

## **Microfinance Council of the Philippines, Inc. Update on the Performance of Council Members As of June 30, 2004**

The Secretariat of the Microfinance Council has been tracking the performance of its members since the year 2000 as part of the Council's monitoring activities. MCPI members are happy to share this monitoring report for data as of June 30, 2004. This report helps define the state of the microfinance sector in the Philippines because many of the leading players in the sector are members of MCPI.

The Secretariat was able to gather data from 23 members of the Council out of the current membership of 24 MFIs having retail microfinance services. Sources of data for this report include published annual reports, audited financial statements, operations reports, and other secondary data sources. The Secretariat used the MIX Data Collection Tool for this report to gather data from 16 out of 23 members covered by this report. Annexes A and B show the sources of data that helped the Secretariat compile this report.

### **Aggregate Data Show Modest Gains**

Aggregate data for the 23 reporting MFIs shows modest gains in the number of clients and gross loan portfolio over a 6-month period from December 31, 2003 to June 30, 2004. Table 1 shows the aggregate data from the reporting MFIs.

**Table 1: Aggregate Data of Member-MFIs, December 2001 – June 2004**

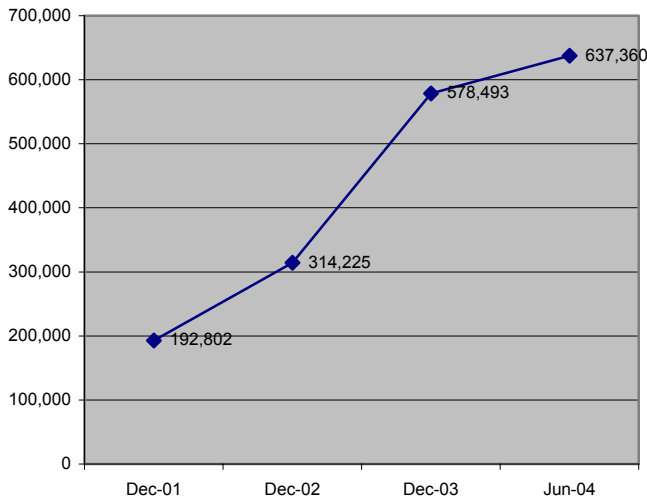
<b>Indicators</b>	<b>12 MFIs as of Dec. 31, 2001</b>	<b>15 MFIs as of Dec. 31, 2002</b>	<b>22 MFIs as of Dec. 31, 2003</b>	<b>23 MFIs as of June 30, 2004</b>
Number of active borrowers	192,802	314,225	578,493	637,360
Gross loan portfolio	1,050,458,155	1,566,435,367	2,334,494,701	2,658,397,045

The aggregate data show:

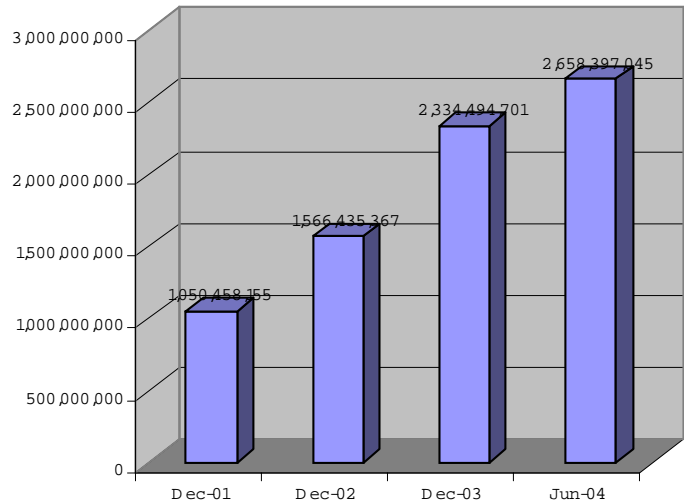
1. An increase in the number of active clients from 192,802 at the end of 2001 to 637,360 at the end of June 2004. The growth rate in the number of clients over the 2-and-a-half-year period is 231%.
2. An increase in the gross loan portfolio from P1.05 billion in 2001 to P2.66 billion in June 2004, equivalent to an increase of 153% in the gross loan portfolio over the 2-year period.

Figures 1 and 2 show the growth of the number of active borrowers and gross loan portfolio over a 2-and-a-half-year period from end of 2001 to mid of 2004.

**Figure 1: Number of Active Borrowers of Member-MFIs with Data, Dec 2001-Jun 2004**



**Figure 2: Gross Loan Portfolio of Member-MFIs with Data, Dec 2001-Jun 2004**



### Introducing the Use of the MIX Toolkit

The next portion of this report discusses processed information from 16 MFIs that submitted data using the MIX Data Collection Tool. MIX stands for Microfinance Information eXchange. MIX is a non-stock, non-profit institution based in Washington, D.C. The development of the MIX Toolkit was supported by the Consultative Group to Assist the Poorest (CGAP). MIX is the current publisher of the Microbanking Bulletin (MBB), a journal on microfinance published semi-annually. The MBB tracks the performance of about 200 MFIs worldwide. MFIs that submit data using the MIX Toolkit may opt to have their performance data included in the MBB. Of the 24 regular members of the Council offering microfinance services at the retail level, 16 members submitted their June 30, 2004 data using the MIX Toolkit.

**Special Report: An Update on the Performance of the 16 MCPI Members that Submitted Information Using the MIX Toolkit**

**Aggregate Data of the 16 MCPI Members**

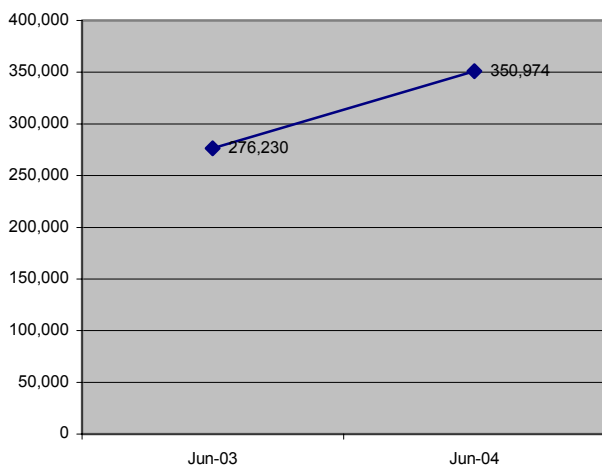
There are moderate increases in the number of clients and value of the gross loan portfolio between June 2004 and June 2003 for the 16 MFIs as shown in Table 2. The number of active clients reached 350,974 at the end of June 2004 compared to 276,170 at the end of June 2003, showing a modest increase of 27% over the previous year. The value of the gross loan portfolio fairly increased by 18% - from P1.32 billion in June 2003 to P1.56 billion in June 2004.

**Table 2: Aggregate Data of the 16 MCPI Members that Used the MIX Toolkit, June 2003-June 2004**

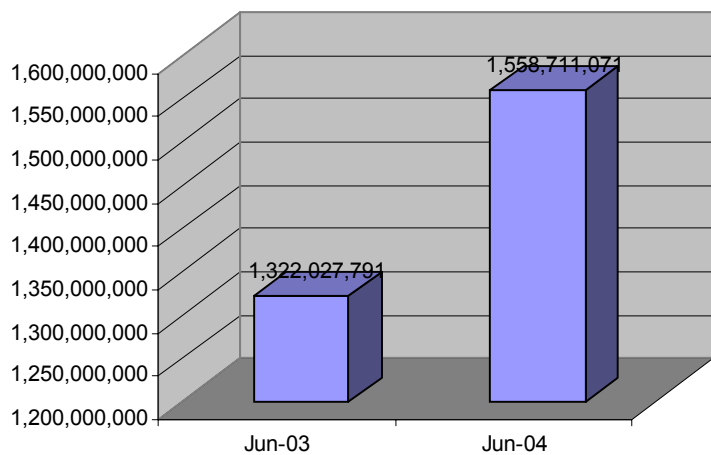
	June 2003	June 2004
Number of active borrowers	276,170	350,974
Gross loan portfolio	1,324,191,077	1,558,711,071

Figures 3 and 4 show the growth of the number of active borrowers and gross loan portfolio of the 16 members from June 2003 to June 2004.

**Figure 3: Number of Active Borrowers of the 16 MCPI Members June 2003-June 2004**



**Figure 4: Gross Loan Portfolio of the 16 MCPI Members, June 2003-June 2004**



## Analyzing Performance by Peer Groups

In order to analyze the performance of the 16 MFIs that submitted information using the MIX Toolkit, the Secretariat is introducing the use of the peer group framework to present findings. Peer groups represent MFIs that appear to have institutional characteristics that are similar enough so that comparison of performance with other MFIs within their group becomes more meaningful and appropriate. For purposes of this report, the Secretariat adopted the following peer groups: a.) by scale of operations (large, medium, small); b.) by age or length of years in operations (mature, young); and c.) by levels of financial self-sufficiency (financially sustainable or not yet financially sustainable). For this special report, the Secretariat used peer group definitions shown in Table 3.

**Table 3: Peer Group Criteria and Definitions**

<b>By scale of operations</b>	
Large	Value of portfolio > P200 million
Medium	P50 million ≤ Value of portfolio ≤ P200 million
Small	Value of portfolio < P50 million
<b>By age</b>	
Mature	Age of MF operations > 7 years
Young	Age of MF operations ≤ 7 years
<b>By FSS levels</b>	
FSS MFIs	FSS ratio > 100%
Non FSS MFIs	FSS ratio < 100%

Based on the above definitions, the members that submitted data using the MIX Toolkit are grouped as follows:

<b>By scale of operations</b>	
Large	NWTF, TSPI
Medium	ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan
Small	ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL
<b>By age</b>	
Mature	ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI
Young	CCT, CEVI, CMEDFI, OMB, Talisayan
<b>By FSS levels</b>	
FSS MFIs	KMBI, Talisayan, TSPI
Non-FSS MFIs	ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB

### Notes:

- Data from CEVI are for the fiscal year ended September 30, 2004.
- FSS MFIs means financially self-sufficient MFIs.

## Institutional Characteristics

Institutional indicators provide general information on the age of the member, legal structure, and its physical or human resources. Table 4 summarizes the institutional characteristics of the 16 MCPI members that submitted data using the MIX Toolkit.

**Table 4: Institutional Characteristics of the 16 MCPI Members  
 As of June 30, 2004**

		<i>Number of years in microfinance</i>	<i>Total assets</i>	<i>No. of offices including head office</i>	<i>Total no. of employees</i>	<i>No. of employees at Head Office</i>	<i>No. of field staff</i>	<i>No of loan officers</i>
<b>ALL MFIs (n=16)</b>	tot	-	2,440,089,278	253	2,727	424	2,303	1,750
	avg	11	152,505,580	16	170	16	144	109
<b>By scale of operations</b>								
<b>Large</b>	tot	-	891,932,945	87	1,026	137	889	689
<i>NWTF, TSPI</i>	avg	19	445,966,473	44	513	69	445	345
<b>Medium</b>	tot	-	1,337,036,248	117	1,371	212	1,159	843
<i>ARDCI, ASHI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	9	167,129,531	15	171	27	145	105
<b>Small</b>	tot	-	211,120,085	49	330	75	255	218
<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	11	35,186,681	8	55	13	43	36
<b>By age of microfinance operations</b>								
<b>Mature</b>	tot	-	1,856,799,457	178	2,057	336	1,721	1,319
<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	13	168,799,951	16	187	31	156	120
<b>Young</b>	tot	-	583,289,821	75	670	88	582	431
<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	5	116,657,964	15	134	18	116	86
<b>By FSS levels</b>								
<b>FSS MFIs</b>	tot	-	887,774,665	74	1,039	120	919	613
<i>KMBI, Talisayan, TSPI</i>	avg	15	295,924,888	25	346	40	306	204
<b>Non-FSS MFIs</b>	tot	-	1,552,314,613	179	1,688	304	1,384	1,137
<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	10	119,408,816	14	130	23	106	87

- The average number of years in microfinance of the 16 MFIs is 11 years. Total resources stood at PhP 2.44 billion as of June 2004.
- For this reporting period, the two large MFIs account for only 37% of the total resources available while medium-sized MFIs correspond to 55% of total resources. CARD NGO, CARD Bank, and TSKI were not able to submit their MIX Toolkits as of June 30, 2004. Inclusion of these MFI's data would have significantly altered the ratios in this mid-year 2004 report.
- The average number of offices for the reporting MFIs is 16 while average number employees stood at 170 individuals.
- Mature MFIs have more offices and employees because they have been in the microfinance industry for longer periods. Mature MFIs that are expanding to new areas require additional manpower. Mature MFIs accounted for 70% of total number of offices while young MFIs controlled the remaining 30%.
- Small and young MFIs have offices and employees below the average number of the 16 MFIs.

## Outreach Indicators

Outreach indicators determine the growth, extent and depth of reach of the institutions engaged in microfinance operations. Table 5 presents the outreach indicators of the 16 MCPI members that submitted information using the MIX Toolkit.

**Table 5: Outreach Indicators of the 16 MCPI Members  
 As of June 30, 2004**

		<i>Number of active borrowers, current</i>	<i>Number of active borrowers, previous</i>	<i>% Growth in number of active borrowers</i>	<i>Number of active compulsory savers</i>	<i>Number of active voluntary savers</i>	<i>Average loan balance per borrower</i>
<b>ALL MFIs (n=16)</b>	tot	350,974	276,230	27%	347,743	93,783	-
	avg	23,398	18,415	27%	24,839	10,420	4,194
<b>By scale of operations</b>							
<b>Large</b> <i>NWTF, TSPI</i>	tot	142,285	120,562	18%	145,971	44,790	-
	avg	71,143	60,281	15%	72,986	22,395	4,236
<b>Medium</b> <i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	tot	161,554	112,252	44%	152,791	27,222	-
	avg	23,079	16,036	44%	25,465	9,074	4,851
<b>Small</b> <i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	tot	47,135	43,416	9%	48,981	21,771	-
	avg	7,856	7,236	11%	8,164	5,443	3,414
<b>By age of microfinance operations</b>							
<b>Mature</b> <i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	tot	263,471	206,623	28%	272,219	91,422	-
	avg	26,347	20,662	26%	27,222	13,060	3,705
<b>Young</b> <i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	tot	87,503	69,607	26%	75,524	2,361	-
	avg	17,501	13,921	29%	18,881	1,181	5,172
<b>By FSS levels</b>							
<b>FSS MFIs</b> <i>KMBI, Talisayan, TSPI</i>	tot	149,667	104,364	43%	139,722	0	-
	avg	49,889	34,788	54%	69,861	0	5,853
<b>Non-FSS MFIs</b> <i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	tot	201,307	171,866	17%	208,021	93,783	-
	avg	16,776	14,322	20%	17,335	11,723	3,780

- The total number of active borrowers for the 16 MFIs is 350,974, representing a 27% increase from last year's 276,484 number of active borrowers. The number of active compulsory savers is 347,743 while the number of active voluntary savers is 93,783.
- Large MFIs account for only 41% of the total number of active borrowers. As indicated above, CARD Bank, CARD NGO, and TSKI were unable to submit their reports using the MIX Toolkit. However, in terms of average number of active borrowers, large MFIs still maintain a greater number compared to all peer groups.
- The medium-size MFIs account for 46% of the active borrowers while small MFIs correspond to only 7% of active borrowers.
- The average loan balance per borrower stood at P4,194 equivalent to less than 9% of the per capita gross domestic product. This percentage indicates the depth of outreach of the 16 MFIs.
- Large and mature MFIs that achieved levels of financial self-sufficiency of more than 100% tend to have larger amounts of average loan balances in their portfolio. These MFIs have been in operations for a longer period of time. Mature MFIs have older clients that generally borrow larger amounts compared to newer clients.

## Loan Portfolio and Risk Profile of the Loan Portfolio

These set of indicators provide specific information on the loan portfolio of MFIs and the state of financial health of the microfinance portfolio of the institutions. Table 6 summarizes the loan portfolio and risk profile of the loan portfolio of the 16 MCPI members that submitted data using the MIX Toolkit.

**Table 6: Loan Portfolio and Risk Profile of the 16 MCPI Members  
 As of June 30, 2004**

		Gross loan portfolio, current	Gross loan portfolio, previous	% Growth in loan portfolio	Average portfolio per officer	Average portfolio per field staff	Average portfolio per staff	Portfolio at risk ratio, >30 days	Loan loss reserves	Loan loss reserves/ PAR > 30 days
<b>ALL MFIs (n=16)</b>	tot	1,558,711,071	1,322,027,791	18%	-	-	-	-	75,466,699	-
	avg	97,419,442	82,626,737	19%	1,009,798	730,111	586,711	8.1%	4,716,669	116%
<b>By scale of operations</b>										
<b>Large</b>	tot	572,445,502	521,986,663	10%	-	-	-	-	18,492,542	-
<i>NWTF, TSPI</i>	avg	286,222,751	260,993,332	8%	823,893	644,931	558,130	2.7%	9,246,271	165%
<b>Medium</b>	tot	837,322,988	647,320,910	29%	-	-	-	-	43,724,079	-
<i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	104,665,374	80,915,114	40%	1,297,141	930,020	684,465	7.7%	5,465,510	85%
<b>Small</b>	tot	148,942,581	152,720,218	-2%	-	-	-	-	13,250,078	-
<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	24,823,764	25,453,370	-6%	688,643	444,330	465,899	10.4%	2,208,346	137%
<b>By age of microfinance operations</b>										
<b>Mature</b>	tot	1,162,965,303	998,969,936	16%	-	-	-	-	35,713,174	-
<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	105,724,118	90,815,449	13%	961,313	723,110	573,788	7.6%	3,246,652	113%
<b>Young</b>	tot	395,745,768	323,057,855	22%	-	-	-	-	39,753,525	-
<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	79,149,154	64,611,571	31%	1,116,465	744,115	615,140	9.7%	7,950,705	125%
<b>By FSS levels</b>										
<b>FSS MFIs</b>	tot	598,003,627	453,412,567	32%	-	-	-	-	25,453,501	-
<i>KMBI, Talisayan, TSPI</i>	avg	199,334,542	151,137,522	49%	1,291,934	749,557	659,498	0.9%	8,484,500	207%
<b>Non-FSS MFIs</b>	tot	960,707,444	868,615,224	11%	-	-	-	-	50,013,198	-
<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	73,900,573	66,816,556	12%	944,690	725,250	569,914	9.2%	3,847,169	103%

- The gross loan portfolio for June 2004 of the 16 MFIs is PhP 1.56 billion representing an 18% increase from last year's PhP 1.32 billion.
- The gross loan portfolio of large MFIs grew a modest 10% from June 2003. On the other hand, medium-sized MFIs intensified their expansion as evidenced by a 29% increase in their total loan portfolio. On average, gross loan portfolio of medium-sized MFIs grew by 40%. This shows the aggressiveness of medium-sized MFIs in providing loans to poor households.
- The average portfolio at risk ratio > 30 days for the 16 MFIs that used the MIX Toolkit is 8.1%.
- Small, young, and non-FSS MFIs have a higher average PAR > 30 days than the average PAR of all reporting MFIs
- Loan loss reserves for all 16 MFIs in the amount of PhP 75.5 million cover up to 116% of PAR > 30 days.

## Savings, Liabilities, and Equity Indicators

Table 7 summarizes the savings, liabilities, and equity indicators of the 16 MCPI members that submitted data using the MIX Toolkit.

- The amount of client savings for June 2004 of the 16 MFIs that used the MIX Toolkit is PhP 708 million. On average, large, medium, and small MFIs maintain PhP 120.7, PhP 50.8, and PhP 10 million of client savings, respectively.
- The average amount of borrowings for the 16 MFIs is PhP 37.3 million. Large, medium, and mature MFIs have an above average amount of borrowings while small and young MFIs have lesser borrowings.
- The current year average equity for the reporting MFIs is PhP 42.8 million. Large, medium, and mature MFIs have an above average equity while small and young MFIs have minimal equity.

**Table 7: Savings, Liabilities, and Equity Indicators of the 16 MCPI Members  
 As of June 30, 2004**

		<i>Amount of client savings</i>	<i>Total borrowings</i>	<i>Total equity, current year</i>	<i>Total equity, previous year</i>
<b>ALL MFIs (n=16)</b>	tot	707,984,051	596,042,243	805,996,463	685,738,983
	avg	44,249,003	37,252,640	50,374,779	42,858,686
<b>By scale of operations</b>					
<b>Large</b>	tot	241,310,690	210,552,464	286,883,107	254,368,593
	<i>NWTF, TSPI</i>	avg	120,655,345	105,276,232	143,441,553
<b>Medium</b>	tot	406,410,848	333,050,338	434,810,886	364,480,958
	<i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	50,801,356	41,631,292	54,351,361
<b>Small</b>	tot	60,262,513	52,439,441	84,302,470	66,889,432
	<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	10,043,752	8,739,907	14,050,412
<b>By age of microfinance operations</b>					
<b>Mature</b>	tot	544,759,251	420,952,101	641,816,539	550,575,936
	<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	49,523,568	38,268,373	58,346,958
<b>Young</b>	tot	163,224,800	175,090,142	164,179,924	135,163,047
	<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	20,949,817	35,018,028	32,835,985
<b>By FSS levels</b>					
<b>FSS MFIs</b>	tot	288,192,816	151,330,587	301,116,309	245,342,810
	<i>KMBI, Talisayan, TSPI</i>	avg	96,064,272	50,443,529	100,372,103
<b>Non-FSS MFIs</b>	tot	419,791,235	444,711,656	504,880,154	440,396,173
	<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	32,291,633	34,208,589	38,836,935

## Financing Structure

Table 8 summarizes the financing structure of the 16 MCPI members that submitted data using the MIX Toolkit.

**Table 8: Financing Structure of the 16 MCPI Members  
 As of June 30, 2004**

		Equity to assets ratio	Client savings to loan ratio	Borrowings to loan portfolio ratio	Debt to equity ratio	Gross loan portfolio to total assets ratio
<b>ALL MFIs (n=16)</b>	avg	30%	44%	38%	150%	68%
<b>By scale of operations</b>						
<b>Large</b>						
<i>NWTF, TSPI</i>	avg	31%	40%	43%	254%	63%
<b>Medium</b>						
<i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	34%	45%	43%	383%	62%
<b>Small</b>						
<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	24%	46%	30%	-194%	78%
<b>By age of microfinance operations</b>						
<b>Mature</b>						
<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	33%	46%	36%	114%	66%
<b>Young</b>						
<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	23%	40%	44%	231%	73%
<b>By FSS levels</b>						
<b>FSS MFIs</b>						
<i>KMBI, Talisayan, TSPI</i>	avg	29%	48%	32%	314%	67%
<b>Non-FSS MFIs</b>						
<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	30%	44%	40%	113%	68%

### A. Equity to assets ratio

- The average equity to asset ratio for the 16 MFIs is 30%.
- Large, medium, and mature MFIs have an average equity to asset ratio of 31%, 34%, and 33%, respectively. These figures are slightly above the average of the 16 MFIs.

### B. Client savings to loan ratio

- The average client savings to loan ratio for the 16 MFIs is 44%.
- The client savings to loan ratio of the different peer groups ranges from 40% to 48%.

### C. Borrowings to loan portfolio ratio

- The average borrowings to loan portfolio ratio for the 16 MFIs is 38%.

- The borrowings to loan portfolio ratio of large, medium, and mature MFIs do not deviate significantly from the average of the 16 MFIs.

#### D. Debt to equity ratio

This ratio indicates the proportion of equity and debt that the MFI is using to finance its assets. A higher debt to equity ratio generally means that the institution has been aggressive in financing its growth with debt.

- The average debt to equity ratio for the 16 MFIs is 150%.
- Large, medium and young MFIs have a large debt to equity ratio, 254%, 383%, and 231%, respectively. This means that they have been more aggressive in financing their expansion through debt.

#### E. Gross loan portfolio to total assets ratio

- The average gross loan portfolio to total assets ratio for the 16 MFIs is 68%.
- Small and young MFIs have an average gross loan portfolio to total assets ratio of 78% and 73%, respectively. This is higher than the average of the 16 MFIs, meaning a larger percentage of their assets are in financial assets that generate interest earnings.

### **Sustainability Indicators**

Table 9 presents the sustainability indicators of the 16 MCPI members that submitted data using the MIX Toolkit.

#### A. Operational self-sufficiency (OSS) ratio

This ratio shows how an institution is able to sufficiently cover operating costs over time to enable the MFI to provide microfinance services to low-income households on a sustainable basis. An OSS ratio greater than 100% indicates that the MFI is able to cover its financing costs, loan loss provisions and operating expenses from revenues obtained from lending.

- The average OSS ratio for the reporting MFIs is 111%.
- Large, medium, and young MFIs achieved an OSS ratio higher than 100%.
- Based on the age of microfinance operations, the average OSS ratio of mature MFIs is 108%, slightly lower than the average of all reporting MFIs. Young MFIs garnered a 116% OSS ratio, 5% higher than the average of the 16 reporting MFIs.
- FSS MFIs obtained an average OSS ratio of 129% compared to 106% for non-FSS MFIs.

**Table 9: Sustainability Indicators of the 16 MCPI Members  
 As of June 30, 2004**

		Operational self-sufficiency	Financial self-sufficiency
<b>ALL MFIs (n=16)</b>	avg	111%	88%
<b>By scale of operations</b>			
<b>Large</b>			
<i>NWTF, TSPI</i>	avg	112%	94%
<b>Medium</b>			
<i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	117%	92%
<b>Small</b>			
<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	102%	81%
<b>By age of microfinance operations</b>			
<b>Mature</b>			
<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	108%	85%
<b>Young</b>			
<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	116%	95%
<b>By FSS levels</b>			
<b>FSS MFIs</b>			
<i>KMBI, Talisayan, TSPI</i>	avg	129%	105%
<b>Non-FSS MFIs</b>			
<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	106%	84%

**B. Financial self-sufficiency (FSS) ratio**

The FSS ratio demonstrates the ability of the MFI to cover all operating, financial and loan loss expenses as well as to maintain the value of equity and quasi-equity in relation to inflation and the imputed cost of capital.

- The average FSS ratio of the 16 MFIs is 88%.
- The FSS ratio of the large, mature, and young MFIs is 94%, 92%, and 96%, respectively. These are higher than the average of all reporting MFIs.
- During this reporting period, mature MFIs have a lower FSS ratio compared to young MFIs.
- FSS MFIs have an average FSS ratio of 105%. Non-FSS MFIs have an average FSS ratio of 84%.

## Efficiency Indicators

Efficiency indicators are related to costs incurred in delivering services to clients and comparing the costs versus the average amount of the loan portfolio or the average number of borrowers. Table 10 presents the efficiency indicators of the 16 MCPI members that submitted data using the MIX Toolkit.

**Table 10: Efficiency Indicators of the 16 MCPI Members  
 As of June 30, 2004**

		Operating cost ratio	Personnel cost ratio	Cost per borrower
<b>ALL MFIs (n=16)</b>	avg	41%	24%	1,778
<b>By scale of operations</b>				
<b>Large</b> <i>NWTF, TSPI</i>	avg	40%	25%	1,753
<b>Medium</b> <i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	41%	22%	1,961
<b>Small</b> <i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	41%	26%	1,572
<b>By age of microfinance operations</b>				
<b>Mature</b> <i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	41%	25%	1,711
<b>Young</b> <i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	41%	22%	1,911
<b>By FSS levels</b>				
<b>FSS MFIs</b> <i>KMBI, Talisayan, TSPI</i>	avg	40%	25%	1,986
<b>Non-FSS MFIs</b> <i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	41%	24%	1,726

### A. Operating cost ratio (OCR)

The operating cost ratio shows how much operating cost is spent to keep a peso of loan outstanding at any given time. An OCR of 25% indicates that it costs the MFI 25 cents to maintain a peso of loan. According to the NGO Performance Standards, an efficient microfinance operation is expected to have an OCR of 25% or less. On the other hand, the standard for OCR in the new performance standards being promoted by the National Credit Council is 10% or less.

- The OCR of the 16 MFIs is 41%, higher than the OCR of 25% indicated in the NGO Performance Standards.
- It is quite noticeable that across peer groups, the average OCR does not deviate significantly from the 41% average of all reporting MFIs. This means that the 16 MFIs are experiencing higher than standard costs in maintaining a peso of loan.

## B. Personnel cost ratio

The personnel cost ratio measures the personnel cost incurred to maintain a peso in the loan portfolio. A lower ratio would mean that the MFI is incurring smaller personnel cost to maintain one peso in its loan portfolio.

- The personnel cost ratio of the 16 MFIs is 24%.
- Large MFIs garnered a personnel cost ratio of 25%, slightly higher than the average of the 16 MFIs that used the MIX Toolkit.
- In general, the personnel cost ratio of all peer groups does not deviate significantly from the 24% average of all reporting MFIs.

## C. Cost per borrower

The cost per borrower shows the average cost of maintaining an active borrower. Therefore, keeping this indicator at a low level would mean that the MFI is more cost-efficient in maintaining an active borrower.

- The cost per borrower of the 16 MFIs is P1,778 per borrower. This means that on average, an MFI spends at least P1,778 per year to maintain one active borrower.
- Large MFIs maintain a cost per borrower of P1,753. This amount is slightly lower than the average level of the 14 MFIs.
- Medium, young and FSS MFIs spend more to maintain their active borrowers, as shown by their cost per borrower levels of P1,961, P1,911, and P1,986, respectively.

## Productivity Indicators

Productivity indicators describe the number of clients being served by the MFI's personnel. Table 11 presents the productivity indicators of the 16 MCPI members that submitted data using the MIX Toolkit.

**Table 11: Productivity Indicators of the 16 MCPI Members  
 As of June 30, 2004**

		<i>Number of borrowers per loan officer</i>	<i>Number of borrowers per field staff</i>	<i>Number of borrowers per staff</i>	<i>Ratio of loan officers to total staff</i>
<b>ALL MFIs (n=16)</b>	avg	209	152	134	64%
<b>By scale of operations</b>					
<b>Large</b>					
<i>NWTF, TSPI</i>	avg	203	155	135	70%
<b>Medium</b>					
<i>ARDCI, ASKI, CCT, CEVI, KMBI, NRBSL, OMB, Talisayan</i>	avg	217	156	130	59%
<b>Small</b>					
<i>ASHI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL</i>	avg	203	146	139	68%
<b>By age of microfinance operations</b>					
<b>Mature</b>					
<i>ARDCI, ASHI, ASKI, FCBFI, JVOFI, KMBI, MILAMDEC, NORFIL, NRBSL, NWTF, TSPI</i>	avg	204	148	136	65%
<b>Young</b>					
<i>CCT, CEVI, CMEDFI, OMB, Talisayan</i>	avg	220	160	130	60%
<b>By FSS levels</b>					
<b>FSS MFIs</b>					
<i>KMBI, Talisayan, TSPI</i>	avg	229	145	129	56%
<b>Non-FSS MFIs</b>					
<i>ARDCI, ASHI, ASKI, CCT, CEVI, CMEDFI, FCBFI, JVOFI, MILAMDEC, NORFIL, NRBSL, NWTF, OMB</i>	avg	204	154	135	65%

- The average number of borrowers per loan officer, field staff, and staff is 209, 152, and 134, respectively.
- The average loan officers to total staff ratio for the entire group is 64%.
- There is no significant difference in the ratio of loan officers to total staff between MFIs in different peer groups.

## **Concluding Remarks**

Based on the performance of MCPI members using peer groupings, the performance of the two large MFIs demonstrated a slow growth in outreach and loan portfolio. Large MFIs may have started cleaning their portfolio, which may have resulted in modest growth in their number of active borrowers and loan portfolio. On the other hand, medium-sized MFIs showed rapid growth in outreach and sustainability. The next group of high performing MFIs is likely to come from medium-sized MFIs. A few rural banks are also poised to become high performing MFIs in the near future.

The MCPI is actively promoting the use of the MIX Toolkit in monitoring the performance of members. In the future, MCPI intends to promote the use of the MIX Toolkit outside of current membership. As more and more MFIs appreciate the value of the MIX Toolkit for performance monitoring and benchmarking, the Performance Monitoring Report prepared by MCPI will likely enhance transparency of the microfinance sector's operations and the reliability of the aggregate data. Transparency of data in turn, encourages would-be investors to have greater confidence in the microfinance sector.

**Annex A**

**List of Member-MFIs With Available Reports, Dec. 2001-June 2004**

	<b>Abbrev.</b>	<b>Name of Institution</b>	<b>Dec-01</b>	<b>Dec-02</b>	<b>Dec-03</b>	<b>Jun-04</b>
1	ABS-CBN	ABS-CBN Bayan Foundation	X	X	★	①
2	ASHI	Ahon sa Hirap, Inc.	☒	☒	①	✓
3	ARDCI	Agricultural & Rural Development for Catanduanes, Inc.	☒	☒	✓	✓
4	ASKI	Alalay sa Kaunlaran sa Gitnang Luzon, Inc.	☒	☒	①	✓
5	Cantilan	Cantilan Bank, Inc.	-	X	①	①
6	CARD	Center for Agriculture & Rural Development	☒	☒	✓	①
7	CCT	CCT Credit Cooperative	-	-	①	✓
8	CEVI	Community Economic Ventures, Inc.	-	☒	✓	✓
9	ECLOF	ECLOF Philippines Foundation, Inc.	X	X	X	①
10	FCBFI	FCB Foundation, Inc.	☒	☒	✓	✓
11	Fund Sant	Fundacion Santiago	◆	◆	◆	◆
12	GRF	Gerry Roxas Foundation Hublag	X	X	X	X
13	JVOFI	Jaime V. Ongpin Foundation, Inc.	☒	☒	✓	✓
14	KMBI	Kabalikat Para sa Maunlad na Buhay, Inc.	X	☒	✓	✓
15	Mallig	Mallig Plains Rural Bank (Isabela), Inc.	-	X	①	①
16	MILAMDEC	MILAMDEC Development Foundation	☒	☒	☒	✓
17	NWTF	Negros Women for Tomorrow Foundation, Inc.	☒	☒	✓	✓
18	NRBSL	New Rural Bank of San Leonardo, Inc.	-	-	①	✓
19	NDBRCFI	Notre Dame Business Resource Center Foundation, Inc.	◆	◆	◆	◆
20	NORFIL	NORFIL Foundation	☒	☒	✓	✓
21	OMB	Opportunity Microfinance Bank	X	☒	✓	✓
22	Producers	Producers Rural Banking Corporation	-	-	✓	①
23	CMEDFI	RAFI- Cebu Microenterprise Development Foundation, Inc.	☒	☒	✓	✓
24	Talisayan	Rural Bank of Talisayan (Mis. Or.), Inc.	-	-	①	✓
25	TSKI	Taytay sa Kauswagan, Inc.	☒	☒	✓	①
26	TSPI	TSPI Development Corporation	☒	☒	✓	✓

**Legend:**

- ✓ - MIX Toolkit
- ☒ - Member Information Sheet
- ★ - Annual Report/Audited Financial Statements
- ① - Others (Operations Report, Secondary data sources, etc.)
- X - Not available
- ◆ - No retail microfinance services
- - Not yet Council members as of preparation of update

## Annex B

### Summary of Reports Available

*June 2004*

<b>Type of Report</b>	<b>Number of MFIs</b>
MIX Toolkit	16
Member Info Sheet	-
Annual Report/ Audited FS	-
Others	7
Not available	1
Sub-total	24
No retail microfinance services	2
Total	26

*December 2003*

<b>Type of Report</b>	<b>Number of MFIs</b>
MIX Toolkit	13
Member Info Sheet	1
Annual Report/ Audited FS	1
Others	7
Not available	2
Sub-total	24
No retail microfinance services	2
Total	26

*December 2002*

<b>Type of Report</b>	<b>Number of MFIs</b>
Member Info Sheet	15

*December 2001*

<b>Type of Report</b>	<b>Number of MFIs</b>
Member Info Sheet	12