

Tajikistan 2009

MICROFINANCE ANALYSIS AND BENCHMARKING REPORT

A Report from Microfinance Information Exchange (MIX) and
Association of Microfinance Organizations of Tajikistan (AMFOT)

November 2009

INTRODUCTION



The microfinance sector in Tajikistan has played an important role in increasing access to finance for the country's population in the last five years. There are 12 commercial banks, seven credit societies, and 88 microfinance institutions (MFIs) operating in Tajikistan as of 1 January 2009, providing 200,000 clients with microcredit services.

MFIs in Tajikistan registered high growth rates in recent years, but in the advent of the financial crisis and economic slow-down in the region they faced heightened risks and challenges:

- Slow-down in growth by the end of 2008 and in 2009;
- Significant foreign exchange risk exposure for MFIs funded by foreign investors;
- Deteriorating portfolio quality as remittance flows from Russia decreased.

At the same time, Tajik MFIs exhibited positive results in their performance despite increased challenges in 2008:

- Positive adjusted returns despite double-digit inflation;
- Improved efficiency for large MFIs.

This report, produced jointly by AMFOT and MIX, explores the trends in performance of Tajik MFIs over the past three years. It provides an analysis of the various actors in the sector, growth and funding trends, and financial performance indicators. It draws attention to the two-tier structure of the Tajik market: proliferation of small MFIs which operate in more remote and inaccessible areas vs. a concentration of several larger, highly leveraged banks and non bank providers.¹

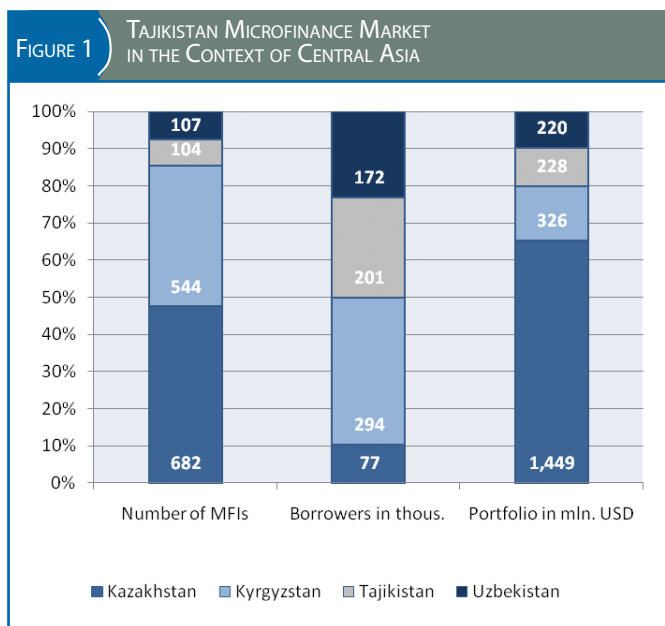
TRENDS IN OUTREACH AND SCALE

⇒ *Proliferation of institutions in the Tajik microfinance market but market concentration within a few MFIs*

⇒ *High growth rates in 2007*

⇒ *MFIs reigned in growth in 2008 and especially in 2009 in expectation of rising credit and currency risks*

¹ According to the *MicroBanking Bulletin* definition, a small MFI has less than 10,000 borrowers, a medium MFI between 10,000 and 30,000 borrowers, and a large MFI more than 30,000. As of the writing of this report there are no large MFIs in Tajikistan according to this definition. From here on, the report will refer to MFIs in Tajikistan with more than 10,000 borrowers as "large" MFIs.



Sources: AMFOT, AMFI, EBRD, MIX Market, NAMOCU, National Bank of Kyrgyzstan, National Bank of Tajikistan, Statistical Agency of Republic of Kazakhstan

The Central Asian microfinance sector is marked by the proliferation of small MFIs. Tajikistan is no exception, with the total amount of registered microfinance institutions increasing from 75 in 2007 to

104 in 2008 (see **Figure 1**). The Tajikistan market is smaller than other sectors in Central Asia, with the exception of Uzbekistan, in terms of both absolute numbers and penetration rate.² Microfinance services reach 5.6 percent of the population living below the national poverty line, while this indicator stands at 15.8 percent for Kyrgyzstan and 7.2 percent for Kazakhstan. Uzbekistan lags behind at 2.7 percent. The majority of Tajik MFIs are small, while the six institutions with more than 10,000 borrowers (Agroinvestbank, Bank Eshkata, FMFB, FINCA, IMON and MicroInvest) account for 43 percent of total borrowers and 79 percent of the loan portfolio.³

As **Table 1** indicates, the majority of microfinance services in Tajikistan are carried out by non bank providers, primarily Microloan Organizations (MLOs) and Microloan Funds (MLF). Microdeposit Organizations (MDOs) represent the least prevalent MFI form, as it calls for the highest founding capital and requires staff to have a comparatively high level of working experience in the financial sector. Their de-

TABLE 1 MICROCREDIT AND MICRODEPOSIT SERVICES IN TAJIKISTAN AS OF 1 JANUARY 2009

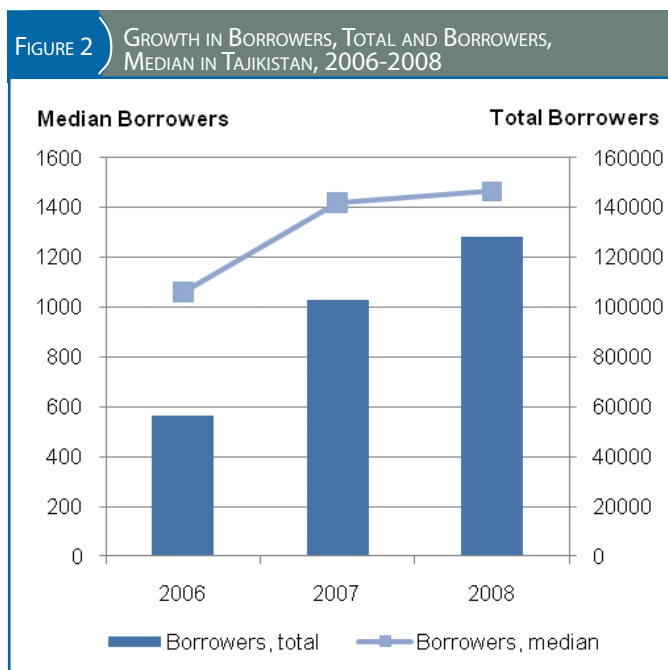
Legal status	Profit Status	Legal Status	Number of Institutions	Number of Borrowers	Portfolio in thous. USD	Avg. Loan Balance, USD	Number of Depositors	Deposits in thous. USD	Avg. Deposit Balance, USD
Microloan Fund	Non-profit	NBFI	41	67,316	19,048	283	0	0	0
Microloan Organization	Profit	NBFI	37	62,773	47,930	764	0	0	0
Microdeposit Organization	Profit	NBFI	14	23,705	12,178	514	128	2,637	20,601
Credit Union	Profit	Credit Union	7	401	1,935	4,827	154	1,633	10,602
Specialized Microfinance Bank	Profit	Bank	1	13,153	32,550	2,475	6,450	3,378	524
Downscaling Banks*	Profit	Bank	4	33,990	114,799	3,377	25,064	134,549	5,368
Total			104	201,338	228,441	1,135	31,796	142,197	4,472

*Note: Deposit information on downscaling is based on MIX Market data for the micro deposit lines of Agroinvestbank and Bank Eshkata. Credit data on downscaling banks are from EBRD and MIX.

² Penetration rate is defined as the amount of total borrowers divided by the number of people living below the national poverty line. Data on poverty rates were taken from the World Bank and are as of 2007.

³ Only the microfinance clients and loan portfolio of Agroinvestbank and Bank Eshkata were used in these calculations.

posit mobilizing activities are still very limited. Most microdeposit services in the country are offered by banks, but the high average deposit balance of 5,368 USD (close to 1000 percent of GNI per capita) indicates that these services do not reach down-market.



Source: MIX Market, 2006-2008. Results are peer group medians and totals. Note: Growth in median borrowers indicates the growth in outreach for the median MFI in Tajikistan. Unlike total borrowers' growth, which may be high because of a few fast growers, the median indicator looks at the typical MFI.

MFIs in Tajikistan have been growing steadily over the past few years, with a large spike in 2007 and more modest growth levels in 2008 (see Figure 2). Table 2 presents a comparison between 2007 and 2008 of three key growth indicators, based on data collected from 21 MFIs representing 65 percent of all borrowers and 90 percent of the Tajik microfinance portfolio.⁴ These indicators clearly show a significant slowdown in the rate of growth between 2007 and 2008. It is noteworthy that despite this deceleration, loan portfolio growth remained strong in 2008 (48

percent), revealing that MFIs did not have a shortage of external funding. However, the higher growth in portfolio than in borrowers indicates that MFIs started providing larger loan balances in 2008. This was a trend across the board, for both small and large MFIs. Still, small MFIs overall reach further down-market, as evidenced by an average loan balance of 96 percent of GNI per capita, while the median indicator for large institutions is 329 percent of GNI per capita.

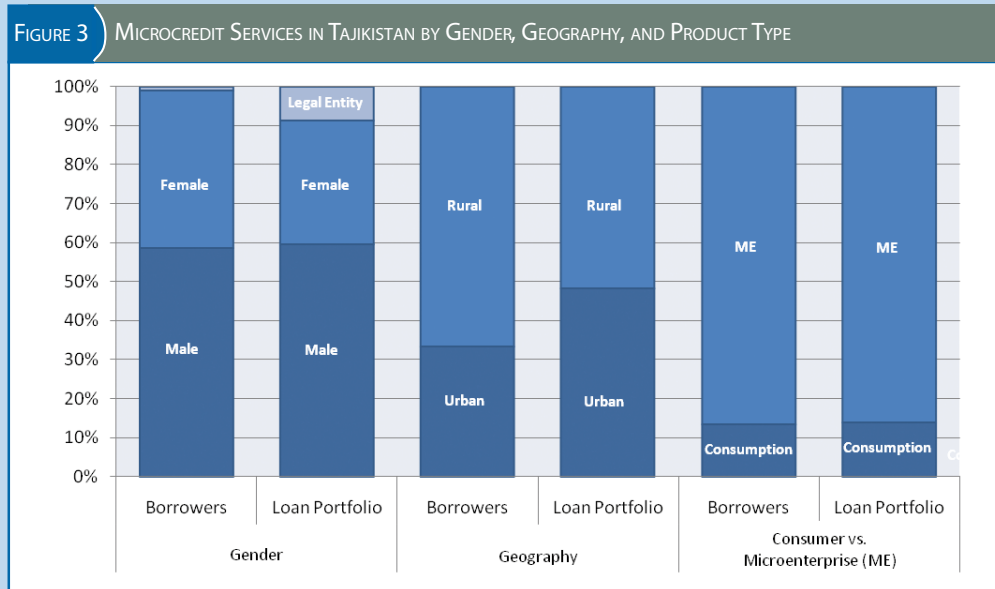
TABLE 2 COMPARATIVE MFI GROWTH IN TAJIKISTAN, 2007-2008

	2007	2008
Increase of borrower base	83%	24%
Increase of Median MFI borrower base	33%	3%
Loan portfolio growth	104%	48%

Quarterly figures for 2009 show the significant impact the global financial crisis exerted on the performance of Tajik MFIs. According to AMFOT statistics on a balanced data set of 37 MFIs, as of 30 September 2009 growth in total borrowers was 5 percent. Large MFIs grew by less than 2 percent and increased their client base from 91,655 to 93,001 clients, while small MFIs grew by 15 percent from 33,047 to 38,215 clients. Half of the MFIs registered negative outreach growth. Overall, MFIs reigned in growth as portfolio at risk started rising by the end of 2008 and in 2009. At the same time, the loss of value of the local currency prompted MFIs to restrict disbursement of new loans, as these would have to be backed by riskier and higher cost USD-denominated debt.

⁴ See "MFI Participants" on p. 9 of the report for a list of the 21 MFIs in the sample.

Microcredit Services in Tajikistan by Gender, Geography, and Product Type



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

In 2008, MIX started collecting new data on the composition of MFIs' loans and portfolio by gender, geography and product lines. **Figure 3** presents the results for Tajikistan. Loans to women comprised 40 percent of all loans outstanding, while the share of the portfolio was slightly lower at just over one-third of the total. For both small and large MFIs, loans to women comprised about 40 percent of total loans outstanding. Loans to legal entities were less than 1 percent, but they were much larger than loans to physical persons, comprising almost 10 percent of the total portfolio.⁵ In terms of geography, rural lending in Tajikistan is more prevalent, with 66 percent of all loans directed to rural areas. Small MFIs are particularly exposed with 87 percent of loans outstanding and 76 percent of GLP allocated to rural lending. For large MFIs, the figures are noticeably smaller, with 65 percent of loans outstanding and 49 percent of GLP going to rural areas. Unemployment levels are very high in rural areas and the population is heavily dependent on

remittance flows, which can lead to serious challenges for the MFIs which operate mainly in these areas.

In addition, consumer lending has become a significant part of the microfinance industry in the Eastern Europe and Central Asia region. In Tajikistan, about 13 percent of the portfolio consists of consumer loans among MFIs who reported these data.⁶ Compared to other countries in the region, where consumer lending is well over 20 percent (e.g. Armenia, Bosnia and Herzegovina, and Kazakhstan), this type of lending is of smaller proportions in Tajikistan. Due to the economic downturn, MFIs may face greater difficulties in maintaining the quality of their consumer portfolio. However, mostly mature and large MFIs, as well as downscaling banks, reported significant levels of consumer lending. Small MFIs reported 3 percent of outstanding loans as consumer versus 17 percent for large MFIs. Therefore, smaller MFIs in Tajikistan are less vulnerable to consumer lending risks.

FUNDING OF MFIS IN TAJIKISTAN

⇒ *The majority of retail funding to Tajik MFIs is denominated in foreign currency, increasing currency exposure*

⇒ *Local funding for non bank MFIs is not a*

⁵ The gender category of portfolio breakdown consists of loans to physical persons (male or female) and to non-physical persons (legal entities).

viable substitute as it is much more costly

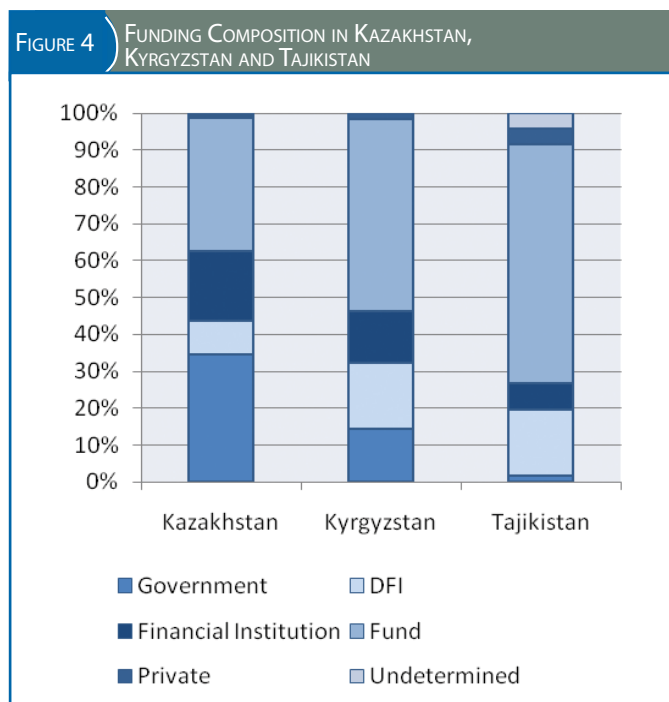
⇒ *A new wholesale entity, Bovari va Khamkori, was created to provide loans in local currency to small and medium MFIs*

The rapid growth of Tajik MFIs in the past few years has been financed by an influx of foreign lending.

⁶ These MFIs are a representative sample; their portfolio makes up 86 percent of the total for the country (see Table 1).

The debt-to-equity ratio for Tajik MFIs increased sharply from 0.84 in 2006 to 2.59 in 2007, and then at more moderate levels to 2.84 in 2008. The sector is more highly leveraged than the median for Central Asia (2.01).

In terms of composition (see **Figure 4**), funds, a.k.a. microfinance investment vehicles (MIVs), represent the lion's share of lending in Tajikistan, followed by development financial institutions (DFIs). Unlike the rest of Central Asian countries, government lending is more limited in Tajikistan. While other Central Asian republics have large state-owned or state-sponsored providers, there is no government-related microfinance institution in Tajikistan. The government does give some support to the commercial banks; in 2008, it lent 40 million USD to commercial banks to support Dekhan farmers.⁷ The funds provided through the government were channeled through the formal financial sector instead of microfinance organizations due to conditions laid out by EBRD's financing facility for Tajikistan.



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

7 "Dekhan" farm is a term for an individual or family farm in Central Asia.

Because of the composition of their borrowings, MFIs in Tajikistan are particularly vulnerable to foreign exchange risk. In 2008, 88 percent (63 million USD) of MFI debt was denominated in USD. However, it should be noted that many of the smaller MFIs do not have access to external funding at all. MFIs are challenged in mitigating foreign exchange risk because there are few opportunities for hedging and they are not allowed to provide loans in foreign currency. Some MFIs issue loans indexed to hard currency, thereby passing some of the foreign exchange risk to their clients. However, in September 2009 the National Bank of Tajikistan (NBT) announced that this practice – though not specifically forbidden in the law on microfinance institutions – is no longer allowed.⁸ Consequently, AMFOT organized a roundtable with representatives of NBT and MFIs. NBT, in the end, did not agree to cover the foreign exchange risk of MFIs, but suggested instead that MFIs should hedge their risks. However, as of the writing of this report there are no facilities in Tajikistan which provide these services. Additionally, borrowing from local commercial banks is less attractive for MFIs as it is more expensive and has shorter maturity than foreign funding (see **Table 3**).

TABLE 3 INTEREST RATES AND TERMS BY LENDER TYPES AND LEGAL CHARTER

LENDER TYPE	NON BANK MFIs		BANKS	
	INTEREST RATE %	TERM (MONTHS)	INTEREST RATE %	TERM (MONTHS)
Commercial bank	20.3%	19	8.3%	13
DFI/Government	8.8%	64	6.6%	31
Fund	11.0%	37	8.6%	32.3
NGO	2.7%	25		

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

8 The interest rate of index loans is based on the exchange rate value of the local currency. In case of a devaluation, the interest rate on the loan increases.

In addition, the composition of lending may lead to refinancing challenges for MFIs in 2009. For non bank MFIs that reported these data to MIX, more than 60 percent of funding comes from MIVs with a weighted average maturity of 3 years (see **Table 3**). MFIs enjoyed a boom in funding flows in 2006 and especially in 2007, and most of the debt from MIVs will mature in 2009 and 2010; for non bank MFIs who reported these data, 29 percent of debt (12 million USD) matures in 2009, while 54 percent (22 million USD) matures in 2010.

To address the foreign exchange and refinancing risks that non bank MFIs in Tajikistan face, the wholesale fund Bovari va Khamkori was created in 2009. It was founded by AMFOT and Agroinvestbank, and supported by the German Technical Cooperation (GTZ) and the Dutch Interchurch Organization for Development Cooperation (ICCO). Bovari va Khamkori extends loans in local currency to small MFIs with an average portfolio size of 354,000 USD. The current portfolio value of Bovari va Khamkori is close to 350,000 USD. Access to funding in local currency will alleviate some of the foreign exchange exposure for Tajik MFIs, which was heightened in 2009 as the national currency lost more than one-third of its value against the US dollar.

FINANCIAL PERFORMANCE

⇒ *Most Tajik MFIs reporting to MIX were profitable in 2008, with efficiency gains for large Tajik MFIs*

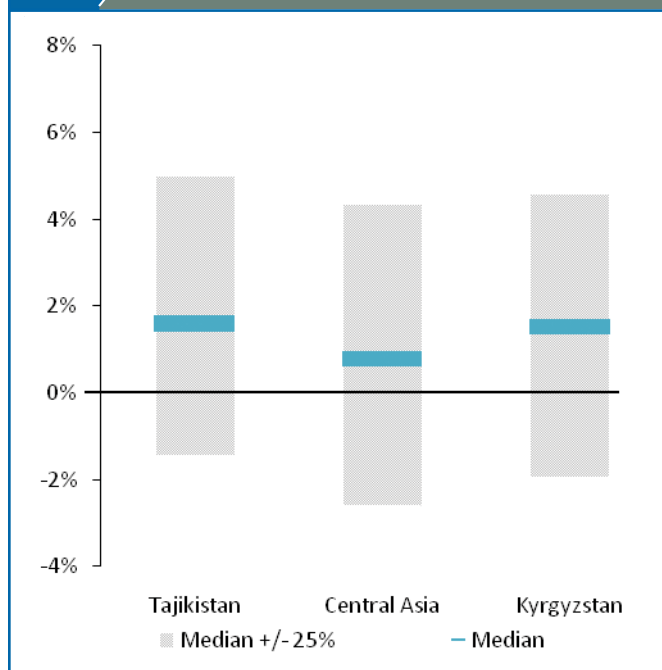
⇒ *Pressure has risen on operating expenses as credit risk and foreign exchange losses increase*

⇒ *Portfolio yields increased in 2008*

⇒ *PAR > 30 days has been on the rise since 2007*

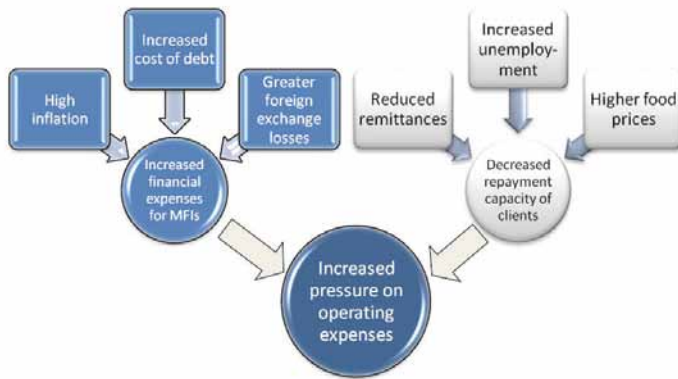
Overall, Tajik MFIs participating on the MIX Market have achieved operational and financial self sufficiency for the past three years. However, mounting macroeconomic pressures impacted the profitability and efficiency of MFIs in 2008. In 2008, Tajikistan recorded the highest inflation rate in Central Asia, at 13.7 percent. Despite that, the median Tajik MFI still managed to maintain a positive return on assets. AROA in Tajikistan was in line with Central Asian peers (see **Figure 5**). However, the results of individual Tajik MFIs were more diverse, with a few MFIs registering slightly negative returns. Nevertheless, compared to Central Asian peers, negative returns were considerably smaller for Tajik MFIs.

FIGURE 5 DISPERSION OF ADJUSTED RETURN ON ASSETS (AROA)



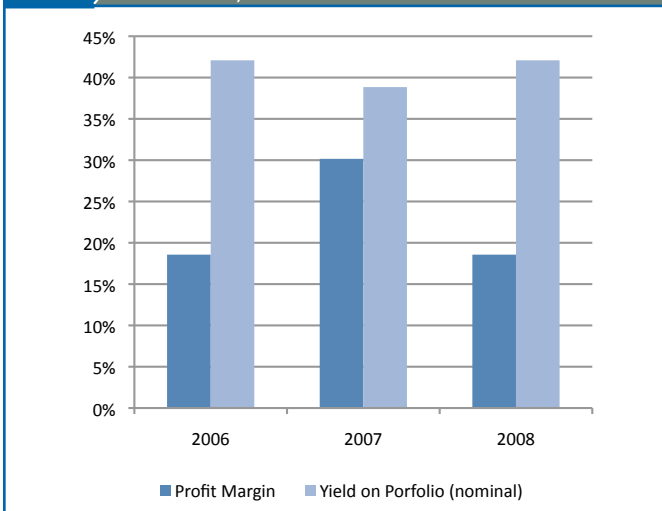
Source: MIX Markets, 2008. Results are peer group median, 25th and 75th percentile.

High inflation, increased cost of debt, and greater foreign exchange losses led to a spike in the financial expenses of Tajik MFIs while reduced remittances, increased unemployment, and higher food prices decreased the repayment capacity of their clients. These factors intensified pressure on operating expenses.



Some of these costs were passed on to clients, as evidenced by an increase in the nominal yield on portfolio (from 38 to 42 percent). Still, MFIs themselves bore the larger brunt of increased costs, demonstrated by squeezed profit margins from 30 percent in 2007 to 18 percent in 2008 (see **Figure 6**).

FIGURE 6 PROFIT MARGIN AND YIELD ON PORTFOLIO (NOMINAL) IN TAJIKISTAN, 2006-2008

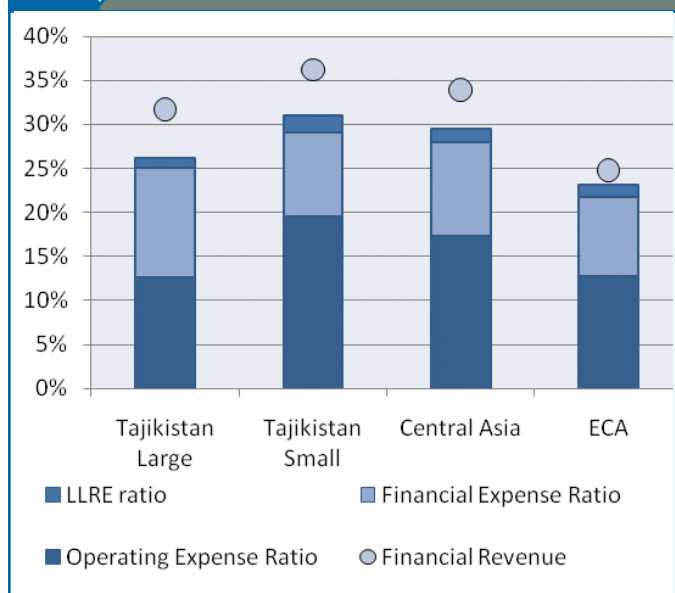


Source: MIX Market, 2006-2008. Results are peer group medians.

Despite the mounting pressures on their expenses, MFIs' performance in that respect was in line with benchmarks for regional peers. Large Tajik MFIs in fact have achieved significant efficiency gains over the last few years and have much lower operating expenses than the median Central Asian or Kyrgyz

MFI. However, small MFIs still lag behind in that aspect, with operating expenses as a percentage of total assets remaining close to 20 percent (see **Figure 7**). Financial expense ratio, at 12 percent, is indicative of a young sector with a less-developed financial system which leads to higher cost of funds. The financial expense ratio, at 12.5 percent, was higher than the median for the whole ECA region (8.9 percent) as well as for Central Asian peers (10.5 percent).

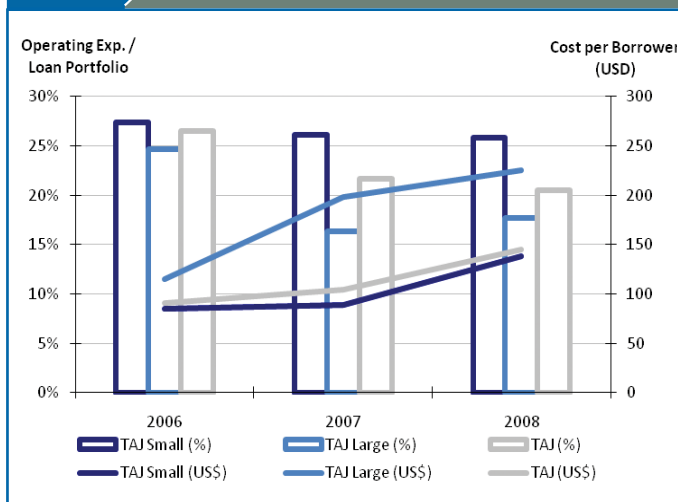
FIGURE 7 DECONSTRUCTION OF RETURN ON ASSETS



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

In terms of efficiency, large Tajik MFIs have achieved high gains since 2006, reducing their operating expenses over loan portfolio from 25 percent in 2006 to 18 percent in 2008 (see **Figure 8**), although there was little change between 2007 and 2008. In contrast, small MFIs have modest improvements in this indicator, from 27 percent in 2006 to 26 percent in 2008. Large MFIs work less frequently in the most remote areas of the country and disburse much larger loan sizes than their smaller peers, which is an important contributor to their superior performance in terms of efficiency. In 2008, the average loan balance per borrower for a large MFI was 1,810 USD, versus 530 USD for small MFIs.

FIGURE 8 CHANGE IN EFFICIENCY: TWO PERSPECTIVES



Source: MIX Market, 2006-2008.

Still, a negative trend emerged in 2008 for small MFIs; while they were able to keep their cost per borrower at the same level in 2006 (85 USD) and 2007 (80 USD), in 2008 this indicator increased more than 50 percent to 138 USD. Due to the nature of their operations in more remote areas and with more vulnerable populations, the efficiency of smaller MFIs was directly and quickly impacted by rising food prices and decreasing remittances that disrupted the cash flows of their clients.

The indicator for portfolio at risk (PAR) over 30 days increased, going from 0.5 percent in 2007 to 1.3 percent in 2008. However, results are very diverse across MFIs, with a couple of small MFIs registering double-digit PAR >30 days in 2008, while no MFI with a larger loan portfolio (above one million) had over 5 percent for this indicator. PAR will increase in 2009, especially for MFIs operating in those sub-regions most affected by the economic recession. AMFOT members continued to experience deteriorating portfolio quality; in the first quarter of 2009 PAR >30 days was 2 percent, but by the third quarter it reached 4.41 percent. In 2009, MFIs in Tajikistan – as elsewhere in the region – have to concentrate on portfolio quality rather than growth as remittance flows from Russia continue to fall.

LOOKING AHEAD

The 2008 financial and economic crisis exacerbated already-known vulnerabilities for Tajik MFIs, such as foreign exchange exposure, while increasing previously lower risks such as credit risk. As a result, Tajik MFIs significantly restricted lending by the end of 2008 and throughout 2009. On a positive note, most AMFOT members have maintained profitability, with only 8 out of 52 registering negative operational self-sufficiency by the third quarter of 2009. However, profitability is partly due to passing increased costs on to clients, as evidenced by rising yields.

In addition to threats arising from the crisis there are also some opportunities for the sector. The creation of a wholesale fund providing local currency loans should ease the funding risks for MFIs in the long run. The crisis may also spur structural changes going forward; very small institutions lack the attributes crucial to maintain financial health in a time of crisis such as the ability to access capital, attract qualified personnel, and maintain internal audit and control departments. It remains to be seen if the microfinance sector in Tajikistan will move towards a greater consolidation as a result.

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Erika Buerkle
CIM Expert, AMFOT

Shukhrat Abdullaev
Deputy Director, AMFOT

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.

AMFOT aims to increase transparency of the microfinance sector in Tajikistan and therefore supports the MFIs interested in registering with the MIX Market. Fifteen more MFIs provided their information to MIX in 2009, and the number of registered Tajik MFIs on MIX Market now reaches 39.

MIX and AMFOT thank all institutions in Tajikistan for participating in the Industry Benchmarks.

MFI PARTICIPANTS
Tajikistan 2008 (29 MFIs)
Agroinvestbank, Amlok, ASTI, Bank Eskhata, Borshud, FINCA – TJK, Ehyou kuhiston, FinDom, FMFB – TJK, Furuz, Imkoniyat, Imodi Hotal, IMON, JOVID, Maqsadi dasgiri, MDO Nisor Fom, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF Nasrin, MLF Vahsh Microfin, MLF ZAR, MLO HUMO, MLO Mehnatobod, MLO 'Saodat Invest', Nov Credit, OXUS – TJK, Sugd Microfin
Tajikistan Large (Outreach)
Agroinvestbank, Bank Eskhata, FINCA – TJK, FMFB – TJK, IMON, MLF MicroInvest
Tajikistan Small (Outreach)
Amlok, ASTI, Borshud, FinDom, Furuz, Imkoniyat, Imodi Hotal, JOVID, Maqsadi dasgiri, MDO Nisor Fom, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF Nasrin, MLF Vahsh Microfin, MLF ZAR, MLO HUMO, MLO Mehnatobod, MLO 'Saodat Invest', Nov Credit, OXUS – TJK, Sugd Microfin
Tajikistan Trend Lines 2006-2008 (21 MFIs) for Outreach and Scale
Agroinvestbank, ASTI, Bank Eskhata, Borshud, Credit-Express, FINCA – TJK, FinDom, FMFB – TJK, Furuz, Haqiq, Imkoniyat, IMON, JOVID, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF ZAR, MLO HUMO, MLO Mehnatobod, Nov Credit, OXUS – TJK
Tajikistan Trend Lines 2006-2008 (16 MFIs) for Benchmarks
Agroinvestbank, ASTI, Bank Eskhata, Borshud, FINCA – TJK, FinDom, FMFB – TJK, Furuz, Imkoniyat, IMON, JOVID, MLF Madina, MLF MicroInvest, MLF ZAR, MLO HUMO, OXUS – TJK
Central Asia 2008 (64 MFIs)
Kazakhstan: Abzal Kredit, ACF, A-Invest, Arnur Credit, Atyrau Valyut, Bereke, FFSA, Kemek, KMF, MCO 'Oral', MCO Sator, Moldir, PF Aktobe, Real-Credit
Kyrgyzstan: 1st MCC, Agrocredit Plus, Aiyl Bank, Bai Tushum, Bereke-credit, BTA Bank, Chon-Kazyk, CU Tokmok Trust, CU Zakawat, Dirigible, Elet-Capital, FMCC, FNT Credit, Kompanion, Mol Bulak Finance, OXUS – KGS
Tajikistan: Agroinvestbank, Amlok, ASTI, Bank Eskhata, Borshud, FINCA – TJK, Ehyou kuhiston, FinDom, FMFB – TJK, Furuz, Imkoniyat, Imodi Hotal, IMON, JOVID, Maqsadi dasgiri, MDO Nisor Fom, MLF Chiluchor chashma, MLF Kiropol, MLF Madina, MLF MicroInvest, MLF Nasrin, MLF Vahsh Microfin, MLF ZAR, MLO HUMO, MLO Mehnatobod, MLO 'Saodat Invest', Nov Credit, OXUS – TJK, Sugd Microfin
Uzbekistan: ASR, Garant-Invest, Mikrokredit Bank, SABR, Umid

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
Debt to Equity	Adjusted Total Liabilities / Adjusted Total Equity
Deposits to Loans	Deposits / Adjusted Gross Loan Portfolio
Deposits to Total Assets	Deposits / Adjusted Total Assets
Portfolio to Assets	Adjusted Gross Loan Portfolio / Adjusted Total Assets

OUTREACH INDICATORS

Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs
Percent of Women Borrowers	Number of active women borrowers / Adjusted Number of Active Borrowers
Number of Loans Outstanding	Number of loans outstanding, adjusted for standardized write-offs
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio / Adjusted Number of Active Borrowers
Average Loan Balance per Borrower/ GNI per Capita	Adjusted Average Loan Balance per Borrower / GNI per Capita
Average Outstanding Balance	Adjusted Gross Loan Portfolio / Adjusted Number of Loans Outstanding
Average Outstanding Balance / GNI per Capita	Adjusted Average Outstanding Balance / GNI per Capita
Number of Depositors	Number of depositors with any type of deposit account
Number of Deposit Accounts	Number of all deposit accounts
Deposits	Total value of all deposit accounts
Average Deposit Balance per Depositor	Deposits / Number of Depositors
Average Deposit Balance per Depositor / GNI per capita	Average Deposit Balance per Depositor / GNI per Capita
Average Deposit Account Balance	Deposits / Number of Deposit Accounts
Average Deposit Account Balance / GNI per capita	Average Deposit Account Balance / GNI per Capita

MACROECONOMIC INDICATORS

GNI per Capita	Total income generated by a country's residents, irrespective of location / Total number of residents (World Development Indicators)
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country (World Development Indicators)
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits (IMF/International Financial Statistics)
Inflation Rate	Annual change in average consumer prices (IMF/International Financial Statistics)
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3) / GDP, measuring the monetization of the economy (IMF/International Financial Statistics)

OVERALL FINANCIAL PERFORMANCE

Return on Assets	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Assets
Return on Equity	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue / (Financial Expense + Impairment Losses on Loans + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue / Adjusted (Financial Expense + Impairment Losses on Loans + Operating Expense)

REVENUES

Financial Revenue/Assets	Adjusted Financial Revenue / Adjusted Average Total Assets
Profit Margin	Adjusted Net Operating Income / Adjusted Financial Revenue
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio / Adjusted Average Gross Loan Portfolio
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate) / (1 + Inflation Rate)

EXPENSES

Total Expense/ Assets	Adjusted (Financial Expense + Net Impairment Loss + Operating Expense) / Adjusted Average Total Assets
Financial Expense/Assets	Adjusted Financial Expense / Adjusted Average Total Assets
Provision for Loan Impairment/ Assets	Adjusted Impairment Losses on Loans / Adjusted Average Total Assets
Operating Expense / Assets	Adjusted Operating Expense / Adjusted Average Total Assets
Personnel Expense/ Assets	Adjusted Personnel Expense / Adjusted Average Total Assets
Administrative Expense/ Assets	Adjusted Administrative Expense / Adjusted Average Total Assets
Adjustment Expense/ Assets	(Unadjusted Net Operating Income - Adjusted Net Operating Income) / Adjusted Average Total Assets

EFFICIENCY

Operating Expense/ Loan Portfolio	Adjusted Operating Expense / Adjusted Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense / Adjusted Average Gross Loan Portfolio
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense / GNI per capita
Cost per Borrower	Adjusted Operating Expense / Adjusted Average Number of Active Borrowers
Cost per Loan	Adjusted Operating Expense / Adjusted Average Number of Loans

PRODUCTIVITY

Borrowers per Staff Member	Adjusted Number of Active Borrowers / Number of Personnel
Loans per Staff Member	Adjusted Number of Loans Outstanding / Number of Personnel
Borrowers per Loan Officer	Adjusted Number of Active Borrowers / Number of Loan Officers
Loans per Loan Officer	Adjusted Number of Loans Outstanding / Number of Loan Officers
Depositors per Staff Member	Number of Depositors / Number of Personnel
Deposit Accounts per Staff Member	Number of Deposit Accounts / Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers / Number of Personnel

RISK AND LIQUIDITY

Portfolio at Risk > 30 Days	Outstanding balance, portfolio overdue > 30 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, portfolio overdue > 90 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Write-off Ratio	Adjusted Value of loans written-off / Adjusted Average Gross Loan Portfolio
Loan Loss Rate	(Adjusted Write-offs - Value of Loans Recovered) / Adjusted Average Gross Loan Portfolio
Risk Coverage Ratio	Adjusted Impairment Loss Allowance / PAR > 30 Days
Non-earning Liquid Assets as a % of Total Assets	Adjusted Cash and banks / Adjusted Total Assets

TAJIKISTAN BENCHMARKS

	ECA	Tajikistan	Tajikistan Large	Tajikistan Small	Central Asia	Kyrgyzstan
INSTITUTIONAL CHARACTERISTICS						
Number of MFIs	236	29	6	23	64	18
Age	8	4	6	3	5	3
Total Assets	4,429,863	678,085	38,516,460	567,481	1,605,354	960,741
Offices	5	3	15	2	4	4
Personnel	30	24	358	14	22	20
FINANCING STRUCTURE						
Capital/asset ratio	23.29%	26.45%	20.46%	46.68%	27.26%	36.43%
Debt to equity ratio	2.86	2.82	3.89	1.31	2.56	1.66
Deposits to loans	0.00%	0.00%	17.14%	0.00%	0.00%	0.00%
Deposits to total assets	0.00%	0.00%	12.70%	0.00%	0.00%	0.00%
Gross loan portfolio to total assets	88.01%	92.88%	80.54%	95.88%	88.68%	89.85%
OUTREACH INDICATORS						
Number of active borrowers	1,765	1,464	14,429	633	1,036	1,040
Percent of women borrowers	44.56%	42.37%	38.45%	44.01%	46.36%	51.33%
Number of outstanding loans	2,266	2,156	17,520	1,147	1,700	2,029
Loan portfolio gross	3,164,950	558,282	31,545,602	448,180	868,828	843,876
Average loan balance per borrower	2,136	530	1,810	507	956	1,599
Average loan balance borrower per borrower / GNI per capita	70.71%	115.31%	393.59%	110.27%	118.73%	262.17%
Average outstanding balance	1,951	528	1,389	464	806	1,587
Average outstanding balance / GNI per capita	64.36%	114.72%	301.87%	100.97%	113.08%	260.13%
Number of depositors	0	0	3,539	0	0	0
Number of deposit accounts	0	0	3,539	0	0	0
Deposits	0	0	5,577,059	0	0	0
Average deposit balance per depositor	1,885	1,733	1,733	0	1,576.11	2,417
Average deposit balance per depositor / GNI per capita	45.00%	377.00%	377.00%	0.00%	343.00%	396.50%
Average deposit account balance	1,620	1,583	1,583	0	1,576.11	395
Average deposit account balance / GNI per capita	0.00%	300.00%	300.00%	0.00%	343.00%	100.00%
MACROECONOMIC INDICATORS						
GNI per Capita	3,780	460	460	460	670	610
GDP Growth Rate	8.10%	7.80%	7.80%	7.80%	8.56%	8.21%
Deposit Rate	5.40%	8.43%	8.43%	8.43%	7.16%	5.41%
Inflation Rate	9.00%	13.17%	13.17%	13.17%	11.53%	10.18%
Financial Depth	42.90%	24.96%	24.96%	24.96%	30.86%	30.86%
OVERALL FINANCIAL PERFORMANCE						
Return on assets	0.28%	1.59%	1.13%	1.95%	0.78%	1.53%
Return on equity	2.63%	6.54%	6.97%	6.54%	5.65%	11.20%
Operational Self-Sufficiency	117.83%	118.91%	114.49%	118.91%	118.98%	126.64%
Financial self sufficiency	104.28%	114.29%	110.09%	114.29%	104.82%	111.23%
REVENUES						
Financial revenue ratio	24.78%	34.74%	31.71%	36.19%	33.94%	25.21%
Profit margin	4.09%	7.42%	8.94%	7.42%	4.44%	10.11%
Yield on gross portfolio (nominal)	29.89%	34.71%	37.11%	32.88%	35.49%	34.60%
Yield on gross portfolio (real)	19.51%	19.04%	21.16%	17.42%	22.44%	22.16%
EXPENSES						
Total expense/ assets	24.55%	28.57%	24.04%	31.08%	30.53%	30.01%
Financial expense/ assets	8.98%	11.05%	12.49%	9.55%	10.65%	11.29%
Provision for loan impairment/ assets	1.30%	1.76%	1.11%	2.00%	1.60%	1.55%
Operating expense/ assets	12.81%	17.70%	12.57%	19.46%	17.27%	16.60%
Personnel expense/ assets	7.20%	9.84%	7.47%	11.94%	9.77%	10.04%
Administrative expense/ assets	5.14%	6.58%	5.10%	7.90%	6.72%	7.45%
EFFICIENCY						
Operating expense/ loan portfolio	14.95%	19.71%	17.65%	20.60%	18.97%	11.73%
Personnel expense/ loan portfolio	8.03%	11.16%	10.78%	11.26%	9.60%	6.31%
Average salary/ GNI per capita	3.77	10.57	12.97	6.75	6.71	8.93
Cost per borrower	315	145	225	139	204	145
Cost per loan	289	134	200	110	148	138
PRODUCTIVITY						
Borrowers per staff member	54	43	56	43	42	55
Loans per staff member	58	54	64	53	50	55
Borrowers per loan officer	162	139	135	139	135	145
Loans per loan officer	167	156	162	152	145	145
Depositors per staff member	0	0	4	0	0	0
Deposit accounts per staff member	0	0	6	0	0	0
Personnel allocation ratio	36.96%	37.50%	35.12%	37.50%	35.49%	32.80%
RISK AND LIQUIDITY						
Portfolio at risk > 30 days	1.96%	1.25%	0.88%	1.31%	1.38%	1.38%
Portfolio at risk > 90 days	0.96%	0.53%	0.65%	0.53%	0.72%	0.55%
Write-off ratio	0.37%	0.13%	0.87%	0.00%	0.13%	0.14%
Loan loss rate	0.25%	0.12%	0.82%	0.00%	0.08%	0.08%
Risk coverage	77.60%	77.98%	107.34%	61.10%	78.03%	293.46%
Non-earning liquid assets as a % of total assets	5.49%	4.12%	13.72%	2.54%	3.96%	4.08%

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

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AMFOT

The Association of Microfinance Organizations of Tajikistan (AMFOT) was established in 2004 and serves as a resource center for the microfinance sector as well as a nation-wide forum for interaction between microfinance organizations and the Government of the Republic of Tajikistan, the National Bank of Tajikistan, community members and investors. It contributes to the formation of a favorable legal environment, provides professional training and consultative services, and assists in the introduction of national standards of microfinance activity.

The establishment of Association of Microfinance Organizations of Tajikistan (AMFOT) was an important step in the development of the microfinance sector in Tajikistan. It was established with a view to coordinate the activity of microfinance organizations and support microfinance sector development. The Association, working on a voluntary basis, unites organizations active in the microfinance sector as well as other organizations which are interested in the development of microfinance in Tajikistan.

AMFOT collaborates with all types of microfinance institutions regardless of their organizational-legal form, location, financing principles, size and development level; nevertheless one of the main criteria for becoming a member of the Association is the willingness to contribute to transparency and good practices in the sector. The activity of the Association is based on its social mission and high quality of services provided to its member MFIs.

Presently, the Association unites 67 of the most sustainable and dynamically developing microfinance institutions and well-known international organizations such as the German Technical Cooperation Agency (GTZ), two commercial banks, Mercy Corps, and the APEX institution Frontiers from Kyrgyzstan.



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