

Overview

The young and rapidly changing microfinance sectors in Central Asia are deserving of special attention within the overall Eastern Europe and Central Asia (ECA) region. While the four Central Asia republics in question—Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan—have only 12 percent of the population in the region, the incidence of poverty is more than twice as high, with Central Asia home to 28 percent of the poor population in ECA. Some 1,100 microfinance providers within Central Asia seek to reach these marginalized populations, employing a wide array of institutional structures and development strategies. This young sector is changing very rapidly, with new institutions constantly forming, while some established institutions expand, and others stagnate. Moreover, due to weak financial sectors in Central Asia, the leading microfinance institutions often

rival or even surpass commercial financial institutions in the scope of their outreach.

Downscaling banks and credit unions saw declining outreach and larger average loan balances. Microfinance banks continued to play a large role, with two more joining the ranks—Aiyl Bank in Kyrgyzstan and the Mikrocredit Bank in Uzbekistan—and several other large institutions planning for transformation. By far the largest share of the sector belonged to microfinance institutions (non-bank and NGO providers), with over 60 percent of current outreach and almost all of the growth during the past year. This group covers more than 500 MFIs, including some of the most profitable globally, with wide margins typical of markets that still lack substantial competition. The leading institutions in the region have been able to access external financing and to grow rapidly, but beyond this select group, several hundred smaller MFIs have had higher expenses (and higher cost to clients) and lower sustainability.

A central theme of this report is to track these gaps between institutions in the young and shifting microfinance landscape of Central Asia. The report highlights gaps in donor resources to the region, external investments and in the performance of microfinance institutions. Three different data sets are drawn on to reflect this structure of the sector:

- ✦ Survey data by Central Asia Microfinance Center (CAC): This data set provides the most complete landscape description of microfinance in Central Asia, drawing on data from associations, regulators and donors to compile aggregate statistics for all types of microfinance providers. In total, this

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survey covers some 1,100 institutions in the region. Given this broad sample, only basic volume data (borrowers, savers, loan portfolio) is available.

- ✦ MIX Market (MM) data for a broad sample of 80+ institutions providing performance data over the last four years. These institutions were selected based on their willingness to be financially transparent, but they represent a much broader view of the sector including many small institutions and several recent start-ups, and cross the range of institutional types. Only 25 institutions in the region listed gross loan portfolios over 1 million USD in 2006, and as a result this sample includes several institutions with portfolios well under 100,000 USD.
- ✦ MIX MicroBanking Bulletin (MBB) benchmarks for 27 of the leading MFIs in the region. These institutions were selected based on their leadership in overall outreach and their ability to provide transparent, detailed reporting. Together, these 27 institutions (less than 3 percent of the total), reach over 55 percent of the borrowers in the region.

Together, this data represents the most detailed and comprehensive collection of performance data for

microfinance institutions in the region. Data for all of the individual institutions included in the study is publicly available online and regularly updated at www.mixmarket.org.

General Trends

Of over 1,100 institutions offering microfinance services in Central Asia, the vast majority operate in Kazakhstan and Kyrgyzstan (about 1,000). Most of these are very tiny institutions with limited outreach. There is heavy concentration within the few leading institutions: 27 MFIs, representing 3 percent of the total, explain over 55 percent of all the borrowers in the region. In Kazakhstan, many microcredit organizations were registered within the framework of government programs for the development of microfinance, aimed at establishing MFIs in each region of the country. In both Kazakhstan and Kyrgyzstan, proliferation of institutions is also due to the fact that lending is viewed as a business opportunity by local entrepreneurs. *Tables 1–4* show total outreach by charter, by country and for the prior year, as well as the 10 largest institutions in the region.

Table 1 Microfinance Providers in Central Asia, by country

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
Kazakhstan	497	196,189	767.2	395	3,911
Kyrgyzstan	483	175,082	184.2	362	1,052
Tajikistan	61	57,191	27.3	938	478
Uzbekistan	51	59,620	74.5	1,169	1,249
Total	1092	488,082	1,053.2		

Source: Central Asia Microfinance Center (CAC), 2006.

Table 2 Microfinance Providers in Central Asia, by type

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
EBRD Partner Banks	23	88,769	717.2	3,860	8,079
Specialized Banks	3	64,840	100.7	21,613	1,554
Microfinance Institutions	533	301,085	177.0	565	588
Credit Unions	533	33,388	58.3	63	1,746
Total	1092	488,082	1,053.2		

Source: CAC, 2006. Does not include some non-bank, non-MFI financial institutions.

Table 3 Microfinance Providers in Central Asia, 2005 Outreach and Growth 2005–2006

Institutions Providing Microfinance	2005 Number	2005 Active Borrowers	2005 Portfolio Outstanding, USD mln	Borrowers - Growth	Portfolio - Growth
EBRD Partner Banks	23	92,812	703.5	-4%	2%
Specialized Banks	2	33,501	71.4	94%	41%
Microfinance Institutions	780	167,739	47.5	79%	272%
Credit Unions	336	53,354	20.5	-37%	184%
Total	1141	347,406	842.9	40%	25%

Source: CAC, 2006.

Table 4 Largest Microfinance Providers in Central Asia

MFI	Country	Founding Date *	Total Number of Borrowers - 2006	Total Number of Borrowers - 2005
Aiyl Bank	Kyrgyzstan	1996	45,085	35,936
FMCC	Kyrgyzstan	1995	37,867	26,217
KMF	Kazakhstan	1996	22,469	16,436
Mikrokredit Bank **	Uzbekistan	2006	13,000	-
Kompanion	Kyrgyzstan	2004	21,801	12,221
IMON	Tajikistan	1999	14,182	10,173
Grand Total			154,404	100,983

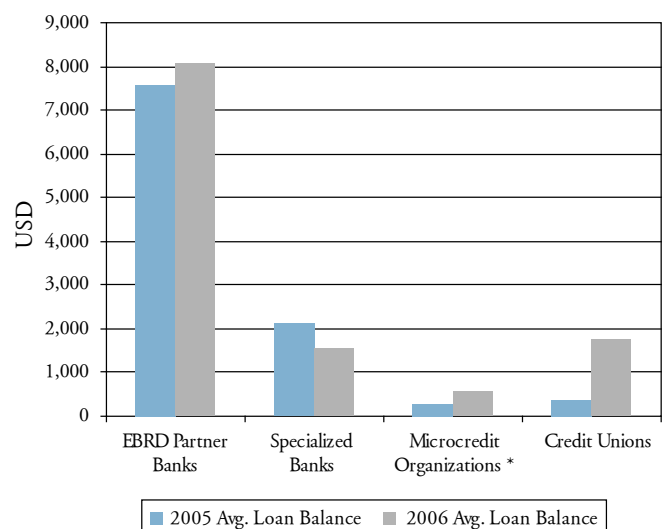
Source: Microfinance Information Exchange, Inc., 2006. Includes sole-purpose microfinance providers operational at time of publication.

* Founding Date refers to registration date for some institutions.

** Information on borrowers for Mikrokreditbank is approximate

Four main types of institutions provide microfinance services in Central Asia: 1) downscaling banks offering microcredit products through the support of the European Bank for Reconstruction and Development (EBRD); 2) specialized banks—institutions chartered as banks that have retail microfinance as their primary domain of activity (as opposed to just one product line); 3) credit unions; and 4) non-bank financial institution (NBFI) and Non-Governmental Organization (NGO) providers. NGO/NBFIs reach 62 percent of all borrowers in the region, an increase from only 34 percent of all outreach from last year. NGO/NBFI providers also have by far the deepest outreach in the region, as shown below in *Figure 1*. In most respects, NGOs/NBFIs are the leading microfinance providers in Central Asia, and consequently this report concentrates the analysis on this group.

Total outreach in the sector increased between 2006 and 2007 from 350,000 borrowers to almost 500,000 borrowers. As *Table 3* shows, the increase in outreach occurred almost entirely at NGO/NBFI microfinance institutions and the specialized microfinance banks—aggregate outreach for

Figure 1 Average Loan Balances by Type of Institution 2005–2006

Source: CAC, 2006.

both credit unions and downscaling banks actually decreased during the year. Consequently, while aggregate growth was

Table 5 Market Penetration Rates (over poverty line) in Central Asia

Country	Population (millions)	Poverty Line	Market Penetration (over poverty line)
Kazakhstan	15.3	34.1%	3.76%
Kyrgyzstan	5.2	40.6%	8.29%
Tajikistan	6.7	39.1%	2.21%
Uzbekistan	26.5	27.2%	0.83%
Total	53.7	31.9%	2.85%

Source: CAC, MIX Market, World Development Indicators. Poverty line for Tajikistan is estimated based on other macroeconomic data.

a robust 40 percent, growth was even faster for MFIs and specialized banks, both groups almost doubling during the year. Part of this growth came from new institutions—Mikrokredit Bank in Uzbekistan began operations during the year, reaching an estimated 13,000 borrowers, while several young MFIs increased scale as well.¹

EBRD partner banks implementing downscaling programs, as well as specialized microfinance banks, continued to play an important role in the microfinance landscape in the region. In 2007, they served just over one-quarter of all the clients in the region. However, as *Figure 1* shows, the downscaling banks reach a clearly different target market. During 2006, loan balances increased and outreach decreased at these institutions.

Access to finance remains limited in Central Asia, as the various types of institutions collectively serve less than

3 percent of low-income populations in the region, with the broadest outreach in Kyrgyzstan at about 8 percent, and the lowest in Uzbekistan at less than 1 percent. This compares to just over 1 percent total market penetration for Eastern Europe and Central Asia as a whole.

Kazakhstan

From 2005 to 2006, the sector saw continued growth in the number of registered microcredit institutions, which is said to have now reached about 700. The government statistics agency turned to tracking information only on performing institutions, whose number stood at 296 at the beginning of 2007.

It should be noted that obtaining information on the state of the sector in Kazakhstan is difficult. In particular, data on credit partnerships—a legal form through which microfinance activities are realized in the country by a few leading institutions—is not available (see *Table 6*). Credit partnerships are membership-based financial service providers similar to credit unions, although they cannot provide savings. In response to legislative changes last year, several MFIs have adopted this legal form as the most convenient way in which to continue their operations. This makes it hard to compare performance of the sector from 2005 to 2006.

Table 6 Microfinance Providers in Kazakhstan

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
EBRD Partner Banks	8	50,045	619.0	6,256	12,369
Microcredit Organizations *	296	145,551	120.0	492	825
Credit Partnerships (AMFOK members)	7	593	28.2	85	47,597
Credit Partnerships (other)	186				
Non-Bank Financial Institutions, incl.	26		1,402.7		
Mortgage Companies	10		783.5		
Other Non-Bank Companies	16		619.2		
Total	523	196,189	2,170		

Source: Kazakhstan Small Business Program (EBRD/IPC), Association of MFIs of Kazakhstan (AMFOK)

¹ Results for Mikrokredit Bank are estimated based on publicly available resources and have not been verified. In addition, some of the growth in Kazakhstan can be attributed to improved data collection on the part of the state regulatory bodies; in this case 2005 results were understated for a group of smaller MFIs that did not report to the local association.

Table 7 Microfinance Providers in Kyrgyzstan

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
EBRD Partner Banks	7	26,176	63.7	3,739	2,433
Specialized Banks	1	45,085	54.3	45,085	1,205
Microcredit Agencies	107	8,659	4.3	81	496
Microcredit Companies	62	73,188	45.3	1,180	619
Microfinance Companies	1	45	0.4	45	8,178
Credit Unions	305	21,929	16.3	72	741
Total	483	175,082	184.2		

Source: National Bank of the Kyrgyz Republic; Micro and Small Enterprise Finance Facility (EBRD/IPC Kyrgyzstan)

Table 8 Microfinance Providers in Tajikistan

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
EBRD Partner Banks	4	5,761	16.7	1,440	2,890
Specialized Banks	1	6,755	7.4	6,755	1,102
Microloan Funds	30	36,029	0.4	1,201	10
Microcredit Organizations	20	3,685	0.3	184	79
Microdeposit Organizations	6	4,961	2.6	827	524
Non-Bank Financial Institutions	1	165	1.0	165	6,186
Total	62	57,356	28.4		

Source: Tajikistan Micro and Small Enterprise Facility (EBRD/LfS Tajikistan); Association of MFIs of Tajikistan (AMFOT)

Kyrgyzstan

In 2006, the number of microfinance borrowers grew by 20 percent, while the total microfinance portfolio increased by about 13 percent, which means a certain deepening of outreach.

At the beginning of 2007, a few credit unions were able to obtain deposit-taking licenses from the National Bank. Only one institution was registered in the form of a deposit-taking microfinance company. The leading MFIs in the country have plans to transform into banks, without the microfinance company stage, as happened for the Kyrgyz Agricultural Finance Corporation, which transformed into Aiyl Bank at the very end of 2006.

Tajikistan

In contrast with Kyrgyzstan, the microfinance portfolio in the country grew faster than the number of active borrowers (38 percent and 15 percent growth rates compared to 2005, respectively). 2006 was also marked by the awarding

of the first licenses for micro-deposit organizations in the country, although many of these had only begun limited deposit mobilization at the time of this report.

Uzbekistan

2006 was a crisis year for non-bank, non-credit union microfinance in Uzbekistan. While *Table 9* shows overall outreach, *Table 10* shows the changes in outreach for NGO microfinance providers to year-end 2006. Many institutions saw substantial declines in outreach, notably those with international NGO founders. Since that time, several of these MFIs have closed entirely—including FINCA—UZB, Barakot and FVRM. The closure of these institutions and the disruption of operations at others is directly linked to the regulatory reforms undertaken in the country during the year. All NGO MFIs were required to register under new legislation, a process which provided a window for the government to pursue tax cases against several of the institutions.

Table 9 Microfinance Providers in Uzbekistan

Institutions Providing Microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln	Average Clients per Institution	Average Loan Balance, US\$
EBRD Partner Banks	4	6,787	17.9	1,697	2,631
Specialized Banks	1	13,000	39.0	13,000	3,000
Microfinance Institutions	11	28,967	3.8	2,633	131
Credit Unions	35	10,866	13.8	310	1,271
Total	51	59,620	74.5		

Source: Japanese—Uzbekistan Small Business Program (EBRD Uzbekistan), Association of MFIs of Uzbekistan (MTA), Association of Credit Unions of Uzbekistan. Figures for Mikrokredit Bank are estimated based on publicly available resources.

The counterpoint to this crisis in the non-profit sector was the rise of the Mikrokredit Bank of Uzbekistan. While accurate figures were not available for credit outreach, the level is likely substantial. In part this is due to the transformation of the wide branch network of the former state bank, Tadbirkor Bank, to be used for the Mikrokredit Bank.

Legal and Regulatory Environment in Central Asian Countries

The policy environment for microfinance in the region in 2006 was relatively stable, with the exception of Uzbekistan.

In Kazakhstan, the microfinance sector was able to overcome the difficulties related to the limitation of the maximum loan size established for microcredit organizations. In December 2006, the maximum allowable loan size was increased from 1,000 monthly units²—equivalent to about 8,200 USD - to 8,000 monthly units—an equivalent of about 67,000 USD. Increasing the maximum loan size allowed MFIs to diversify their loan portfolios and to provide larger loans to small businesses. The microfinance sector has been gradually integrating into the financial system of the country, which is also developing rapidly. After removal of licensing and supervision requirements for MFIs in Kazakhstan, a number of banks registered their subsidiaries in the form of microcredit organizations under the respective law on MCOs, to provide credit operations at a lower cost.

Table 10 Changes in Outreach in Uzbekistan

MFI Name	12/05 Clients	12/06 Clients	Percentage Change
<i>Barakot</i>	10,195	9,542	-6 %
<i>Daulet</i>	4,991	5,986	20 %
<i>KKBWA</i>	3,775	3,750	-1 %
<i>FINCA – UZB</i>	2,728	4,226	55 %
<i>FVRM</i>	4,439	2,594	-42 %
<i>BWA Kashkadarya</i>	1,654	1,803	9 %
<i>NWMT</i>	1,726	531	-69 %
<i>JDA</i>	437	326	-25 %
<i>SABR</i>	561	140	-75 %
<i>STG</i>	1	6	
<i>ACTED</i>	4,000	0	
all MFIs	34,507	28,904	-16 %
Mikrokredit Bank	-	13,000	

***Source:** 2006 MIX Market and MTA (Association of Microfinance Organizations of Uzbekistan). Names in italics are for institutions that are now closed.

In Kyrgyzstan and Tajikistan, similar legal frameworks are generally favorable for the growth and development of microfinance. At the same time, low market entry requirements have led to some unintended consequences: numerous MFIs have been established by private individuals and families with the purpose of legally conducting money-lending to micro-businesses using their personal savings. These institutions often arose out of a notion of microfinance as a profitable business venture for underserved markets, rather than out of the social mission of the more established MFIs in the region. In this sense, opening a microfinance institution has become a form of microenterprise in its own right.

It should be noted that even under such generally favorable legal and regulatory conditions, the

² Monthly units are an index reflecting approximate price levels in Kazakhstan.

introduction of interest rate caps remains a threat in Kyrgyzstan, as evidenced by a recent attempt to introduce interest rate caps on loans to rural populations, with losses incurred to be covered by the government. Eventually this new limitation was made to apply to only the very few state-owned microfinance institutions in the country.

The situation in Uzbekistan has been particularly difficult for the development of microfinance. For political reasons, in 2006 the Uzbek government closed down all MFIs funded by foreign NGOs, which accounted for over 50 percent of the total microfinance portfolio in the country. The remaining MFIs had to suspend their lending operations completely for more than 8 months until new procedures for their registration were finally adopted in spring 2007.

Donor and Financing Activities in Central Asia During the Period of 2000–2006

From the mid-1990s, there have been 11 donor agencies operating in the region with their microfinance programs. Data from a donor survey completed in May 2007 by CAC³ suggests that in the period covering seven years from 2000 through 2006, the total amount allocated to all forms of microfinance support in the region was about 600 million USD, with about 60 percent of this funding disbursed as of the date of the survey.

Most of the funding was allocated to Kazakhstan, a low-middle income country, while Tajikistan, the poorest of all Central Asian countries, received the smallest portion of aid money although this is partly explained by the gaps in income levels. *Table 11* shows the approximate distribution of funding by country.

	Share of Total Funding, %
Kazakhstan	33%
Kyrgyzstan	24%
Tajikistan	15%
Uzbekistan	28%

Source: Central Asia Microfinance Center survey, 2006.

Table 12 Types of Funding Instruments for Central Asia

Loan	54%
In-kind	32%
Grant	6%
Equity	3%
Guarantee	0%
Unspecified	4%

Source: Central Asia Microfinance Center survey, 2006.

The four largest funders in the region (EBRD, IFC, USAID, and World Bank) accounted for about 87 percent of all funding. Debt instruments turned out to be the most widely used in the region, while guarantee instruments have not been used at all.

From the point of view of funding purposes, most funding went to finance the loan portfolios of financial institutions and for technical assistance, while the least funding was used for market building, financial infrastructure and policy activities.

If we look in more detail at funds extended to individual retail MFIs, the past year saw unprecedented growth in external financing. Funds for a sample of 27 leading Central Asian MFIs doubling between 2005 and 2006, from just over 75 million USD to more than 150 million USD outstanding (against a total loan portfolio of over 200 million USD). While there is still a persistent gulf

Table 13 Distribution of Funding by Purpose

Capital for MFIs	1
Technical Assistance	2
Training	3
Industry Association	4
Unspecified	4
Market Building	5
Wholesale	5
Policy Work	5
Regulation and Supervision	6
Financial Infrastructure	6

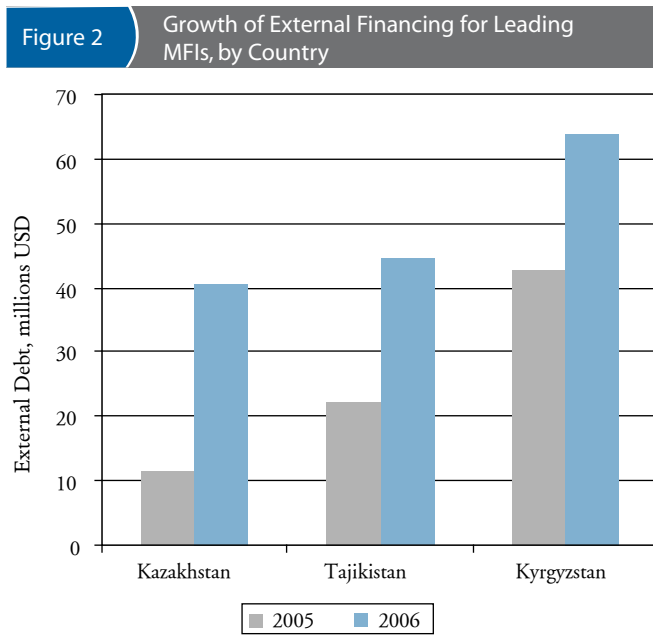
Source: Central Asia Microfinance Center survey, 2006.

³ The information on donor funding by country, funding instrument and purpose has been aggregated based on individual donor responses to the survey and publicly available information. In some cases, approximations were used for projects designed for several countries and involving multiple funding instruments and purposes.

Table 14 Source and Cost of Funds for Central Asian MFIs

Sources and Cost of Funds		USD Balance		Rates (Avg)	Term (Avg, in months)
Origin	Counterparty Type	2005	2006	2006	2006
Foreign	DFI	32,808,016	50,144,458	10.2%	140
	NGO/Foundation	15,823,515	12,491,081	10.9%	51
	Fund	3,567,199	32,754,206	9.4%	42
	Gov't & Public Banks	51,740			
Foreign Total		52,250,470	95,389,745	9.7%	98
Local	Commercial Bank	13,345,694	43,907,936	12.4%	31
	Gov't & Public Banks	10,759,535	8,748,799	10.5%	
	Fund	320,400	843,728	14.7%	21
	NGO/Foundation	19,370	20,749		
Local Total		24,444,999	53,521,212	12.2%	30
Grand Total		76,695,469	148,910,957	10.8%	86

Source: MicroBanking Bulletin, 2006.



Source: MicroBanking Bulletin, 2006.

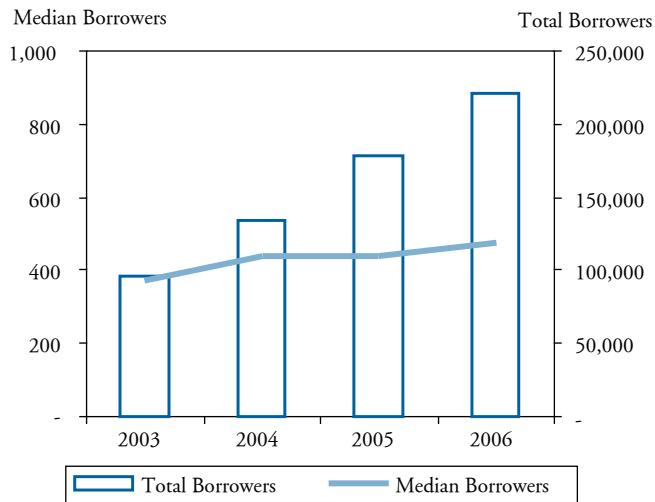
between larger, more established, internationally-linked MFIs and smaller, younger, locally-run MFIs, some of this funding is beginning to reach the second and third tier of institutions. Of course, in total, this is still only a small amount next to the more than 2 billion USD in total borrowings by all ECA MFIs. The net inflow of 75 million USD reflects the growing interest of external donors and investors in Central Asian MFIs, as well as the growth and increasing transparency of the institutions.

As overall funding levels increased, the distribution of funds also shifted to more commercial sources. In 2005, most debt was either provided by founder NGOs, government entities or development financial institutions (DFIs, such as the World Bank or IFC). However, as *Table 14* shows, by 2006, the leading sources of funds were foreign microfinance investors and local commercial banks (primarily in Kazakhstan). Several institutions in the region have become both retail and wholesale microfinance providers, lending both to microentrepreneurs and to local MFIs. The loan terms from commercial providers were somewhat more stringent though, with shorter terms and higher interest rates. Interest rates for external debt were the highest in the entire ECA region, topping 10 percent, while other sectors like the Balkans had costs of funds below 8 percent, even with almost 100 percent from commercial sources.

Performance of Microfinance Institutions

While growth has been rapid for selected institutions and in selected environments, the overall structure of the sector presents several challenges for future expansion. Gaps in the sector—between leading and lagging institutions—lead to questions about the future performance and the impact of small, locally-run institutions. The proliferation of institutions in some sectors presents challenges for donors, investors and regulators.

Figure 3 Growth of Central Asian MFIs (total vs. median)



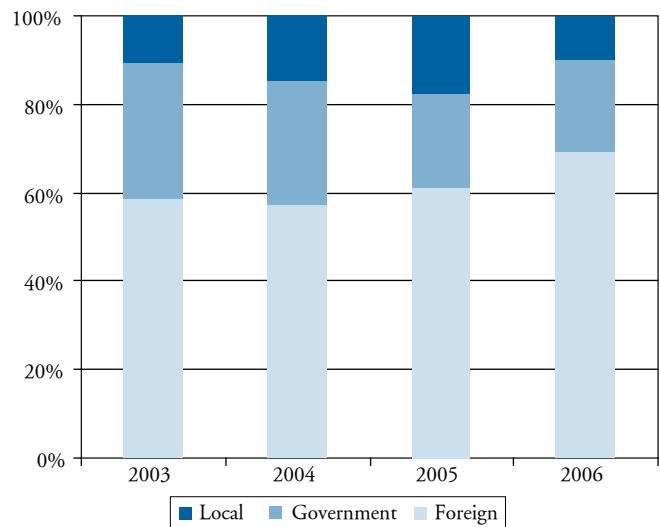
Source: MIX Market, 2006.

Benchmark results allow us to look more closely at the rapid growth described earlier. Median outreach for the leading institutions in the MBB sample increased from 3,399 borrowers to 4,690 borrowers (a 38 percent increase), while the broader MIX Market sample saw slower growth, with median borrowers remaining below 500 per institution. *Figure 3* reflects this by showing the slow growth of the median institutions, in comparison with the continued aggregate expansion. The small group of leading institutions saw the most rapid expansion.

While outreach has grown quickly, loan portfolios have grown even more rapidly. Over the past four years, median loan portfolios at Central Asian MFIs have increased by approximately three times. Average loan balances have also roughly doubled. Much of this growth has thus been funneled into larger loans, to accommodate rising income levels and broader product offerings, rather than on broadening outreach to new populations. The most rapid changes at the country-level have occurred in Kazakhstan and Tajikistan. In Kazakhstan, loan balances have risen rapidly, in order to keep up with the overall growth of the economy (where per capita income levels are approaching 10 times the level of those in the neighboring republics), but borrower outreach has been fairly stagnant.

The history of international support for microfinance in the region has created a large gulf between MFIs that have

Figure 4 Market Share by Type of Founder 2003–2006

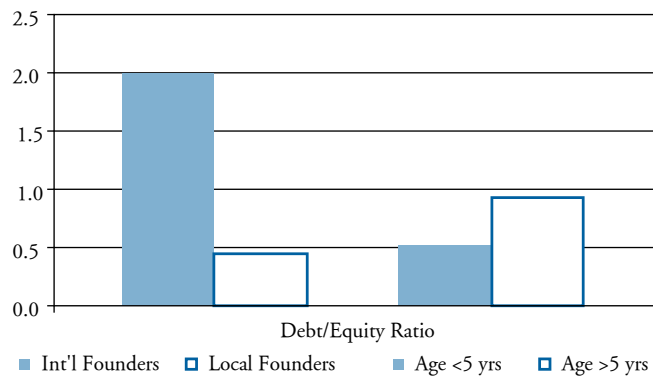


Source: MIX Market, 2006.

benefited from international support for operations and start-up, and those that are primarily locally run. Institutions with international linkages are substantially larger than locally run MFIs, with outreach more than 20 times greater, and loan portfolios more than 10 times larger. Given the fact that larger institutions have also historically had better access to external financing throughout the region, it looks like this two-tiered structure in the sector may be preserved for the long run. Indeed, as *Figure 4* shows, despite the constant entry of new participants, internationally-linked institutions continue to take larger and larger market share, moving from 60 to 70 percent of all surveyed outreach within the last four years. Not only are internationally-linked institutions larger, they also reach further down-market, perhaps due to a more well-defined focus on social outreach fostered by international NGOs. The main exception to this rule is Uzbekistan, where foreign ownership appears to have instead been a distinct liability, and where only a few locally-run institutions weathered the crisis during the past year.

In line with the doubling of external financing described above, the sector saw increased leverage, with capital asset ratios dropping from 46 percent to 33 percent on the MBB sample of leading MFIs. Commercial borrowing typically funded 49 percent of loan portfolios, up from just 5 percent last year. Ratios for the broader MIX Market sample stayed roughly constant, as these changes again largely affected only the more established institutions.

Figure 5 Younger, Locally-run Institutions have Lower Access to Finance



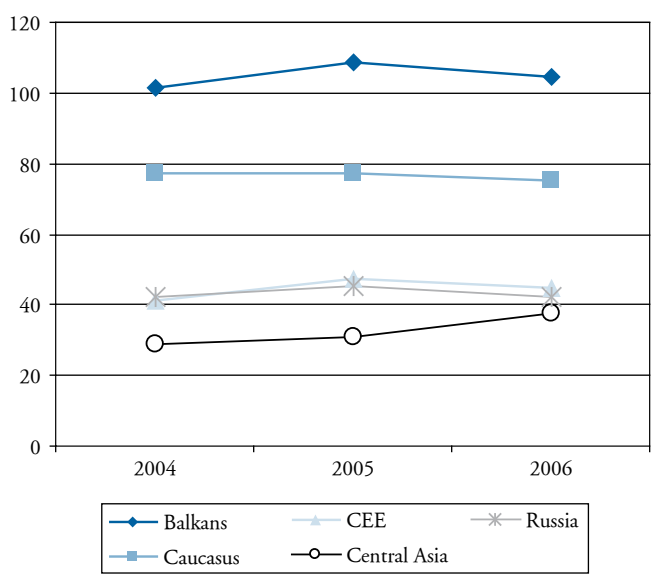
Source: MIX Market 2006.

Institutions with international support were much more leveraged than locally-founded MFIs, and more mature institutions still saw greater access to financing than younger institutions, although the gap between these two groups has declined, as seen in *Figure 5*. Again, the notable exception is the sector in Uzbekistan, which had essentially no external financing at year-end 2006.

Performance for Central Asian MFIs saw marked improvement in 2006, although margins are still far above the levels of more developed sectors where competition has driven down both revenues and expenses. Benchmark financial self-sufficiency levels for 2006 were high, at 121.4 percent, similar to levels in the Caucasus, but well above other regions of the world. Yield levels saw little decline, with increases at several MFIs. Operating expenses saw small decreases across the board, while financial expenses increased slightly, reflecting the greater level of commercial financing in the region. Revenues remained highest in Uzbekistan (for those institutions that continued to operate), while yield levels outside Uzbekistan were nearer to 40 percent, with the lowest levels at the most established institutions. The most rapid efficiency gains took place in Tajikistan, where benchmark returns went from 1 percent to +5 percent, in response to lower operating expenses. Uzbekistan again demonstrated some of the highest microfinance profit levels in the world, due to high interest rates and a non-competitive environment.

While efficiency has improved in many respects over the past few years, productivity levels have remained low and stable for the past several years, as shown in *Figure 6* and are

Figure 6 Productivity in Eastern Europe and Central Asia



Source: MIX Market, 2006.

astonishingly low in global terms. The long-term stability of these indicators indicates that they are in part driven by longer term factors like low population density, a dispersed client base and the prevailing individual lending methodology. Portfolio risk levels also remained low, although there has been some evidence of a slightly less conservative approach, with higher PAR and lower risk coverage ratios.

Conclusion

Microfinance institutions in Central Asia have a unique opportunity to transform the financial sectors of countries that still largely lack pro-poor retail financial services. The sector has grown rapidly over the past few years with a greater share of institutions moving towards sustainability. Almost all of this growth has come from sole-purpose microfinance providers. Credit unions and downscaling banks play an important role, but reach increasingly different client segments and have seen much slower growth. External actors have responded to the strengthening of many institutions, almost doubling the level of debt investment between 2005 and 2006.

An important set of questions for the sector will concern the role of commercial banks going forward: Will the downscaling bank programs continue to provide retail services? or will banks

shift to directly financing local MFIs? Will banks choose to work with MFIs through other service arrangements? Local commercial banks have shown limited sustained support for microfinance in the region, but the development of internal financing in Kazakhstan may be a harbinger of changes to come. There have even been some indications that the global credit crunch in 2007 has presented an opportunity for Central Asian MFIs to grow their client base as banks have curtailed their lending activities. Late 2007 saw the beginnings of recovery in the Uzbek microfinance sector. Uzbekistan is the fourth most populous country in ECA—behind only Russia, Ukraine and Poland—and consequently has among the largest potential client bases for microfinance services in the region. Elsewhere in the region, the proliferation of small institutions poses challenges, although these institutions often reach the most marginalized populations.

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For more background on the region, please also refer to the prior year's report: *Microfinance Institutions in Central Asia: Benchmarks and Analysis 2005*, 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.

Central Asia MFI Participants

2006 Benchmarks (23 MFIs)

Kazakhstan: ACF, Arnur Credit, Bereke, KLF

Kyrgyzstan: Aiyl Bank, BTFF, Elet-Capital, FMCC, FRP, Kompanion

Tajikistan: Agroinvestbank, ASTI, Bank Eshkata, FINCA – TJK, FMFB – TJK, Imkoniyat, IMON, Jovid, MLF HUMO, MLF Microinvest, OXUS - TJK

Uzbekistan: Daulet, FINCA – UZB

2006 Unadjusted Data (68 MFIs)

2003–2006 Balanced Panel Data (40 MFIs) *names in italics*

Kazakhstan: ACF, A-invest, Altyn Orda, Arnur Credit, Atyrau Valyut, *Baspana, Bereke, FCF Shymkent, KFOND, KLF, MCO Orlan, MCO OZAT, MCO Sator, NKCF, PF Aktobe, PF Damu, TAT Senim*

Kyrgyzstan: 1st MCC, *Aiyl Bank, Bereke-Credit, BTFF, CU ABN, CU Arstan-UKD, CU Euro-Yug, CU Fin-Asia, CU Kairat-Bol, CU Kopilka 777, CU Manzini, CU Pakhta-Trust, CU Sherip, CU Timur TSD, CU Tokmok Trust, CU Ulaat, CU Zakawat, Elet-Capital, ETO, FMCC, FRP, IneximBank, KB Kyrgyzstan, Kompanion*

Tajikistan: *Agroinvestbank, ASTI, Bank Eshkata, FINCA – TJK, FMFB – TJK, Furuz, Imkoniyat, IMON, Jovid, MLF Baror, MLF HUMO, MLF Kiropol, MLF Madina, MLF Microinvest, MLF ZAR, MLO Mehnatobod, OXUS – TJK, SAS, Tojsodirotbank*

Uzbekistan: *Barakot, BWA Kashkadarya, Daulet, FINCA – UZB, FVRM, KKBWA, NWMT, SABR*

Peer Groups	Definition	Description
Country	Kazakhstan (4 / 17)	MFIs with country = Kazakhstan
	Kyrgyzstan (6 / 24)	MFIs with country = Kyrgyzstan
	Tajikistan (8 / 19)	MFIs with country = Tajikistan
	Uzbekistan (2 / 8)	MFIs with country = Uzbekistan
Charter Type	CA non-Bank (22 / 62)	MFIs with non-Bank charter types
	CA NBFi (19 / 37)	MFIs with Non-Bank Financial Intermediary charter type
	CA NGO (n/a / 12)	MFIs with Non-Governmental Organization charter type
	CA CU (n/a / 13)	MFIs with Credit Union / Cooperative charter type
	CA Int'l NBFi/NGO (n/a / 17)	MFIs with international NGO founders or affiliates of international support networks
	CA Local NBFi/NGO (n/a / 32)	MFIs with primarily local founders
Age	New (11 / 33)	Central Asian MFIs with age less than 5 years
	Young/Mature (16 / 35)	Central Asian MFIs with age >= 5 years

Peer group counts show ([# of MBB (adjusted) institutions] / [# of MIX Market (unadjusted) institutions])

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 Depositor Account Balance	Voluntary Depositors/ Number of Voluntary Deposit Accounts

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

Central Asia	Adjusted Benchmarks						
	Central Asia (MBB)	Kazakhstan (MBB)	Kyrgyzstan (MBB)	Tajikistan (MBB)	Uzbekistan (MBB)	CA New (MBB)	CA Young/ Mature (MBB)
INSTITUTIONAL CHARACTERISTICS							
Number of MFIs	27	4	6	8	2	11	16
Age	6	6	8	5	n/a	3	8
Total Assets	3,207,219	3,404,751	11,799,577	1,386,759	n/a	2,453,850	5,925,849
Offices	9	4	15	5	n/a	6	10
Personnel	73	38	188	46	n/a	47	93
FINANCING STRUCTURE							
Capital/Asset Ratio	33.5%	21.4%	30.6%	59.4%	n/a	46.7%	30.6%
Commercial Funding Liabilities Ratio	49.0%	84.2%	32.6%	33.3%	n/a	44.2%	52.1%
Debt/Equity Ratio	2.0	3.8	2.3	0.7	n/a	1.1	2.3
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	n/a	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	n/a	0.0%	0.0%
Gross Loan Portfolio/Total Assets	83.1%	85.4%	86.9%	89.9%	n/a	83.0%	84.1%
OUTREACH INDICATORS							
Number of Active Borrowers	4,690	2,570	13,359	3,491	n/a	4,226	5,139
Percent of Women Borrowers	50.6%	67.3%	53.5%	49.2%	n/a	49.2%	50.8%
Number of Loans Outstanding	4,717	2,570	13,373	3,716	n/a	4,226	5,153
Gross Loan Portfolio	2,815,370	2,978,433	8,475,126	1,143,704	n/a	2,038,797	5,551,520
Average Loan Balance per Borrower	754	1,838	847	368	n/a	386	939
Average Loan Balance per Borrower/GNI per Capita	117.0%	62.5%	188.1%	111.3%	n/a	94.8%	144.2%
Average Outstanding Balance	754	1,823	847	337	n/a	348	939
Average Outstanding Balance/GNI per Capita	109.3%	62.0%	188.1%	102.2%	n/a	94.8%	143.5%
Number of Voluntary Savers	0	0	0	0	n/a	0	0
Number of Voluntary Savings Accounts	0	0	0	0	n/a	0	0
Voluntary Savings	0	0	0	0	n/a	0	0
Average Savings Balance per Saver	2,863	0	0	0	n/a	2,848	11,532
Average Savings Account Balance	2,863	0	0	0	n/a	2,848	11,532
MACROECONOMIC INDICATORS							
GNI per Capita	450	2,940	450	330	0	330	450
GDP Growth Rate	7.5%	9.7%	7.0%	7.5%	0.0%	7.5%	7.0%
Deposit Rate	9.1%	5.9%	5.6%	9.1%	0.0%	9.1%	9.1%
Inflation Rate	8.6%	8.6%	5.6%	10.1%	0.0%	10.1%	7.1%
Financial Depth	21.3%	27.2%	21.3%	7.6%	0.0%	7.6%	21.3%
OVERALL FINANCIAL PERFORMANCE							
Return on Assets	3.5%	4.3%	2.3%	5.0%	n/a	3.5%	4.4%
Return on Equity	11.1%	16.0%	7.1%	10.3%	n/a	11.1%	11.2%
Operational Self-Sufficiency	135.9%	134.8%	136.2%	134.8%	n/a	131.9%	144.8%
Financial Self-Sufficiency	121.4%	129.7%	119.9%	117.9%	n/a	117.3%	132.8%
REVENUES							
Financial Revenue Ratio	36.6%	33.8%	39.8%	38.3%	n/a	38.3%	30.8%
Profit Margin	17.6%	22.2%	16.2%	15.2%	n/a	14.7%	24.7%
Yield on Gross Portfolio (nominal)	41.1%	42.3%	37.8%	44.1%	n/a	46.3%	33.5%
Yield on Gross Portfolio (real)	29.1%	31.1%	30.6%	30.9%	n/a	32.9%	26.6%
EXPENSES							
Total Expense Ratio	29.0%	25.1%	31.5%	31.6%	n/a	30.1%	25.5%
Financial Expense Ratio	8.9%	8.5%	5.6%	8.9%	n/a	7.1%	9.1%
Loan Loss Provision Expense Ratio	1.2%	0.4%	2.1%	1.8%	n/a	1.9%	0.8%
Operating Expense Ratio	19.6%	14.6%	19.1%	20.9%	n/a	20.5%	15.2%
Personnel Expense Ratio	10.0%	7.5%	10.9%	12.2%	n/a	13.2%	8.8%
Administrative Expense Ratio	7.4%	7.5%	8.2%	8.3%	n/a	7.6%	6.8%
Adjustment Expense Ratio	3.4%	1.6%	1.3%	4.5%	n/a	3.4%	3.2%
EFFICIENCY							
Operating Expense/Loan Portfolio	22.8%	18.7%	16.9%	26.0%	n/a	25.3%	18.7%
Personnel Expense/Loan Portfolio	12.6%	10.3%	9.0%	15.3%	n/a	15.5%	10.7%
Average Salary/GNI per Capita	787.1%	303.2%	1056.5%	831.5%	n/a	789.3%	784.9%
Cost per Borrower	115	251	161	72	n/a	115	112
Cost per Loan	115	249	161	70	n/a	115	112
PRODUCTIVITY							
Borrowers per Staff Member	66	60	65	69	n/a	65	70
Loans per Staff Member	71	61	65	72	n/a	71	70
Borrowers per Loan Officer	154	191	163	154	n/a	129	159
Loans per Loan Officer	154	191	164	154	n/a	137	160
Voluntary Savers per Staff Member	0	0	0	0	n/a	0	0
Savings Accounts per Staff Member	0	0	0	0	n/a	0	0
Personnel Allocation Ratio	48.1%	40.0%	39.8%	48.1%	n/a	52.7%	42.9%
RISK AND LIQUIDITY							
Portfolio at Risk >30 Days	0.9%	0.6%	3.5%	0.5%	n/a	0.9%	0.9%
Portfolio at Risk >90 Days	0.7%	0.0%	2.6%	0.4%	n/a	0.4%	0.7%
Write-off Ratio	0.3%	0.2%	0.4%	0.3%	n/a	0.0%	0.4%
Loan Loss Rate	0.2%	0.2%	0.1%	0.3%	n/a	0.0%	0.3%
Risk Coverage	143.2%	318.0%	121.5%	319.1%	n/a	138.6%	143.2%

Central Asia	Unadjusted Benchmarks						
	Central Asia (MM)	Kazakhstan (MM)	Kyrgyzstan (MM)	Tajikistan (MM)	Uzbekistan (MM)	CA New (MM)	CA Young/ Mature (MM)
INSTITUTIONAL CHARACTERISTICS							
Number of MFIs	68	17	24	19	8	33	35
Age	5	3	6	4	6	3	8
Total Assets	526,581	586,862	267,250	1,305,337	774,507	586,862	517,150
Offices							
Personnel	13	10	6	30	42	13	21
FINANCING STRUCTURE							
Capital/Asset Ratio	54.7%	65.7%	42.0%	58.6%	98.6%	65.7%	51.7%
Commercial Funding Liabilities Ratio							
Debt/Equity Ratio	0.8	0.5	1.4	0.7	0.0	0.5	0.9
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/Total Assets	88.2%	89.1%	90.2%	83.4%	61.8%	87.7%	88.3%
OUTREACH INDICATORS							
Number of Active Borrowers	476	249	265	1,993	3,172	268	584
Percent of Women Borrowers	56.2%	60.1%	57.8%	46.4%	73.8%	53.3%	59.8%
Number of Loans Outstanding							
Gross Loan Portfolio	462,370	477,736	242,283	943,443	439,237	280,286	471,509
Average Loan Balance per Borrower	862	2,404	1,099	436	156	529	1,080
Average Loan Balance per Borrower/GNI per Capita	106.2%	63.4%	224.3%	111.8%	25.5%	90.1%	161.9%
Average Outstanding Balance							
Average Outstanding Balance/GNI per Capita							
Number of Voluntary Savers	0	0	0	0	0	0	0
Number of Voluntary Savings Accounts							
Voluntary Savings	0	0	0	0	0	0	0
Average Savings Balance per Saver	0	0	0	0	0	0	0
Average Savings Account Balance							
MACROECONOMIC INDICATORS							
GNI per Capita							
GDP Growth Rate							
Deposit Rate							
Inflation Rate							
Financial Depth							
OVERALL FINANCIAL PERFORMANCE							
Return on Assets	6.0%	3.4%	5.2%	6.1%	21.1%	5.5%	7.7%
Return on Equity	16.4%	5.6%	22.5%	14.2%	24.7%	14.3%	19.8%
Operational Self-Sufficiency	135.9%	125.6%	137.2%	134.4%	163.4%	132.1%	150.2%
Financial Self-Sufficiency							
REVENUES							
Financial Revenue Ratio	31.4%	37.1%	27.2%	32.3%	58.9%	35.5%	29.7%
Profit Margin	26.4%	20.4%	27.1%	25.6%	38.8%	24.3%	33.4%
Yield on Gross Portfolio (nominal)							
Yield on Gross Portfolio (real)							
EXPENSES							
Total Expense Ratio	21.7%	27.5%	18.2%	24.4%	34.7%	25.4%	20.6%
Financial Expense Ratio	3.6%	1.3%	6.8%	2.7%	0.0%	2.6%	5.5%
Loan Loss Provision Expense Ratio	0.3%	0.0%	0.2%	1.2%	0.3%	0.5%	0.2%
Operating Expense Ratio	17.4%	20.1%	11.0%	18.9%	34.4%	20.1%	12.8%
Personnel Expense Ratio							
Administrative Expense Ratio							
Adjustment Expense Ratio							
EFFICIENCY							
Operating Expense/Loan Portfolio	20.7%	23.3%	12.5%	22.8%	47.1%	23.3%	18.1%
Personnel Expense/Loan Portfolio							
Average Salary/GNI per Capita							
Cost per Borrower	116	535	111	81	88	129	115
Cost per Loan							
PRODUCTIVITY							
Borrowers per Staff Member	28	21	28	28	70	27	37
Loans per Staff Member							
Borrowers per Loan Officer							
Loans per Loan Officer							
Voluntary Savers per Staff Member	0	0	0	0	0	0	0
Savings Accounts per Staff Member							
Personnel Allocation Ratio							
RISK AND LIQUIDITY							
Portfolio at Risk >30 Days	0.7%	0.3%	0.9%	0.7%	0.7%	0.4%	1.0%
Portfolio at Risk >90 Days							
Write-off Ratio	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.0%
Loan Loss Rate							
Risk Coverage	115.5%	49.5%	108.1%	150.1%	104.9%	102.8%	119.4%

Central Asia

	Central Asia Non-bank (MBB)	Central Asia NBFI (MBB)	CA - Int'l NBFI/NGO (MM)	CA - Local NBFI/NGO (MM)	Central Asia Non-bank (MM)	Central Asia NBFI (MM)	Central Asia NGO (MM)	Central Asia CU (MM)
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	22	19	17	32	62	37	12	13
Age	6	6	4	4	5	3	6	6
Total Assets	2,618,556	3,049,656	2,782,262	281,034	485,934	977,252	590,560	106,465
Offices	8	9						
Personnel	52	72	83	10	12	13	30	4
FINANCING STRUCTURE								
Capital/Asset Ratio	41.5%	33.5%	33.4%	68.7%	57.4%	58.6%	91.5%	49.3%
Commercial Funding Liabilities Ratio	35.8%	44.2%						
Debt/Equity Ratio	1.5	2.0	2.0	0.5	0.7	0.7	0.1	1.0
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/Total Assets	85.9%	89.2%	77.3%	91.7%	89.3%	91.2%	79.8%	90.8%
OUTREACH INDICATORS								
Number of Active Borrowers	4,121	2,463	5,406	210	373	438	2,199	94
Percent of Women Borrowers	51.3%	49.4%	49.4%	59.4%	59.3%	52.9%	73.8%	59.6%
Number of Loans Outstanding	4,121	2,715						
Gross Loan Portfolio	2,094,208	2,713,894	2,173,731	243,267	322,589	943,443	322,589	89,347
Average Loan Balance per Borrower	488	525	456	950	799	1,176	302	1,071
Average Loan Balance per Borrower/GNI per Capita	106.9%	109.3%	95.2%	68.9%	92.7%	85.5%	25.5%	218.6%
Average Outstanding Balance	488	520						
Average Outstanding Balance/GNI per Capita	102.2%	108.2%						
Number of Voluntary Savers	0	0	0	0	0	0	0	0
Number of Voluntary Savings Accounts	0	0						
Voluntary Savings	0	0	0	0	0	0	0	0
Average Savings Balance per Saver	22,618	22,618	0	0	0	0	0	0
Average Savings Account Balance	22,618	22,618						
MACROECONOMIC INDICATORS								
GNI per Capita	450	450						
GDP Growth Rate	7.5%	7.5%						
Deposit Rate	9.1%	9.1%						
Inflation Rate	8.6%	8.6%						
Financial Depth	21.3%	21.3%						
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	5.0%	3.4%	7.9%	3.9%	6.7%	4.4%	12.8%	10.0%
Return on Equity	11.1%	11.0%	16.4%	8.9%	16.1%	11.5%	17.3%	22.5%
Operational Self-Sufficiency	138.2%	133.6%	142.4%	128.0%	139.6%	129.5%	144.3%	165.0%
Financial Self-Sufficiency	120.3%	117.3%						
REVENUES								
Financial Revenue Ratio	38.3%	37.8%	38.3%	37.3%	32.6%	33.2%	48.6%	27.9%
Profit Margin	16.9%	14.7%	29.8%	21.9%	28.4%	22.8%	30.7%	39.4%
Yield on Gross Portfolio (nominal)	42.7%	41.8%						
Yield on Gross Portfolio (real)	32.6%	29.9%						
EXPENSES								
Total Expense Ratio	30.5%	30.1%	24.8%	28.7%	24.4%	24.8%	33.2%	15.7%
Financial Expense Ratio	8.7%	8.4%	4.4%	0.3%	3.2%	2.9%	0.7%	7.7%
Loan Loss Provision Expense Ratio	1.4%	1.9%	0.6%	0.1%	0.2%	0.4%	0.3%	0.1%
Operating Expense Ratio	19.9%	19.6%	18.4%	23.8%	18.6%	19.9%	27.6%	8.0%
Personnel Expense Ratio	12.0%	10.0%						
Administrative Expense Ratio	8.1%	8.5%						
Adjustment Expense Ratio	3.8%	3.4%						
EFFICIENCY								
Operating Expense/Loan Portfolio	23.0%	20.8%	23.2%	27.4%	21.5%	22.4%	36.4%	9.1%
Personnel Expense/Loan Portfolio	13.0%	11.9%						
Average Salary/GNI per Capita	789.3%	810.4%						
Cost per Borrower	113	115	110	253	111	195	95	83
Cost per Loan	113	115						
PRODUCTIVITY								
Borrowers per Staff Member	69	65	77	25	30	30	59	24
Loans per Staff Member	72	66						
Borrowers per Loan Officer	157	154						
Loans per Loan Officer	157	154						
Voluntary Savers per Staff Member	0	0	0	0	0	0	0	0
Savings Accounts per Staff Member	0	0						
Personnel Allocation Ratio	45.1%	42.9%						
RISK AND LIQUIDITY								
Portfolio at Risk >30 Days	0.9%	1.0%	0.9%	0.1%	0.6%	0.5%	0.5%	0.7%
Portfolio at Risk >90 Days	0.4%	0.6%						
Write-off Ratio	0.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.2%	0.0%
Loan Loss Rate	0.2%	0.2%						
Risk Coverage	143.0%	155.2%	193.3%	80.2%	104.9%	164.0%	85.9%	100.0%

Central Asia

Benchmark Trend Data—Unadjusted

	Central Asia 2006 - unbalanced panel	Central Asia 2005 - unbalanced panel	Central Asia 2004 - unbalanced panel	Central Asia 2003 - unbalanced panel	Central Asia 2006 - balanced panel	Central Asia 2005 - balanced panel * institutions with data for 2003–2005	Central Asia 2004 - balanced panel	Central Asia 2003 - balanced panel
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	68	81	65	48	40	40	40	40
Age	5	3	4	4	7	6	5	4
Total Assets	526,581	364,513	301,531	171,460	924,865	709,548	485,193	172,139
Offices								0
Personnel	13	11	11	11	30	23	22	14
FINANCING STRUCTURE								
Capital/Asset Ratio	54.7%	50.1%	55.8%	66.3%	54.6%	54.5%	74.3%	82.7%
Commercial Funding Liabilities Ratio								0.0%
Debt/Equity Ratio	0.8	1.0	0.5	0.4	0.8	0.8	0.3	0.2
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/Total Assets	88.2%	85.0%	84.8%	84.3%	86.2%	82.3%	82.5%	83.4%
OUTREACH INDICATORS								
Number of Active Borrowers	476	277	389	357	1,469	1,617	1,169	407
Percent of Women Borrowers	56.2%	55.3%	52.9%	59.7%	53.7%	57.9%	54.9%	59.3%
Number of Loans Outstanding								
Gross Loan Portfolio	462,370	300,479	239,380	145,023	612,962	623,747	358,138	232,376
Average Loan Balance per Borrower	862	777	961	497	1,190	1,187	821	448
Average Loan Balance per Borrower/GNI per Capita	106.2%	98.7%	106.0%	111.6%	84.4%	74.9%	86.7%	85.5%
Average Outstanding Balance								
Average Outstanding Balance/GNI per Capita								
Number of Voluntary Savers	0	0	0	0	0	0	0	0
Number of Voluntary Savings Accounts								
Voluntary Savings	0	0	0	0	12,145	1,800	710	13
Average Savings Balance per Saver	0	0	0	0	0	0	0	0
Average Savings Account Balance								
MACROECONOMIC INDICATORS								
GNI per Capita	0	0	0	0	0	0	0	0
GDP Growth Rate								
Deposit Rate								
Inflation Rate								
Financial Depth								
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	6.0%	5.4%	9.3%	10.9%	7.9%	5.5%	6.4%	10.9%
Return on Equity	16.4%	14.0%	16.4%	11.5%	19.9%	14.8%	16.2%	11.5%
Operational Self-Sufficiency	135.9%	135.7%	138.5%	132.4%	149.8%	138.7%	144.9%	138.6%
Financial Self-Sufficiency								
REVENUES								
Financial Revenue Ratio	31.4%	29.6%	32.6%	37.7%	29.8%	30.9%	37.7%	37.7%
Profit Margin	26.4%	26.3%	27.8%	24.4%	33.3%	27.9%	31.0%	27.9%
Yield on Gross Portfolio (nominal)								
Yield on Gross Portfolio (real)								
EXPENSES								
Total Expense Ratio	21.7%	20.8%	21.1%	20.4%	21.0%	21.5%	23.4%	20.4%
Financial Expense Ratio	3.6%	3.0%	1.8%	1.4%	4.0%	3.0%	0.6%	1.4%
Loan Loss Provision Expense Ratio	0.3%	0.3%	0.6%	0.0%	0.4%	0.4%	0.5%	0.0%
Operating Expense Ratio	17.4%	14.6%	16.6%	19.4%	15.5%	17.3%	20.4%	19.4%
Personnel Expense Ratio								
Administrative Expense Ratio								
Adjustment Expense Ratio								
EFFICIENCY								
Operating Expense/Loan Portfolio	20.7%	20.1%	20.0%	26.0%	20.3%	22.2%	24.2%	26.0%
Personnel Expense/Loan Portfolio								
Average Salary/GNI per Capita								
Cost per Borrower	116	140	88	84	121	135	87	84
Cost per Loan								
PRODUCTIVITY								
Borrowers per Staff Member	28	26	27	27	40	45	39	40
Loans per Staff Member								
Borrowers per Loan Officer								
Loans per Loan Officer								
Voluntary Savers per Staff Member	0	0	0	0	0	0	0	0
Savings Accounts per Staff Member								
Personnel Allocation Ratio								
RISK AND LIQUIDITY								
Portfolio at Risk >30 Days	0.7%	0.8%	0.6%	0.4%	0.7%	0.9%	0.8%	0.4%
Portfolio at Risk >90 Days								
Write-off Ratio	0.0%	0.0%	0.0%	0.3%	0.1%	0.0%	0.0%	0.3%
Loan Loss Rate								
Risk Coverage	115.5%	100.0%	100.0%	68.6%	141.7%	100.0%	100.0%	81.7%

Eastern Europe and Central Asia

	Balkans	Central & Eastern Europe	Russia	Caucasus	ECA Bank	ECA CU	ECA NGO	ECA NBFI
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	40	13	20	26	21	21	13	71
Age	7	7	8	8	7	8	5	8
Total Assets	18,424,764	13,837,662	3,228,381	4,137,584	198,824,288	3,750,783	3,036,907	5,353,600
Offices	16	21	5	7	30	5	10	10
Personnel	87	79	17	68	576	16	39	60
FINANCING STRUCTURE								
Capital/Asset Ratio	36.4%	20.9%	11.1%	36.8%	10.8%	16.2%	82.0%	36.2%
Commercial Funding Liabilities Ratio	49.0%	49.1%	92.0%	26.0%	125.4%	72.8%	0.0%	46.1%
Debt/Equity Ratio	1.8	3.8	6.5	1.7	8.2	3.4	0.2	1.8
Deposits to Loans	0.0%	0.0%	76.3%	0.0%	54.6%	72.8%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	61.6%	0.0%	36.1%	56.2%	0.0%	0.0%
Gross Loan Portfolio/Total Assets	87.8%	75.7%	85.6%	85.2%	63.4%	87.2%	88.3%	87.8%
OUTREACH INDICATORS								
Number of Active Borrowers	7,825	3,887	1,496	6,681	38,073	1,705	4,015	4,916
Percent of Women Borrowers	40.5%	45.1%	69.5%	43.1%	30.3%	52.3%	45.0%	47.0%
Number of Loans Outstanding	7,825	3,887	1,799	6,681	38,073	1,893	4,015	4,945
Gross Loan Portfolio	15,630,788	13,261,036	2,628,755	3,746,661	118,422,224	3,649,221	2,974,696	4,583,259
Average Loan Balance per Borrower	1,998	2,574	2,576	673	3,814	2,205	1,407	1,102
Average Loan Balance per Borrower/GNI per Capita	82.0%	142.9%	57.8%	49.7%	169.8%	63.9%	50.1%	75.8%
Average Outstanding Balance	1,998	2,559	2,537	673	3,814	2,205	1,407	1,047
Average Outstanding Balance/GNI per Capita	82.0%	140.0%	56.9%	49.7%	169.8%	63.9%	50.1%	75.8%
Number of Voluntary Savers	0	0	272	0	84,997	418	0	0
Number of Voluntary Savings Accounts	0	0	322	0	84,997	508	0	0
Voluntary Savings	0	0	1,094,447	0	66,566,228	1,098,283	0	0
Average Savings Balance per Saver	976	949	4,095	2,366	949	2,492	0	13,790
Average Savings Account Balance	976	949	3,925	2,169	949	2,492	0	13,790
MACROECONOMIC INDICATORS								
GNI per Capita	2,700	3,450	4,460	1,320	1,520	4,460	2,570	1,470
GDP Growth Rate	5.0%	4.1%	6.4%	14.0%	5.5%	6.4%	7.0%	7.0%
Deposit Rate	3.7%	6.5%	4.0%	10.6%	5.8%	4.0%	5.2%	5.8%
Inflation Rate	7.4%	7.3%	9.7%	8.2%	7.4%	9.7%	8.3%	7.4%
Financial Depth	54.7%	43.1%	33.4%	16.3%	33.4%	33.4%	13.6%	21.3%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	1.3%	0.3%	-0.5%	2.7%	0.9%	-0.6%	4.0%	3.0%
Return on Equity	6.3%	1.1%	-2.1%	5.4%	7.5%	-3.0%	5.0%	7.9%
Operational Self-Sufficiency	127.5%	113.3%	107.4%	136.4%	113.4%	108.3%	144.3%	133.6%
Financial Self-Sufficiency	112.7%	106.1%	98.8%	116.5%	111.0%	97.5%	119.1%	117.3%
REVENUES								
Financial Revenue Ratio	21.3%	20.9%	27.6%	32.6%	18.3%	23.8%	26.3%	28.7%
Profit Margin	11.3%	5.7%	-1.2%	14.2%	9.9%	-2.6%	16.1%	14.7%
Yield on Gross Portfolio (nominal)	24.1%	27.3%	29.9%	34.7%	20.9%	25.1%	29.7%	31.3%
Yield on Gross Portfolio (real)	15.2%	16.6%	18.4%	28.0%	15.4%	17.3%	28.5%	23.4%
EXPENSES								
Total Expense Ratio	19.3%	22.6%	30.5%	28.0%	16.5%	27.6%	26.0%	27.2%
Financial Expense Ratio	4.7%	7.6%	15.3%	7.9%	6.8%	14.7%	5.7%	7.1%
Loan Loss Provision Expense Ratio	1.4%	1.0%	1.4%	1.2%	0.9%	0.9%	0.9%	1.4%
Operating Expense Ratio	12.3%	13.0%	12.7%	18.0%	8.5%	10.5%	19.6%	16.6%
Personnel Expense Ratio	6.7%	5.0%	6.0%	9.6%	4.0%	4.9%	10.2%	9.5%
Administrative Expense Ratio	4.5%	6.3%	5.5%	7.3%	4.0%	6.1%	6.4%	7.2%
Adjustment Expense Ratio	1.5%	1.7%	0.8%	3.0%	1.3%	1.0%	5.3%	2.5%
EFFICIENCY								
Operating Expense/Loan Portfolio	13.9%	16.7%	17.7%	22.0%	12.5%	12.4%	22.4%	19.1%
Personnel Expense/Loan Portfolio	7.2%	7.5%	7.5%	12.1%	6.2%	5.8%	12.3%	11.3%
Average Salary/ GNI per Capita	601.4%	380.5%	229.6%	530.6%	600.7%	238.9%	578.2%	584.9%
Cost per Borrower	283	366	382	126	544	288	248	187
Cost per Loan	283	363	360	126	532	288	237	183
PRODUCTIVITY								
Borrowers per Staff Member	104	45	42	82	49	62	80	73
Loans per Staff Member	104	45	47	83	50	62	80	75
Borrowers per Loan Officer	221	120	85	217	191	104	143	170
Loans per Loan Officer	221	120	93	222	191	118	149	171
Voluntary Savers per Staff Member	0	0	7	0	121	13	0	0
Savings Accounts per Staff Member	0	0	7	0	121	19	0	0
Personnel Allocation Ratio	55.2%	42.0%	55.7%	40.2%	29.2%	58.3%	58.5%	45.6%
RISK AND LIQUIDITY								
Portfolio at Risk >30 Days	1.0%	2.5%	1.7%	0.9%	1.2%	2.8%	0.7%	1.1%
Portfolio at Risk >90 Days	0.5%	0.7%	0.9%	0.5%	0.6%	1.1%	0.6%	0.5%
Write-off Ratio	0.8%	1.0%	0.9%	0.6%	0.5%	1.4%	0.5%	0.6%
Loan Loss Rate	0.6%	0.6%	0.9%	0.5%	0.3%	0.6%	0.5%	0.4%
Risk Coverage	188.6%	86.8%	63.1%	118.2%	210.8%	47.0%	95.7%	132.7%

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