (see **Figure 13**). At the same time, it was the only region to experience a decrease in its leveraging, from 2.7 in 2006 to 2.2 in 2007. Although savings, commercial borrowings, and other debt all increased, equity increased more rapidly. An infusion of capital in the banks in this region, which increased their equity by 309 percent over the last year, accounted for 85 percent of this total increase.

Table 4 Funding Structure Trend Data by Subregion (USD mil)

		Savings	Commercial Borrowings	Other Debt	Equity
Africa	2006	1,148	243	376	557
	2007	1,839	343	680	912
	% Increase	**60%**	**41%**	**81%**	**64%**
Central	2006	135	5	21	19
	2007	232	9	23	38
	% Increase	**72%**	**81%**	**12%**	**103%**
East	2006	472	116	196	183
	2007	799	183	413	436
	% Increase	**69%**	**58%**	**111%**	**138%**
Southern	2006	144	30	35	198
	2007	254	36	54	228
	% Increase	**76%**	**20%**	**54%**	**15%**
West	2006	196	93	124	557
	2007	553	114	190	912
	% Increase	**40%**	**24%**	**53%**	**64%**

Figure 11 Funding Structure Trends by Subregion and Charter Type



East Africa witnessed a slight increase in its debt-to-equity ratio, from 2.3 to 2.6. Overall, commercial debt increased by 57 percent: commercial borrowings grew by 41 percent as savings increased a significant 69 percent. This growth in savings, the largest of all regions throughout Africa, indicates the increased importance of savings as a funding source for MFIs in East Africa.

While the Southern region has increased its leverage a little bit, it remains by far the least leveraged region in Africa. Forty percent of this region's financing came from its equity, more than any other region. This is due to the combination of large banks and NGOs in the region. Banks observed a significant drop in their debt-to equity ratio while experiencing growth, indicating an infusion of capital. They have also witnessed a significant decrease in commercial funding liabilities ratio due to this increased emphasis on paid-in capital. The NGOs, despite having doubled their leverage in 2007, continued to exhibit the lowest debt-to-equity ratio of all charter types. With little recourse to external funding, they rely primarily on donations and retained earnings for new capital. The increased leverage that they experienced in 2007 was due both to

Figure 12 Sustainability and Outreach Trends

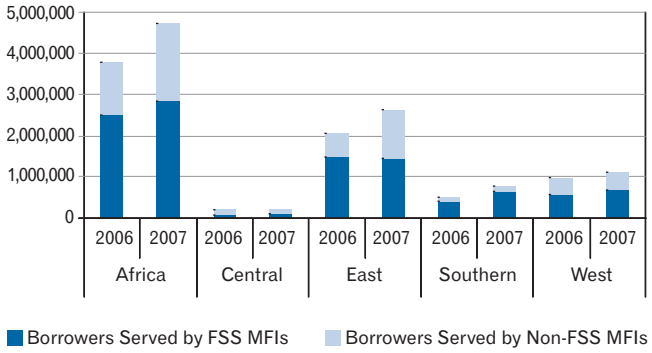
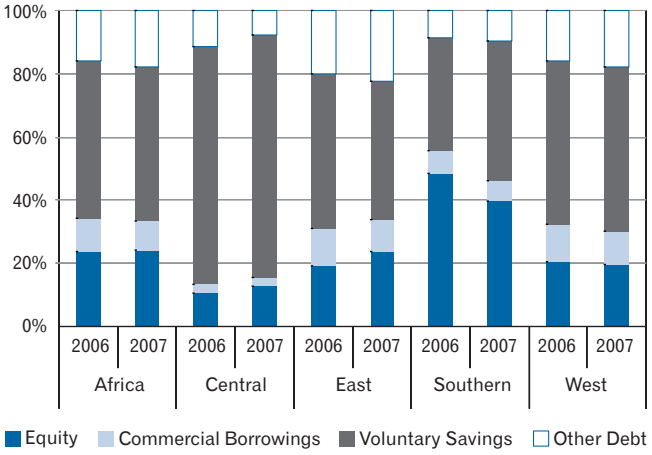


Figure 13 Funding Structure Trends by Subregion



increased borrowings, as well as the fact that the small percent of NGOs which are allowed to accept savings more than doubled their amount of savings over the last year, as represented by the increasing commercial funding liabilities ratio.

Despite the decreased leverage of cooperatives, whose debt-to-equity ratio dropped from 3.8 to 3.2 over the last year, West Africa witnessed an increased leverage, with the debt to equity ratio growing from 3.8 to 4.3. The increasing leverage of the rural banks (from 7.1 to 7.8) plays a role in this change, as does the 72 percent increase in commercial debt. These rural banks exhibited both a debt-to-equity ratio more than double that of any other charter type, as well as a significantly higher commercial funding liabilities ratio. This is due to their emphasis on savings, which continued to be the largest source of funding within this region. Commercial borrowings also experienced an increase of 41 percent since 2006.

Performance Trend Analysis

While African microfinance continues to struggle with profitable service delivery, in 2007 all regions in Africa reached operational self-sufficiency for the first time, despite significantly higher operational costs than other regions globally. MFIs in each region, on average, managed to meet ongoing expenses out of operating revenues before adjustments for subsidy, standardized provisioning and inflation.

Central Africa

The Central region, the only one which had not yet reached a point where MFIs were covering all operational costs, increased this figure by 8 percent, to ultimately achieve 100 percent operational self-sufficiency. Financial expenses decreased by 1 percent. As cost recovery increased in the region, so did the outreach of profitable MFIs. By the end of 2007, profitable MFIs served 44 percent of borrowers, up from 24 percent a year earlier.

MFIs in the Central region continued to experience difficulties with their portfolio quality: PAR > 30 days remained stable at 7 percent over the last two years, and PAR > 90 remains above 4 percent. Just over 31 percent of MFIs reported PAR > 90 days greater than 10 percent (see **Figure 15**). Persistent portfolio quality problems remain a major obstacle to MFI profitability, despite the decreasing operational and financial expenses.

West Africa

In 2007, the West was the only region where the median MFI actually reached profitability. MFIs saw decreased operating expense ratios, predominately due to decreased personnel expenses. Staff productivity increased with borrowers per loan officer climbing from 209 in 2006 to 251 in 2007. Slightly increased revenues helped the Western region's median MFI reach profitability for the first time this year.

Despite all of these advances, portfolio quality in Western Africa remains poor. Twenty-two percent of MFIs report PAR > 30 days at over 10 percent while three MFIs have PAR > 30 over 20 percent, and one large scale MFI reports PAR > 30 at over 50 percent. The majority of these MFIs with such substandard portfolio quality are

Figure 14 Deconstruction of Return on Assets by Subregion and Charter Type

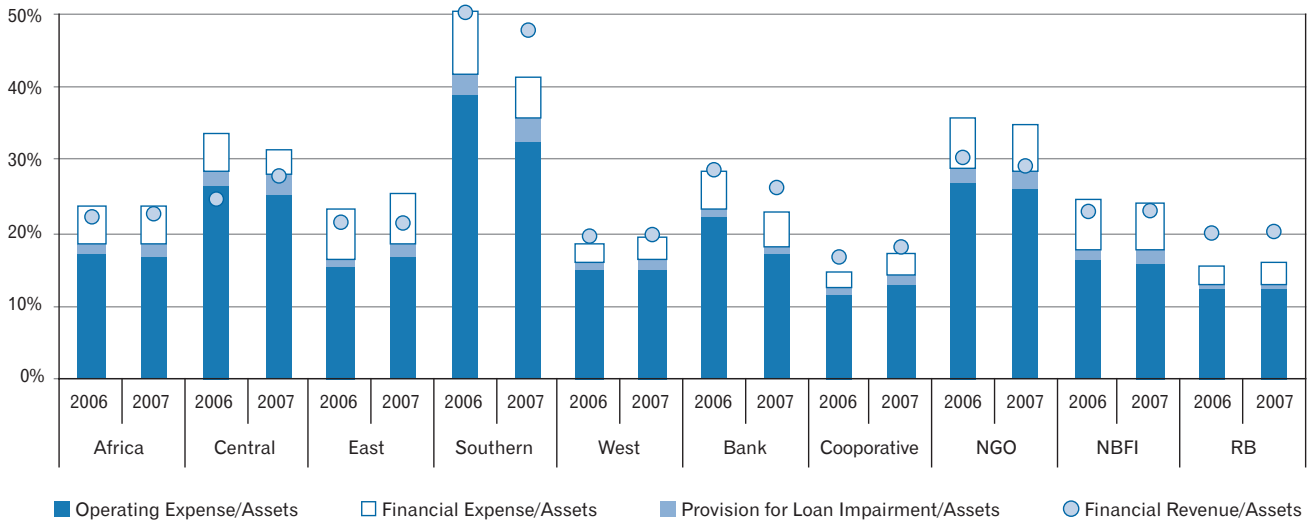
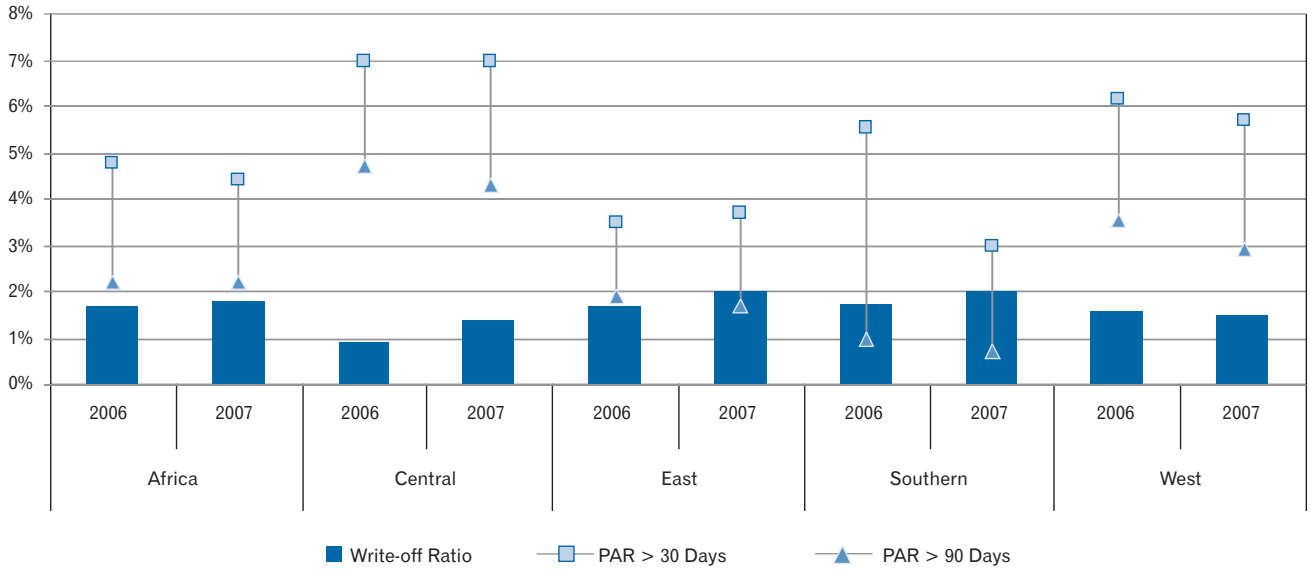


Figure 15 Portfolio Quality Trend by Subregion



cooperatives and rural banks, institutions that may have the greatest exposure to agricultural downturns. The PARMEC law that legislates the microfinance sector in the WAEMU countries mandates that MFIs cover PAR starting at 90 days, without demanding any risk coverage prior to this point.

Rural banks overcome high portfolio risk to become the most profitable charter type in all of Africa with low expense ratios and relatively high revenues (their nominal yield is the highest of any charter type in Africa at 46 percent). They achieve a return on assets of 2 percent and a profit margin of 1 percent. Their overall profitability is greater than that of all other charter types, with the median MFI reporting a profit margin of 15 percent. Cooperatives, which capture the largest number of clients in the Western region, experience the lowest total expense ratio, helping maintain the positive overall financial performance of MFIs in the region.

Southern Africa

Moderate decreases in revenue combined with much lower expenses due to largely increased loan sizes brought the Southern region's profitability up 6 percent. The region ended 2007 5 percent away from breaking even. This region continued to experience significantly higher expenses than other regions due to higher average operational costs. However, there were significant drops in financial and operational expenses (from 8 percent to 6 percent, and 39 percent to 33 percent respectively) which have led to an overall 4 percent decrease in the total expense ratio. This helped compensate for a 7 percent drop in nominal yield.

An improved portfolio quality has also helped to increase sustainability in this region: PAR > 30 days decreased from 5.6 percent in 2006 to 3 percent this year, while PAR > 90 days exhibited a milder decrease. These trends coincide with the changes in profitability for banks, indicating the prevalence of formal financial systems in the region.

Banks accounted for nearly 78 percent of all borrowers in the Southern region and tended to focus on higher balance loans. Throughout Africa, they have experienced a profit margin growth of 8 percent over the last year. These increased revenues, along with a decreasing operating expense ratio (down from 22 percent to 17 percent) have created significant improvements on overall financial performance; while return on assets and return on equity were both at zero percent in 2006, in 2007 they rose to 3 percent and 14 percent respectively. In the Southern region, the number of borrowers participating with non profitable MFIs remained relatively stable, while the number of clients participating with profitable MFIs increased substantially.

NGOs also played a key role in microfinance in the Southern region, particularly in Malawi and Mozambique. Despite remaining the least profitable charter type, NGOs throughout Africa have been improving their performance, experiencing a growth in profit margin from negative 21 percent in 2006 to negative 14 percent in 2007. Slightly decreased expenses, along with increasing efficiency, have been key elements of this change.

East Africa

The Eastern region was the only one to witness a decrease in financial self-sufficiency. Revenues remained on par with last year's, but the total expense ratio increased from 24 percent to 29 percent, lowering the region's profit margin by two percent to reach negative 15 percent. While borrowers reached by profitable MFIs remained constant, the number of borrowers reached by non profitable MFIs almost doubled this year.

Portfolio quality in the Eastern region continued to be one of the strongest in Africa, with a consistent PAR > 30 days increasing only slightly from 3.5 percent to 3.7 percent and PAR > 90 days dropping from 1.9 percent to 1.7 percent.

Non bank financial intermediaries accounted for just over 64 percent of the MFIs in this region, reaching almost 40 percent of borrowers. They experienced increases in overall financial performance over the last year. Profitability grew by seven percent, leaving the median MFI just 2 percent short of breaking even. Productivity has improved, with borrowers per loan officers increasing from 294 to 306 this year, and savers per staff member increasing from 21 to 47 – still significantly lower than all other charter types which promote savings, but an increase nevertheless.

Conclusion

2007 witnessed encouraging trends in regulation, funding, growth and performance of the microfinance sector in sub-Saharan Africa. Microfinance is increasingly integrated into the formal financial systems across the region, enabling the field to grow substantially in borrowers and savers, loan portfolio and savings. External funding decreased by 12 percent while total number of projects increased by 61 percent. Given the economic downturn starting in 2008 it is likely that external funding will continue to decrease, however the effects may be mitigated since many African MFIs are strong in deposit mobilization. Microfinance in Africa continues to face many challenges with low penetration rates and high operational costs. But with the increasingly integrated financial systems, emphasis on savings mobilization, and the promising growth of start-up MFIs, Africa is striving towards increased outreach and sustainability.

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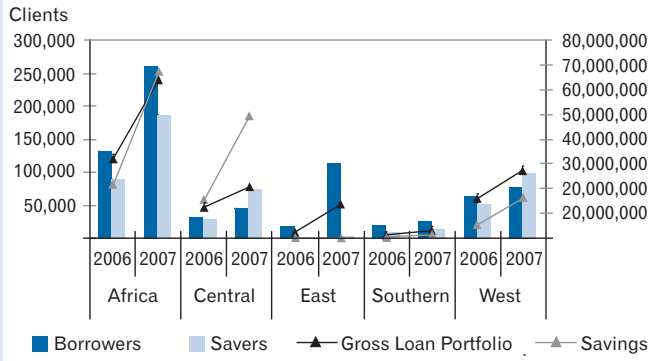
Start-Up Growth

African microfinance remains a dynamic marketplace. Start-ups in Africa have experienced extraordinary growth in both borrowers and savers over the last year. A total of 17 MFIs (all four years or younger) spanning all regions and charter types, added nearly 130,000 new borrowers and just under 100,000 savers last year. The most significant growth in borrowers was in the East region at 584 percent. These start-ups in the East region are in Tanzania, Uganda, Ethiopia, and Kenya; some are affiliated with international organizations, others are stand-alone MFIs. A 156 percent increase in number of savers brought the Central region start-ups to nearly 45,000, while savings grew by 224 percent, the largest growth of all regions. The greatest growth in number of savers, as well as amount of total savings, was in the Central region. In general, throughout Africa, among these start-ups, savings have grown more rapidly than loan portfolio, highlighting the prominence of savings as a commercial funding source.

NGOs gained the largest number of clients, with an absolute growth of nearly 100 thousand borrowers, an increase of 200 percent. They also experienced the largest growth in loan portfolio, jumping up 245 percent to nearly 19 million USD. Banks witnessed the largest growth in savers and savings at 132 and 223 percents respectively ending up with over 57 thousand savers and over 50 million USD in deposits. Non bank financial intermediaries reached even more savers, at over 82 thousand, but the deposits were much smaller, with the total amount of savings in 2007 at just over 9 million USD. The rural banks actually witnessed a 15 percent decrease in number of borrowers, along with a 30 percent decrease in number of savers. Their loan portfolio and total savings, however, exhibited increases of 18 and 11 percent respectively. Cooperatives cover the smallest portion of these start-ups, with fewer than one thousand borrowers and 6.5 thousand savers. They have been experiencing positive growth, but it has had little impact on these overall numbers.

Figure 16 Start-up Growth



Appendix

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Profils Pays (Profiles of francophone countries, including policy frameworks, in French).
www.lamicrofinance.org/section/profils/?PHPSESSID=2fa75e97cd033009a37ca3c1a398ea02

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 cross-checked with audited financial statements, rating 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.

MIX thanks all institutions participating in the industry Benchmarks and extends its gratitude to the following partners for facilitating data collection: Ghana Microfinance Institutions Network (GHAMFIN) and Association of Ethiopian Microfinance Institutions (AEMFI).

Data Sources

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

- **2007 CGAP Policy Mapping**

  In 2007, CGAP completed a survey of the regulatory policies for financial services in sub-Saharan Africa. The survey is based on an analysis of documents mostly found through French and English language internet research, with limited follow-up to resolve ambiguities or confirm accuracy. Given these limitations, the survey may not be fully complete for the countries covered.

- **2007 CGAP Regional Funder Survey for sub-Saharan Africa**

  In 2007, CGAP completed a survey of funders activities in the region and 40 respondents provided self-reported information on their general projects, specific activities in each country, and funding instruments.

- **2007 MIX MicroBanking Bulletin (MBB) Benchmark Data**

  In 2007, MIX collected benchmarking data for 160 MFIs throughout sub-Saharan Africa. These institutions were selected based on their leadership in overall outreach and their ability to provide transparent, detailed reporting. The report analyzes this sample to review MFI financial and operating performance.

- **2006 – 2007 MIX MicroBanking Bulletin (MBB) Trend Data**

  A balanced data panel of 111 sub-Saharan African MFIs which reported to MIX in both 2006 and 2007 creates trend data for these years.

Africa MFI Participants

2007 Benchmarks (160 MFIs)
2006 – 2007 Trend Data (111 MFIs) Names in Italics

Angola	KixiCredito
Benin	*ACFB*, CMMB, *FECECAM, ID Benin*, MDB, *PADME*, PAPME, *Vital Finance*
Burkina Faso	*GRAINE sarl, RCPB*
Burundi	Turame
Cameroon	MC2, Oasis Microfinance, *CCA, CDS, CamCCUL*, Sofina
Chad	*UCEC/MK*
Congo	CAPPED
Congo, Democratic Republic of the	HOPE DRC, *ProCredit Bank – DRC, FINCA – DRC,PAIDEC*
Ethiopia	*ACSI, AVFS*, Benishangul, *BG, DECSI, Eshet, Gasha, Harubu, Metemamen, OMO, PEACE, SEYAMFI, SFPI, Wasasa, Wisdom*
Gambia, The	Reliance
Ghana	Adansi RB, *Akuapem, APED, Atwima Kwanwoma, Bessfa RB*, Borimenga RB, *Bosumtwi RB*, CARD Ghana, *Cedi Finance*, CRAN, E-Life, *First Allied*, GA RB, ID – Ghana, *Kakum RB*, KSF, La Community Bank, Lower Pra RB, *MTA, OISL*, Otuasekan RB, *ProCredit – Ghana, SAT, Sonzelle RB, Toende RB, Union RB, Upper Manya RB*, WA Credit Union, WWB Ghana
Guinea	*CPECG Yete Mali*, CRG, Pride Finance
Kenya	*BIMAS, Equity Bank*, Faulu Kenya, *KADET*, KPOSB, *K-Rep, KWFT, MDSL/Sunlink, Micro Kenya, OI-WEDCO*, RAFOD, *SMEP*, Yehu
Madagascar	Otiv Alaotra, *Otiv Diana*, Otiv Sambava, *SIPEM, TIAVO*
Malawi	*CUMO, FINCA – MWI*, Microloan Foundation MWI, *OIBM*
Mali	CAECE – Jigiseme, *CVECA Kita/Bafoulabé, Jemeni, Kafo Jiginew, Kondo Jigima, Miselini, Nyesigiso*, Piveli, RMCR, *Soro Yiriwaso*
Mozambique	*BOM, FCC, GGLS Save the Children – FDM, Hluvuku, NovoBanco – MOZ, Tchuma*
Niger	KOKARI, *MECREF*
Nigeria	*ACBL*, AMfB, *DEC*, IMFB, *LAPO, SEAP*
Rwanda	*Urwego, UNION DES COOPECs* UMUTANGUHA, *Duterimbere, RML*
Senegal	*ACEP Senegal*, CAURIE Micro Finance, *CMS, DJOMEC, MEC FEPRODES, PAMECAS, U-IMCEC*, UMECU
Sierra Leone	CEDA
South Africa	*Capitec Bank*, Opportunity Finance, *SEF – ZAF*
Sudan	BRAC – SDN, *PASED*
Swaziland	*FINCORP*
Tanzania	*Akiba, BRAC – TZA, Faulu – TZA, FINCA – TZA, PRIDE – TZA, SEDA*, SELFINA
Togo	*APGA, CECA, FECECAV, FUCEC Togo*, MGPCC DEKAWOWO, TIMPAC, *WAGES*
Uganda	*BRAC – UGA, Centenary Bank, Faulu – UGA, FINCA – UGA, MED-Net*, MUL, *UML*
Zambia	*CETZAM, FINCA – ZAM*

Peer Group	Definition	Description
Subregions	Central Africa (16 MFIs)	African MFIs from Cameroon, Chad, Congo, Congo DRC, Rwanda
	East Africa (50 MFIs)	African MFIs from Burundi, Ethiopia, Kenya, Madagascar, Sudan, Tanzania, Uganda
	Southern Africa (17 MFIs)	African MFIs from Angola, Malawi, Mozambique, South Africa, Swaziland, Zambia
	West Africa (77 MFIs)	African MFIs from Benin, Burkina Faso, The Gambia, Ghana, Guinea, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo
Sustainability	Africa FSS (69 MFIs)	African MFIs with FSS ≥ 100%
	Africa Non FSS (91 MFIs)	African MFIs with FSS < 100%
Outreach Peer Group	Africa Small (81 MFIs)	African MFIs with number of borrowers < 10,000
	Africa Medium (46 MFIs)	African MFIs with number of borrowers ≥10,000 and ≤ 30,000
	Africa Large (33 MFIs)	African MFIs with number of borrowers > 30,000
Charter Type	Africa Bank (14 MFIs)	African MFIs with Bank charter type
	Africa Cooperative (35 MFIs)	African MFIs with Cooperative charter type
	Africa NGO (45 MFIs)	African MFIs with Non-Governmental Organization charter type
	Africa NBFI (52 MFIs)	African MFIs with Non-Bank Financial Intermediary charter type
	Africa Rural Bank (14 MFIs)	African MFIs with Rural Bank charter type

Indicator Definitions

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
Commercial Funding Liabilities Ratio	(Voluntary and Time Deposits + Borrowings at Commercial Interest Rates)/Adjusted Average Gross Loan Portfolio
Debt to Equity	Adjusted Total Liabilities/Adjusted Total Equity
Deposits to Loans	Voluntary Deposits/Adjusted Gross Loan Portfolio
Deposits to Total Assets	Voluntary 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 Voluntary Depositors	Number of depositors with voluntary deposit and time deposit accounts
Number of Voluntary Deposit Accounts	Number of voluntary deposit and time deposit accounts
Voluntary Deposits	Total value of voluntary deposit and time deposit accounts
Average Deposit Balance per Depositor	Voluntary Deposits/Number of Voluntary Depositors
Average Deposit Balance per Depositor/GNI per capita	Average Deposit Balance per Depositor/GNI per capita
MACROECONOMIC INDICATORS	
GNI per Capita	Total income generated by a country's residents, irrespective of location/Total number of residents
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits
Inflation Rate	Annual change in average consumer prices
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3)/GDP
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 Loan Loss Provision Expense + 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	(Adjusted Net Operating Income — Unadjusted 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
Voluntary Depositors per Staff Member	Number of Voluntary 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
Current Ratio	Short Term Assets/Short Term Liabilities

Africa Benchmarks 2007

	Africa Trend 2006	Africa Trend 2007	Africa	Central	Eastern	Southern	Western	FSS	Non FSS
INSTITUTIONAL CHARACTERISTICS									
Number of MFIs	111	111	159	16	49	17	77	68	91
Age	9	10	10	10	9	7	11	10	9
Adj Total Assets	3,510,326	5,439,425	5,060,916	6,011,026	4,797,776	3,249,282	5,425,078	6,965,844	3,314,528
Number of Offices	10	12	10	10	16	8	9	10	11
Total Number of employees	91.5	109	92	125	115	106	71	104.5	83
FINANCING STRUCTURE									
Adj Capital Asset Ratio	27%	26%	25%	23%	26%	45%	21%	22%	33%
Adj Comm Funding Liab Ratio	65%	62%	62%	86%	39%	31%	78%	77%	44%
Adj Debt Equity Ratio	2.7	2.6	2.7	2.6	2.7	1.2	3.6	3.5	1.8
Adj Deposits to Loans	23%	26%	25%	55%	4%	0%	56%	50%	13%
Adj Deposits to Total Assets	16%	19%	16%	33%	3%	0%	29%	25%	10%
Adj GLP Total Assets	67%	66%	63%	57%	66%	67%	64%	61%	65%
OUTREACH INDICATORS									
Adj Number of Active Borrowers	9,976	14,667	9,800	10,363	16,885	10,174	7,618	9,891	9,800
Percent of Women Borrowers	66%	60%	60%	36%	60%	65%	60%	60%	65%
Adj No Loans Outstanding	9,958	14,667	10,059	10,363	16,885	10,174	8,045	9,891	10,059
Adj Gross Loan Portfolio	2,105,924	3,055,512	2,648,924	1,751,037	3,055,512	2,099,202	2,643,336	4,146,219	1,947,496
Adj Loan Balance per Borrower	232	313	317	424	218	417	375	434	228
Adj Balance per Borrower GNP	64%	71%	69%	76%	67%	72%	69%	95%	54%
Adj Avg Loan Balance	226.5	313	313	387.5	209	417	375	426.5	225
Adj Avg Loan Balance GNP	65%	69%	68%	64%	67%	72%	68%	95%	52%
Number of Voluntary Savers	6,161	6,006	4,720	13,955	294	-	8,626	17,926	2,285
Adj No Savings Accts	6,123	6,006	4,720	14,256	294	-	8,626	17,926	2,285
Voluntary Savings	277,321	574,376	471,006	793,523	49,473	-	1,115,163	1,175,936	228,477
Avg Savings Balance per Saver	109	119	131	331	97	156.5	149	149	112
Avg Savings Acct Balance	112.5	117	127	321	97	156.5	148	144.5	108
MACROECONOMIC INDICATORS									
GNP per Capita	380	440	540	389	342	340	581	581	440
GDP Growth Rate	6%	6%	6%	5%	7%	7%	5%	6%	6%
Deposit Rate	5%	5%	6%	5%	5%	9%	10%	9%	5%
Inflation Rate	11%	8%	8%	6%	10%	8%	6%	9%	8%
Financial Depth	29%	29%	29%	18%	41%	28%	33%	30%	29%
OVERALL FINANCIAL PERFORMANCE									
Adj Return on Assets	-2%	-1%	-1%	-2%	-3%	-2%	-1%	3%	-7%
Adj Return on Equity	-5%	-2%	-3%	-2%	-6%	-4%	0%	14%	-16%
Operational Self Sufficiency	108%	111%	106%	101%	112%	106%	106%	126%	91%
Financial Self Sufficiency	94%	96%	95%	90%	87%	95%	98%	114%	76%
REVENUES									
Adj Financial Revenue Ratio	22%	23%	21%	23%	21%	41%	20%	24%	21%
Adj Profit Margin	-7%	-4%	-5%	-13%	-15%	-5%	-2%	12%	-32%
Adj Nominal Yield	31%	31%	33%	30%	33%	69%	28%	38%	30%
Adj Real Yield	21%	23%	23%	27%	22%	56%	21%	27%	21%
EXPENSES									
Adj Total Expense Ratio	26%	25%	25%	32%	29%	47%	21%	20%	29%
Adj Financial Expense Ratio	5%	5%	5%	4%	7%	6%	3%	4%	5%
Adj LLPE Ratio	2%	2%	2%	2%	2%	3%	2%	1%	2%
Adj Operating Expense Ratio	17%	17%	17%	23%	17%	34%	16%	14%	19%
Adj Personnel Expense Ratio	9%	8%	8%	8%	10%	18%	6%	5%	10%
Adj Admin Expense Ratio	9%	9%	9%	13%	8%	17%	9%	8%	11%
Adjustment Expense Ratio	2%	2%	2%	2%	4%	5%	2%	1%	4%
EFFICIENCY									
Adj Op Expense GLP	34%	30%	32%	36%	26%	58%	29%	30%	32%
Adj Per Expense GLP	16%	14%	14%	16%	14%	35%	12%	12%	14%
Adj Avg Salary GNP	11.4	11.2	10.3	11.6	11.0	17.2	8.8	10.0	10.4
Cost per Borrower	91.5	106	114	109	101	167	105	144	93
Cost per Loan	88	104	114	99.5	96	167	105	144	92
PRODUCTIVITY									
Adj Borrowers per Staff Member	132.4	129.0	124.7	116.4	137.9	82.9	102.5	104.0	133.0
Adj Loans per Staff Member	132.4	131.0	127.0	126.6	137.9	82.9	106.5	111.4	136.4
Adj Borrowers per Loan Officer	242.2	255.0	241.1	292.8	261.9	147.8	220.2	227.1	242.1
Adj Loans per Loan Officer	246.5	260.0	244.3	311.7	261.9	147.8	220.2	227.1	246.5
Savers per Staff Member	97.3	105.0	95.8	191.0	5.9	0.0	211.8	196.7	26.6
Saving Accts per Staff Member	95.0	105.0	97.3	191.0	5.9	0.0	211.8	196.7	27.3
Personnel Allocation Ratio	53%	57%	56%	56%	58%	62%	56%	50%	58%
RISK AND LIQUIDITY									
Adj PAR 30 Days	4.8%	4.4%	4.8%	7.0%	3.7%	2.9%	5.9%	4.0%	6.1%
Adj PAR 90 Days	2.2%	2.2%	2.2%	4.2%	1.7%	0.7%	2.8%	1.8%	2.5%
Adj Write Off Ratio	1.7%	1.8%	2.0%	1.6%	2.1%	3.6%	1.8%	1.9%	2.1%
Adj Loan Loss Rate	1.6%	1.6%	1.8%	1.6%	1.8%	2.1%	1.7%	1.5%	1.8%
Adj Risk Coverage	57.0%	58.8%	58.8%	67.9%	67.1%	122.5%	49.1%	56.5%	59.7%
Adj Non earning Liquid Assets	10.6%	11.9%	13.4%	15.4%	17.3%	13.8%	10.6%	10.8%	14.8%

Africa Benchmarks 2007

	Small	Medium	Large	Bank	Coop	NGO	NBFI	RB
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	66	48	45	13	35	45	52	14
Age	7	9	13	7	12	10	8	9
Adj Total Assets	1,554,313	5,679,204	37,917,668	34,746,317	4,602,738	2,507,592	4,191,783	6,410,469
Number of Offices	7	13	31	12	21	9	10	6.5
Total Number of employees	43.5	102.5	378	244	100	59	97	70.5
FINANCING STRUCTURE								
Adj Capital Asset Ratio	32%	26%	20%	25%	20%	33%	29%	11%
Adj Comm Funding Liab Ratio	47%	62%	78%	89%	100%	25%	45%	186%
Adj Debt Equity Ratio	1.8	2.9	3.6	3.0	3.8	1.8	2.2	8.3
Adj Deposits to Loans	7%	18%	66%	77%	73%	0%	6%	186%
Adj Deposits to Total Assets	3%	12%	46%	46%	47%	0%	4%	73%
Adj GLP Total Assets	59%	63%	65%	55%	62%	69%	66%	37%
OUTREACH INDICATORS								
Adj Number of Active Borrowers	3,790	13,359	31,080	19,603	8,109	9,800	11,948	6,813
Percent of Women Borrowers	71%	60%	52%	52%	42%	82%	52%	57%
Adj No Loans Outstanding	3,790	13,359	31,080	19,603	9,012	9,800	11,948	6,813
Adj Gross Loan Portfolio	962,608	3,459,655	22,014,296	12,028,393	2,871,654	1,505,676	2,731,864	2,383,606
Adj Loan Balance per Borrower	186	327	871	708	531	162	292.5	385.5
Adj Balance per Borrower GNP	41%	69%	156%	156%	126%	36%	65%	66%
Adj Avg Loan Balance	186	327	854	708	494	162	292.5	385.5
Adj Avg Loan Balance GNP	41%	69%	150%	122%	112%	36%	64%	66%
Number of Voluntary Savers	662	8,427	54,679	46,002	21,832	-	2,280	31,337
Adj No Savings Accts	662	8,427	54,679	51,147	21,832	-	2,280	37,881
Voluntary Savings	44,199	582,303	15,594,052	15,797,481	2,465,858	-	178,819	2,384,215
Avg Savings Balance per Saver	83	107	212.5	186.5	166	100	118	148.5
Avg Savings Acct Balance	83	104	212.5	186.5	166	100	118	123
MACROECONOMIC INDICATORS								
GNP per Capita	560	415.5	580	580	460	540	353	581
GDP Growth Rate	6%	6%	6%	6%	4%	6%	7%	6%
Deposit Rate	8%	6%	5%	9%	4%	9%	5%	10%
Inflation Rate	9%	9%	6%	8%	1%	8%	10%	11%
Financial Depth	29%	32%	29%	28%	29%	29%	34%	34%
OVERALL FINANCIAL PERFORMANCE								
Adj Return on Assets	-4%	0%	0%	0%	-1%	-5%	-1%	2%
Adj Return on Equity	-8%	-1%	4%	3%	0%	-8%	-3%	21%
Operational Self Sufficiency	93%	111%	114%	114%	103%	100%	108%	125%
Financial Self Sufficiency	78%	99%	102%	107%	96%	84%	96%	115%
REVENUES								
Adj Financial Revenue Ratio	22%	22%	20%	25%	18%	25%	23%	20%
Adj Profit Margin	-28%	-1%	2%	7%	-4%	-19%	-4%	13%
Adj Nominal Yield	38%	34%	24%	40%	22%	39%	34%	43%
Adj Real Yield	27%	22%	20%	31%	17%	27%	24%	29%
EXPENSES								
Adj Total Expense Ratio	30%	23%	20%	25%	17%	37%	32%	18%
Adj Financial Expense Ratio	6%	5%	4%	3%	2%	6%	7%	3%
Adj LLPE Ratio	2%	2%	2%	1%	2%	2%	2%	1%
Adj Operating Expense Ratio	20%	17%	15%	19%	12%	26%	19%	13%
Adj Personnel Expense Ratio	10%	8%	6%	9%	5%	12%	10%	5%
Adj Admin Expense Ratio	12%	9%	8%	10%	8%	11%	8%	7%
Adjustment Expense Ratio	3%	2%	2%	1%	2%	3%	4%	1%
EFFICIENCY								
Adj Op Expense GLP	43%	30%	23%	48%	21%	38%	26%	45%
Adj Per Expense GLP	18%	14%	10%	18%	7%	19%	14%	22%
Adj Avg Salary GNP	7.4	10.3	15.0	18.3	7.6	10.7	11.6	8.5
Cost per Borrower	90.5	114	199	307	146	77	99.5	139.5
Cost per Loan	90.5	114	176	307	145	77	99.5	139.5
PRODUCTIVITY								
Adj Borrowers per Staff Member	105.1	131.2	127.0	82.9	68.3	151.2	134.0	77.9
Adj Loans per Staff Member	105.1	131.2	136.4	82.92	68.3	151.2	134.0	77.9
Adj Borrowers per Loan Officer	210.5	261.9	242.1	223.1	160.3	261.9	284.3	138.6
Adj Loans per Loan Officer	210.5	261.9	258.4	223.1	175.4	261.9	290.6	138.6
Savers per Staff Member	9.7	96.5	204.4	190.0	274.0	0.0	24.4	386.2
Saving Accts per Staff Member	9.7	104.0	204.4	190.0	274.0	0.0	24.4	428.4
Personnel Allocation Ratio	57%	61%	52%	55%	53%	63%	56%	47%
RISK AND LIQUIDITY								
Adj PAR 30 Days	5.3%	4.3%	4.8%	3.5%	6.7%	4.4%	3.5%	7.3%
Adj PAR 90 Days	2.6%	1.7%	2.3%	1.4%	4.3%	1.3%	1.4%	3.6%
Adj Write Off Ratio	2.0%	2.8%	1.8%	2.0%	2.1%	1.6%	1.9%	3.8%
Adj Loan Loss Rate	1.8%	2.3%	1.5%	1.9%	1.8%	1.5%	1.8%	3.8%
Adj Risk Coverage	59.7%	57.0%	59.4%	76.8%	49.7%	63.4%	69.0%	33.6%
Adj Non earning Liquid Assets	13.4%	13.8%	10.8%	10.9%	11.3%	13.3%	14.6%	13.5%

Africa Microfinance Analysis and Benchmarking Report, 2008

This Publication Was Jointly Produced by:

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