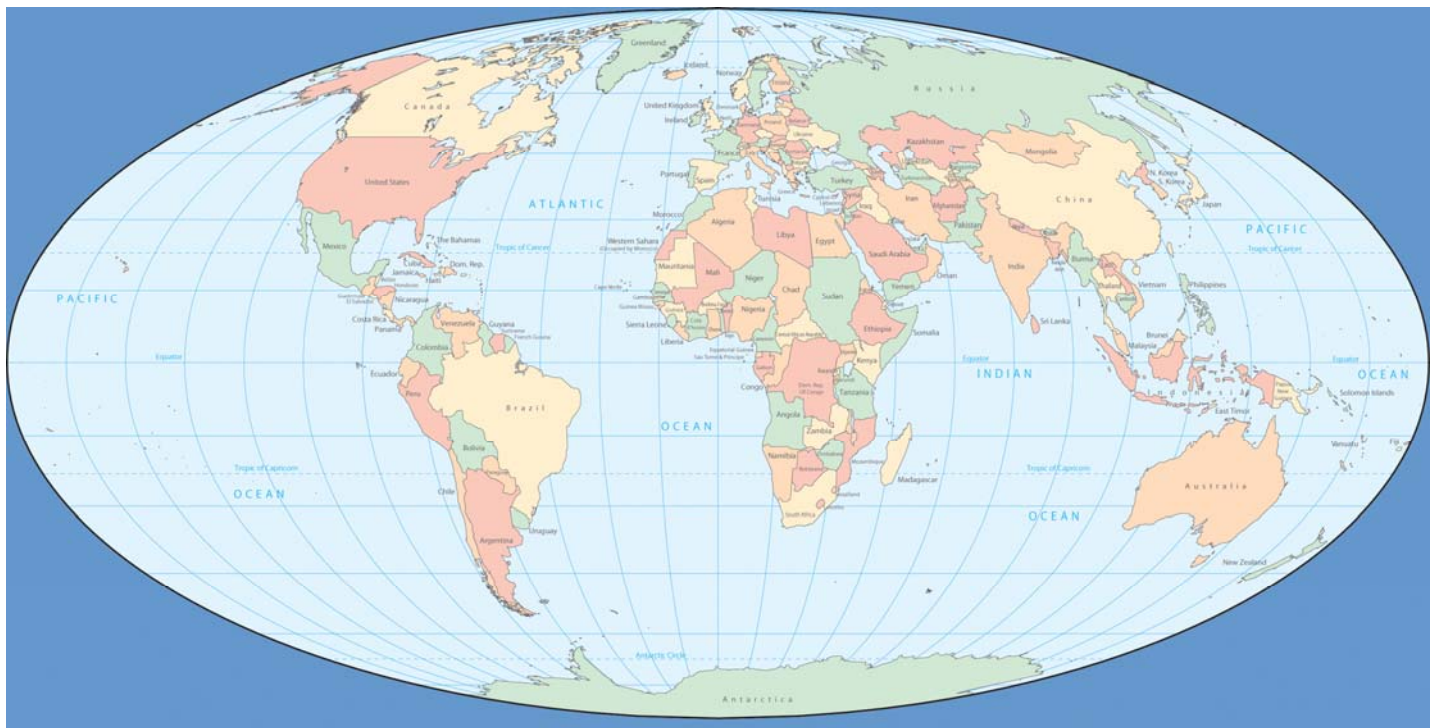


2007 Global Poverty & Micro-Finance Incidence Map



*Helping Socially-Conscious Investors Maximize
the Humanitarian Impact of their Investments*

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Executive Summary

Micro-finance has become such a powerful weapon in the fight against global poverty that many social investors in the developed world have come to impulsively regard any investment they make in micro-finance as automatically producing a positive social impact. Indeed, a certain culture of investment “exuberance” has enveloped the micro-finance realm – at least to some extent.

But although it may be logical to assume that all investments in micro-finance produce *some* positive social impact, is it reasonable to assume that all investments produce the *same* social impact? Few “traditional” investors put their money into any venture without having some assurance that a *quantifiable* ROI will be generated. Why have so many social investors in the developed world come to accept the blanket notion that all micro-finance – regardless of where it is being directed – produces an essentially equal social impact?

Part of the answer is that assessing social impact is much more complicated than measuring traditional ROI. Indeed, few mechanisms exist for calculating social impact; the micro-finance industry is only now beginning to standardize and propagate the application of social investment ‘scorecards’ such that poverty reduction can quantitatively be measured and compared across countries and regions.

In the meantime, however, is it reasonable to assume that all micro-finance investment – regardless of where it’s being directed – generates the same social impact? A poverty/micro-finance incidence map, compiled from the most thorough data currently available on poverty and micro-finance coverage, suggests that it is not. The principle of building such a map is simple: first, determine where the most severe poverty is; second, identify where the strongest micro-finance coverage is; and third, superimpose the two datasets to see how well they match up. The results may be surprising.

1—Where Is the Most Extreme Poverty?

While poverty is endemic, the prevalence of extreme poverty is most concentrated in a few countries and regions:

- About 1.15 billion people in the world live on less than \$1 per day; about 2.88 billion live on less than \$2 per day.
- Of the world’s 20 poorest countries as measured by percentage of population living on less than \$1 per day, 15 are in Sub-Saharan Africa.

- Just under two-thirds of all people living on less than \$1 per day live in only four countries: Bangladesh, India, Nigeria, and China (the BINC).
- Over 90% of all people living on less than \$1 per day reside in only 32 countries.
- Of those 32 countries, 18 are in Sub-Saharan Africa, six are in East Asia, five are in South Asia, two are in Latin America, and one is in Eastern Europe.

2—Where Is the Strongest Micro-Finance Coverage?

Although not nearly as endemic as poverty, micro-finance coverage is also highly concentrated in only a few countries:

- About 80.5 million people in the world benefit from micro-finance services; total global population benefiting from micro-finance is therefore only about 7% the size of global population living on less than \$1 per day.
- Total global micro-finance loan portfolios amount to just under \$18.1 billion; this translates into an average loan amount of about \$224 per client.
- Almost two-thirds of all micro-finance clients reside in only three countries, and over 90% of all micro-finance clients reside in only 20 countries.
- About two-thirds of all micro-finance loan portfolios target only 12 countries, while over 90% of all loan portfolios benefit only 32 countries.

3—How Does Micro-Finance Coverage Match Up with Extreme Poverty?

Only partially well:

- Bangladesh, India, Indonesia, and Nigeria – which together account for about 46% of all people living on less than \$1 per day – also have 68% of the world’s micro-finance clients.
- Indonesia, Bangladesh, and India – which together account for about 39% of the world’s people living on less than \$1 per day – receive about 22% of all micro-finance loan portfolios.

But...

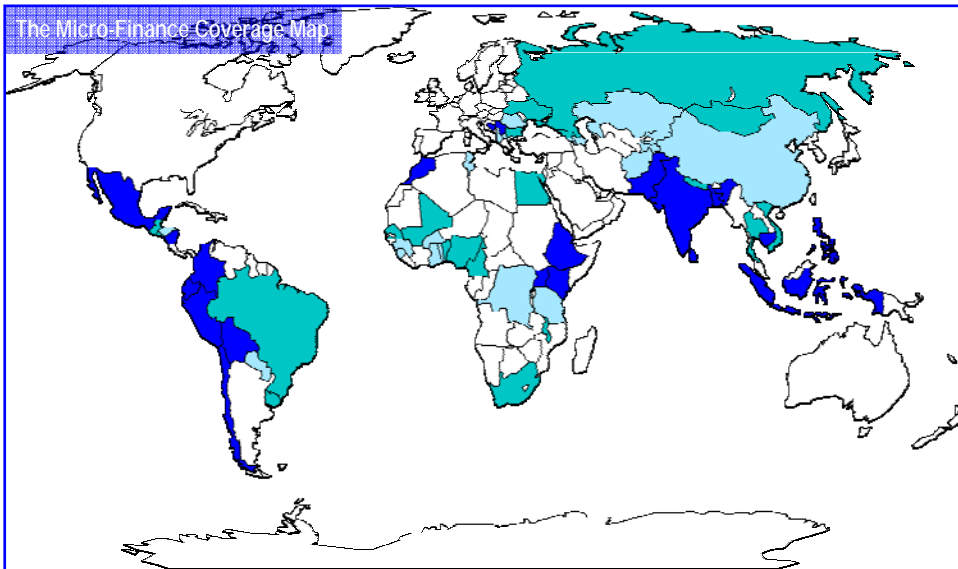
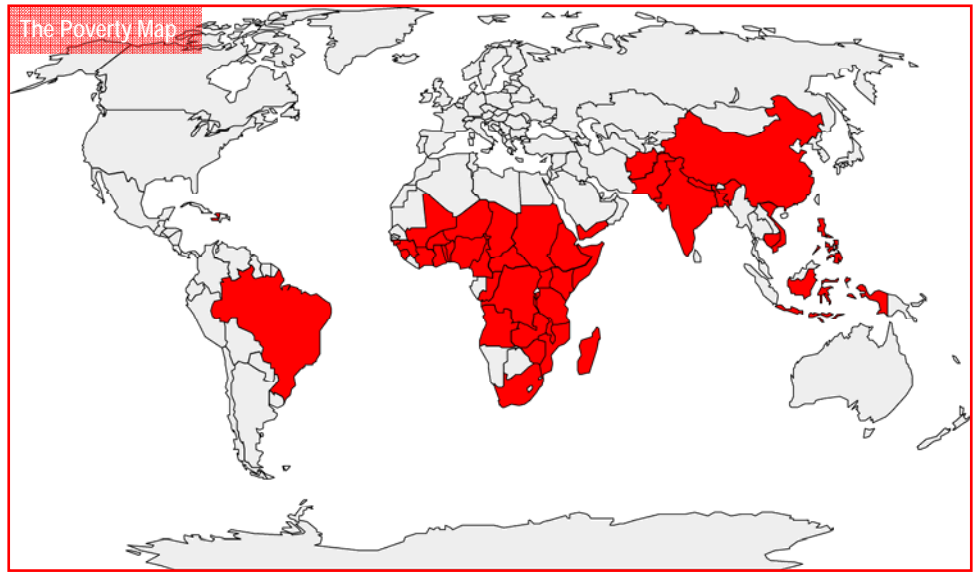
- Of the 20 countries accounting for 90% of all micro-finance clients, only three are located in Sub-Saharan Africa, the poorest region on earth.
- Of the 32 countries with 90% of the world’s population living on less than \$1 per day, 12 barely have 1 million total micro-finance clients between them.
- Of the 12 countries enjoying two-thirds of all micro-finance loan portfolios, only five are also among the 32 countries with 90% of the world’s population living on less than \$1 per day.
- Of the 32 countries benefiting from 90% of the micro-finance loan portfolios, only six are in Sub-Saharan Africa, while nine are in Central/Eastern Europe – the wealthiest of the world’s six developing ethno-geographic regions.

Executive Summary

#1—Although poverty is endemic, prevalence of the most extreme poverty is concentrated in only a few countries and regions.

#2—Although micro-finance coverage is also concentrated on only a few countries and regions, it correlates only moderately with the prevalence of extreme poverty.

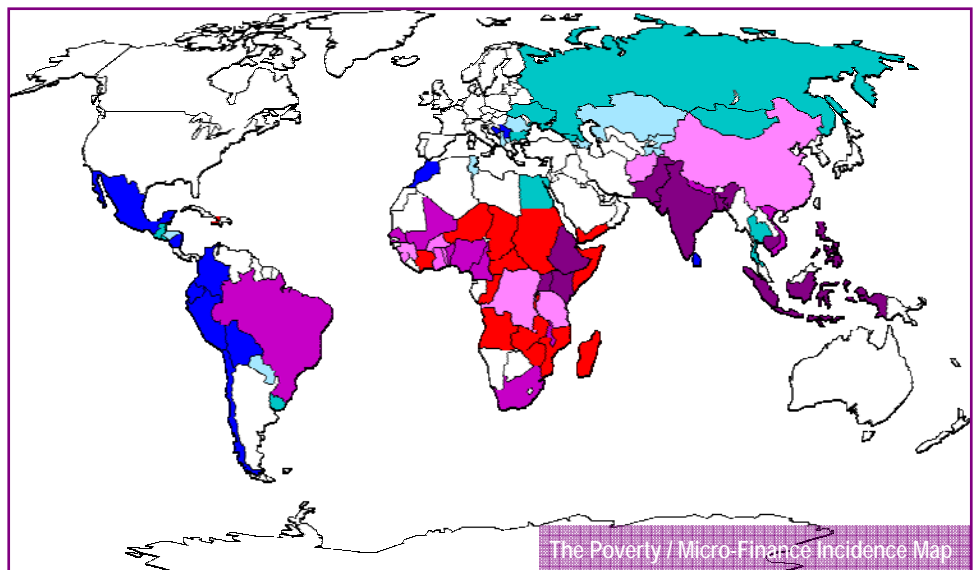
#3—A handful of extremely poor countries in South and East Asia enjoy an extent of micro-finance coverage that is roughly proportional to the severe prevalence of their poverty.



#4—Certain parts of the world – namely Latin America and Central/Eastern Europe – enjoy a disproportionately high level of micro-finance coverage given their relative freedom from the worst of the world's extreme poverty.

#5—Only a fraction of the countries in Sub-Saharan Africa – the world's poorest region – receive micro-finance coverage that is even close to proportional to their severe prevalence of extreme poverty.

#6—Because it does not perfectly target extreme poverty, all micro-finance activity does not likely generate the same universal social impact. Social investors should understand that supporting micro-finance activities in countries and regions that do not have epidemic levels of extreme poverty and/or that already boast disproportionately high levels of micro-finance coverage will not likely generate the same social impact as supporting micro-finance in regions that are comparatively poorer in wealth and quality of life, and/or that receive relatively little micro-finance coverage.





I. The Need for an Incidence Map

Micro-finance has become one of the most trusted development tools for combating poverty. In fact, although the vast majority of micro-finance activity occurs in the developing world, where most of the poverty is, about one-quarter of micro-finance services are actually funded by investors in the *developed* world. Virtually all of these investors are humanitarian institutions or individuals motivated less by profitability than by the desire to make a positive social impact – i.e., to support activities that help reduce global poverty.

But poverty in the developing world is not homogeneous; some regions and countries are poorer than others. So how do OECD humanitarians *select* which specific micro-finance institutions (MFIs) to invest in? There are several considerations, including the number of clients or borrowers an MFI serves, its accounting and disclosure practices, its level of official certification/incorporation with the host government, its overall profitability/financial management, and its historical loan repayment rate.

Interestingly, however, it is not very common for investors in the developed world to consider either the degree of poverty in the host country in which an MFI operates, or the extent to which micro-finance is *already* available in that host country, as factors in deciding where to send their money. In fact, many, if not most, humanitarian investors tend to regard any and all investments in micro-finance – no matter what the level of investment and regardless of the country in which it is directed – as essentially the same. Thus, there is little if any distinction between support for micro-finance activity in Bolivia vs. Bangladesh, or in Moldova vs. Madagascar. To the typical OECD investor, all investments in micro-finance yield more or less the same social impact.

This report will present a map that correlates global poverty with micro-finance activity. The purpose of this map is to “test” the validity of the popular assumption that all investments in micro-finance necessarily produce the same social impact. By correlating micro-finance incidence with the prevalence of extreme poverty country-by-country, the map will attempt to answer questions such as: if one has \$1 million to invest, is it reasonable to assume that giving all of it to an MFI operating in Bolivia – where micro-finance activity is already very prevalent – will have the same social impact as splitting the \$1 million half-and-half between the

Bolivian MFI and another MFI operating in Botswana, where practically no micro-finance exists and where the level of poverty is far more severe? Essentially, the poverty/micro-finance incidence map therefore provides a macro-level assessment of the likely social impact that support for micro-finance will generate in a given region or country.

II. Making the Map

There are two sides to the incidence map: poverty (outlined in red) and micro-finance activity (outlined in blue). Each side of the map has been constructed from different data sets.

The Poverty Map. Data from the United Nations Development Program’s (UNDP) 2006 Human Development Report was used to build the poverty side of the incidence map. Specifically, the world’s ethno-geographical regions and nation-states were sorted and ranked according to poverty indicators such as:

- Population Living on Less than \$1 and \$2 per Day (both total population and percentage of total population);
- Per-Capita Gross Domestic Product (GDP, purchasing power parity);
- Life-Expectancy;
- Infant Mortality Rate;
- Illiteracy Rate;
- Access to Improved Water;
- Access to Improved Sanitation;
- Malnourishment; and
- Human Development Index, which is a UNDP “quality of life” measure based on a selection of the above indicators.

There are several issues that must be considered regarding poverty data taken from the 2006 Human Development Report. First, most figures are actually 2004 data, with occasional entries pre-dating that year. Second, some indicators are calculated, determined, and/or reported by different methods from country to country. There are numerous footnotes and exceptions embedded in the raw data sets, and readers of this incidence map should therefore consult the actual 2006 Human Development Report for details about the limitations of the data contained therein.

Third, although the 2006 Human Development Report is the most thorough dataset available on global poverty, it is not *perfectly* thorough. It does not, for example, provide data on percentage of population living under \$1 and \$2 per day for several countries in Sub-Saharan Africa, and only provides this data for a handful of countries in the Central Asia, East Asia, & the Commonwealth of Independent States (CIS) region. To build an effective and complete poverty map, it

was therefore necessary to use regional averages as a proxy for those countries lacking data for a particular indicator. Thus, population living under \$1 and \$2 per day was calculated by ethno-geographic region based on country data that *was* available; these averages were then assigned to countries for which no \$1 and \$2 per day statistic was given. The poverty incidence map therefore contains some “extrapolated” data. Footnotes and/or red font in tables, graphs, and figures denote all occurrences when regional averages have been used as a proxy for country-specific data not provided in the original UNDP dataset.

In addition, the 2006 Human Development Report provides no GDP, life expectancy, infant mortality, or literacy data for several countries. In such instances, data from the 2006 CIA World Factbook was used to fill in the gaps.

One final limitation of the 2006 Human Development Report is that five large but prominently poor countries are completely absent from it: Afghanistan, Iraq, North Korea, Serbia & Montenegro (including Kosovo), and Somalia. No data of any kind is provided for these countries, which collectively account for about 100 million people. In order to estimate their poverty levels, basic population and development data from the 2006 CIA World Factbook was combined with averages calculated from UNDP poverty data provided for other countries belonging to the same ethno-geographic regions.

The Micro-Finance Coverage Map. There are two prevalent but different databases tracking global micro-finance activity, and both were used to build the micro-finance incidence map. Data from the Micro-Finance Summit Report was used to tally and rank the number of MFIs and MFI clients, both regionally and by country (three financial “network” institutions and agricultural boards that do not provide micro-credit loans directly to poor clients were omitted from these rankings). Regional and country-by-country data on number of MFIs, number of MFI clients, and total micro-finance loan portfolios were obtained from the publicly-available Micro-Finance Exchange (MIX) database. Because these datasets collect and report data using different methods and classifications, both were used in building the micro-finance incidence map.

There are data limitations on the micro-finance side that should be noted. With respect to the Micro-Finance Summit database, an unknown but probably small percentage of “clients” listed may in fact *not* be micro-finance loan borrowers, but consumers of other financial services such as savings accounts or insurance policies. Also, the Micro-Finance Summit dataset makes little distinction between the terms “client” and “borrower.” As a result, there may be instances of “double-counting” within this dataset, which might happen, for example, if a reporting MFI had equated the word “client” with “account,” rather than with an actual person. As such, the total number of clients reported in the Micro-Finance Summit database probably over-estimates to

some extent the actual number of micro-loan borrowers in the world.

The MIX database, by contrast, is more “exclusive,” because it includes only MFIs that meet a rather stringent set of criteria regarding the kinds of financial instruments they offer, how they define and choose a “borrower,” and how they disclose their finances. For example, while the Micro-Finance Summit database counts 3,228 MFIs, the MIX database lists only 861. Because these datasets are so different, and because the primary objective of the micro-finance incidence map was to be thorough even at the expense of some degree of accuracy, both databases were used in producing the incidence map.

However, even using both datasets cannot avoid certain limitations. For one, very few MFIs actually serve most micro-finance borrowers. In the Micro-Finance Summit database, for example, MFIs with at least 5,000 clients – which represent just 27% of the total dataset (870 out of 3,228 total MFIs listed) – actually serve 96.5% of all clients. Thus, the remaining 2,358 MFIs – all of which serve less than 5,000 clients each – serve only 3.5% of the world’s clients collectively. In fact, this “discrepancy” is likely even greater than reflected in the database, since many small MFIs do not report client information to any central databank – which essentially means that no one has a very good estimate of just how many small MFIs are in business, much less in which countries they are operating. There is little that can be done about this issue except to understand that it exists.

The second limitation is somewhat more serious. While the incidence map has been designed primarily to help investors in the developed world sharpen their ability to make investments that maximize SIROI in the under-developed world, it has not been possible to collect accurate data on exactly where OECD money is actually going. In other words, there is no central databank offering information on OECD investment in micro-finance activity, i.e. which MFIs operating in which countries are really benefiting from the financial support of humanitarian investors based in the developed world. In fact, it is impractical to collect such information, because few MFIs willingly disclose it. The only economic measure factored into the micro-finance incidence map is therefore total loan amount, since it is the only indicator available. However, it must be understood that data on loan portfolio is meant to serve only as a general “proxy” for micro-finance investment activity.

III. Where's the Poverty?

Poverty is arguably the world's most endemic problem. In total, about 1.15 billion people in the world (+/- 35 million) live on less than \$1 per day, while about 2.88 billion (+/- 87 million) live on less than \$2 per day. In addition, about 1.26 billion people 15 years of age and older are illiterate, 2.58 billion lack access to improved sanitation, 1.06 billion lack access to an improved water supply, and 872 million are under-nourished.

But the world's most extreme poverty tends to be concentrated in only a relative "handful" of countries. To identify where the most severe poverty is located, 182 of the world's 193 countries – a dataset representing 99.8% of world population – were ranked according to 20 poverty indicators.

Regional Poverty. To first provide a higher-level picture of poverty, each of these 182 countries was assigned to one of seven ethno-geographical regions. Table 1 lists these regions, which are the same ones described in the 2006 Human Development Report.

Table 1. Seven Ethno-Geographic Regions of the Poverty Map

Ethno-Geographic Region	Code	Countries Talled
Organization of Economic Cooperation & Development <i>Western Europe, Israel, North America, Australia, New Zealand, Japan, Hong Kong, South Korea, Singapore</i>	OECD	28
Arab States <i>North Africa, Arab states in Middle East / Southwest Asia</i>	AS	17
Central Europe, Eastern Europe, & the CIS <i>Former Soviet Republics, Russia, the Balkans, Asia Minor</i>	CIS	28
Latin America & the Caribbean <i>The Americas, apart from the United States & Canada</i>	LAC	33
East Asia & the Pacific <i>Central Asia (apart from former Soviet Republics), East Asia, Southeast Asia, Oceania apart from Australia / NZ</i>	EAP	19
South Asia <i>South-Central Asia, non-Arab states in Southwest Asia</i>	SA	9
Sub-Saharan Africa <i>Sub-Saharan Africa, the Sahel, Indian Ocean archipelagos</i>	SSA	47
		182

Figure 1 illustrates that about 90% of all people living under both \$1 and \$2 per day reside in only three of these seven regions. In fact, SA and SSA – with just over one-third of the world's population between them – collectively account for about 68% and 60% of all people living under \$1 and \$2 per day, respectively. Because the proportions of poor people in these two regions are far greater than their "contributions" to world population, they are comparatively the poorest regions on earth. EAP's poverty proportions, however, are more "in-line" with its share of global population, while the remaining regions are comparatively "better off" across the board.

In terms of absolute poverty, Table 2 shows that SSA is the poorest region on earth by most measures, with SA a distant second, and EAP a relatively close third.

Figure 1. "Comparative" Poverty by Ethno-Geographic Region

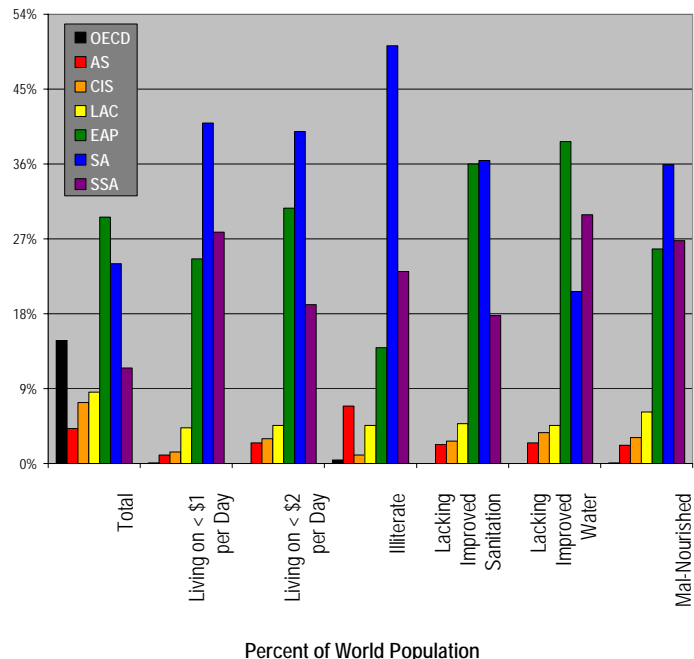


Table 2. Absolute Poverty by Ethno-Geographic Region

Region	Human Development Index (UNDP measure)	Population (millions)	GDP per Capita (ppp, USD)	Life Expectancy at Birth (years)	Infant Mortality (deaths per 1,000 live births)	Living Under \$1 per Day (percent of population)	Living Under \$2 per Day (percent of population)
OECD	0.938	941	\$30,714	79.3	4.3	2.0%	1.0%
AS	0.757	265	\$10,025	72.3	25.4	4.5%	22.0%
CIS	0.797	468	\$9,112	70.7	25.7	3.4%	18.7%
LAC	0.771	548	\$7,482	71.1	23.1	13.0%	30.1%
EAP	0.693	1,886	\$5,031	66.5	36.6	16.5%	51.0%
SA	0.623	1,531	\$3,034	63.5	62.6	19.9%	59.0%
SSA	0.487	732	\$3,141	49.0	90.2	42.3%	73.0%
World	* average	° sum					
	0.724*	6,369°	\$9,791*	67.5*	38.3*	14.5%*	36.4%*

Country-by-Country Poverty. The most compelling measure of extreme poverty might be population living on less than \$1 per day. Table 3 ranks countries with at least 1 million people living on less than \$1 per day by proportion of population living on less than \$1 per day, while Table 4 ranks countries by sheer population living on less than \$1 per day.

Table 3. The World's Poorest Countries – Proportion of Population Living on Less than \$1 per Day

Rank	Country	Population Living on < \$1 per Day			
		Population (millions)	Percent	Quantity (millions)	Cumulative Percent of World
1	Zambia	11.5	75.8%	8.7	0.8%
2	Mali	13.1	72.3%	9.5	1.6%
3	Nigeria	128.7	70.8%	91.1	9.5%
4	Central African Rep.	4.0	66.6%	2.7	9.8%
5	Madagascar	18.1	61.0%	11.0	10.7%
6	Niger	13.5	60.6%	8.2	11.4%
7	Tanzania	37.6	57.8%	21.7	13.3%
8	Zimbabwe	12.9	56.1%	7.2	14.0%
9	Burundi	7.3	54.6%	4.0	14.3%
10	Haiti	8.4	53.9%	4.5	14.7%
11	Rwanda	8.9	51.7%	4.6	15.1%
12	Nicaragua	5.4	45.1%	2.4	15.3%
13	Ghana	21.7	44.8%	9.7	16.2%
14 (tie)	Angola	15.5	42.3%*	6.6	16.7%
14 (tie)	Chad	9.4	42.3%*	4.0	17.1%
14 (tie)	Congo	3.9	42.3%*	1.7	17.2%
14 (tie)	Dem. Rep. of Congo	55.9	42.3%*	23.7	19.3%
14 (tie)	Eritrea	4.2	42.3%*	1.8	19.4%
14 (tie)	Guinea	9.2	42.3%*	3.9	19.8%
14 (tie)	Sierra Leone	5.3	42.3%*	2.2	20.0%
14 (tie)	Somalia	8.9***	42.3%*	3.8	20.3%
14 (tie)	Sudan	35.5	42.3%*	15.0	21.6%
14 (tie)	Togo	6.0	42.3%*	2.5	21.8%
14 (tie)	Uganda	27.8	42.3%*	11.8	22.9%
15	Malawi	12.6	41.7%	5.3	23.3%
16	Mozambique	19.4	37.8%	7.3	24.0%
17	Bangladesh	139.2	36.0%	50.1	28.3%
18	India	1,087.1	34.7%	377.2	61.2%
19	Cambodia	13.8	34.1%	4.7	61.6%
20	Benin	8.2	30.9%	2.5	61.8%
21	Burkina Faso	12.8	27.2%	3.5	62.1%
22	Laos	5.8	27.0%	1.6	62.3%
23	Nepal	26.6	24.1%	6.4	62.8%
24	Bolivia	9.0	23.2%	2.1	63.0%
25	Ethiopia	75.6	23.0%	17.4	64.5%
26	Kenya	33.5	22.8%	7.6	65.2%
27	Senegal	11.4	22.3%	2.5	65.4%
28	Honduras	7.0	20.7%	1.4	65.5%
29 (tie)	Afghanistan	31.1***	19.9%**	6.2	66.1%
29 (tie)	El Salvador	6.8	19.0%	1.3	66.2%
30	Cameroon	16.0	17.1%	2.7	66.4%
31	Pakistan	154.8	17.0%	26.3	68.7%

* Extrapolated Data (regional average for SSA)
 ** Extrapolated Data (regional average for SA)
 *** CIA World Factbook Data

(0.4 million). As such, some very poor – but also very small – countries have been omitted from Table 3.

Table 4. The World's Poorest Countries – Population Quantity Living on Less than \$1 per Day

Rank	Country	Population Living on < \$1 per Day			
		Population (millions)	Percent	Quantity (millions)	Cumulative Percent of World
1	India	1,087.1	34.7%	377.2	32.9%
2	China	1,308.0	16.6%	217.1	51.8%
3	Nigeria	128.7	70.8%	91.1	59.7%
4	Bangladesh	139.2	36.0%	50.1	64.1%
5	Pakistan	154.8	17.0%	26.3	66.4%
6	Dem. Rep. of Congo	55.9	42.3%	23.7*	68.5%
7	Tanzania	37.6	57.8%	21.7	70.4%
8	Ethiopia	75.6	23.0%	17.4	71.9%
9	Indonesia	220.1	7.5%	16.5	73.3%
10	Sudan	35.5	42.3%	15.0**	74.6%
11	Brazil	183.9	7.5%	13.8	75.8%
12	Vietnam	83.1	16.5%	13.7*	77.0%
13	Philippines	81.6	15.5%	12.6	78.1%
14	Uganda	27.8	42.3%	11.8*	79.1%
15	Madagascar	18.1	61.0%	11.0	80.1%
16	Ghana	21.7	44.8%	9.7	80.9%
17	Mali	13.1	72.3%	9.5	81.8%
18	Zambia	11.5	75.8%	8.7	82.5%
19 (tie)	Myanmar	50.0	16.5%	8.2*	83.2%
19 (tie)	Niger	13.5	60.6%	8.2	84.0%
20	Kenya	33.5	22.8%	7.6	84.6%
21	Mozambique	19.4	37.8%	7.3	85.3%
22	Zimbabwe	12.9	56.1%	7.2	85.9%
23	Angola	15.5	42.3%	6.6*	86.5%
24	Nepal	26.6	24.1%	6.4	87.0%
25	Afghanistan	31.1***	19.9%	6.2**	87.6%
26	Malawi	12.6	41.7%	5.3	88.0%
27	South Africa	47.2	10.7%	5.1	88.5%
28	Russia	143.9	3.4%	4.9*	88.9%
29 (tie)	Cambodia	13.8	34.1%	4.7	89.3%
29 (tie)	Mexico	105.7	4.4%	4.7	89.7%
30	Rwanda	8.9	51.7%	4.6	90.1%

* Figure based on Extrapolated Data (regional average for SSA)
 ** Figure based on Extrapolated Data (regional average for SA)
 *** CIA World Factbook Data

In terms of geographical distribution, Table 3 shows that 15 of the world's 20 poorest countries – as measured by proportion of population living on less than \$1 per day – are located in SSA, while Table 4 shows that half of all people in the world living on less than \$1 per day reside in only two countries (India and China), and that two-thirds are accounted for by just five (India, China, Nigeria, Bangladesh, and Pakistan). Ranking by population living on less than \$2 per day reveals a similar pattern, as shown in Tables 5 and 6.

It should be noted that 18 very poor countries (20% to 60% of population living on less than \$1 per day) were omitted from Table 3 for having less than \$1 million people living on less than \$1 per day. Five such countries are Gambia (0.9 million people living under \$1 per day), Djibouti (0.3 million), Namibia (0.7 million), Mongolia (0.7 million), and Botswana

Table 5. World's Poorest Countries – Population Proportion Living on Less than \$2 per Day

Rank	Country	Population Living on < \$2 per Day			
		Population (millions)	Percent	Quantity (millions)	Cum. Percent of World
1	Zambia	11.5	94.1%	10.8	0.4%
2	Nigeria	128.7	92.4%	118.9	4.5%
3	Mali	13.1	90.6%	11.9	4.9%
4	Tanzania	37.6	89.9%	33.8	6.1%
5	Burundi	7.3	87.6%	6.4	6.3%
6	Niger	13.5	85.8%	11.6	6.7%
7	Madagascar	18.1	85.1%	15.4	7.3%
8	Central African Rep.	4.0	84.0%	3.4	7.4%
9	Rwanda	8.9	83.7%	7.4	7.6%
10	Zimbabwe	12.9	83.0%	10.7	8.0%
11	Gambia	1.5	82.9%	1.2	8.0%
12	Bangladesh	139.2	82.8%	115.3	12.1%
13 (tie)	Nicaragua	5.4	79.9%	4.3	12.2%
13 (tie)	India	1,087.1	79.9%	868.6	42.4%
14	Ghana	21.7	78.5%	17.0	43.0%
15	Mozambique	19.4	78.4%	15.2	43.5%
16	Haiti	8.4	78.0%	6.6	43.7%
17	Ethiopia	75.6	77.8%	58.8	45.8%
18	Cambodia	13.8	77.7%	10.7	46.2%
19	Malawi	12.6	76.1%	9.6	46.5%
20	Mongolia	2.6	74.9%	1.9	46.6%
21	Sierra Leone	5.3	74.5%	3.9	46.7%
22	Laos	5.8	74.1%	4.3	46.8%
23	Benin	8.2	73.7%	6.0	47.1%
24	Pakistan	154.8	73.6%	113.9	51.0%
25 (tie)	Eritrea	4.2	73.0%*	3.1	51.1%
25 (tie)	Dem. Rep. of Congo	55.9	73.0%*	40.8	52.5%
25 (tie)	Angola	15.5	73.0%*	11.3	52.9%
25 (tie)	Guinea-Bissau	1.5	73.0%*	1.1	53.0%
25 (tie)	Congo	3.9	73.0%*	2.8	53.1%
25 (tie)	Chad	9.4	73.0%*	6.9	53.3%
25 (tie)	Somalia°	8.9	73.0%*	6.5	53.5%
25 (tie)	Sudan	35.5	73.0%*	25.9	54.4%
25 (tie)	Togo	6.0	73.0%*	4.4	54.6%
25 (tie)	Guinea	9.2	73.0%*	6.7	54.8%
25 (tie)	Uganda	27.8	73.0%*	20.3	55.5%
26	Burkina Faso	12.8	71.8%	9.2	55.8%
27	Nepal	26.6	68.5%	18.2	56.5%
28	Mauritania	3.0	63.1%	1.9	56.5%
29	Senegal	11.4	63.0%	7.2	56.8%
30 (tie)	Afghanistan°	31.1	59.0%**	18.3	57.4%
30 (tie)	Bhutan	2.1	59.0%**	1.2	57.5%
31	Kenya	33.5	58.3%	19.5	58.2%
32	Lesotho	1.8	56.1%	1.0	58.2%
33	Namibia	2.0	55.8%	1.1	58.2%
34	Indonesia	220.1	52.4%	115.3	62.2%
35	Vietnam	83.1	51.0%***	42.4	63.7%

* Extrapolated Data (regional average for SSA)
 ** Extrapolated Data (regional average for SA)
 *** Extrapolated Data (regional average for EAP)
 ° Extrapolated Data (regional average for CIS)
 ° CIA World Factbook Data

Table 6. World's Poorest Countries – Population Quantity Living on Less than \$2 per Day

Rank	Country	Population Living on < \$2 per Day		
		Percent	Quantity (millions)	Cum. Percent of World
1	India	79.9%	868.6	30.2%
2	China	46.7%	610.8	51.4%
3	Nigeria	92.4%	118.9	55.6%
4 (tie)	Indonesia	52.4%	115.3	59.6%
4 (tie)	Bangladesh	82.8%	115.3	63.6%
5	Pakistan	73.6%	113.9	67.5%
6	Ethiopia	77.8%	58.8	69.6%
7	Vietnam	51.0%***	42.4	71.0%
8	Dem. Rep. of Congo	73.0%*	40.8	72.5%
9	Brazil	21.2%	39.0	73.8%
10	Philippines	47.5%	38.8	75.2%
11	Tanzania	89.9%	33.8	76.3%
12	Egypt	43.9%	31.9	77.4%
13	Russia	18.7%°	26.9	78.4%
14	Sudan	73.0%*	25.9	79.3%
15	Myanmar	51.0%***	25.5	80.2%
16	Mexico	20.4%	21.6	80.9%
17	Uganda	73.0%*	20.3	81.6%
18	Kenya	58.3%	19.5	82.3%
19	Afghanistan°°	59.0%**	18.3	82.9%
20	Nepal	68.5%	18.2	83.6%
21	Ghana	78.5%	17.0	84.2%
22 (tie)	South Africa	34.1%	16.1	84.7%
22 (tie)	Thailand	25.2%	16.1	85.3%
23	Madagascar	85.1%	15.4	85.8%
24	Mozambique	78.4%	15.2	86.3%
25	Turkey	18.7%	13.5	86.8%
26	Mali	90.6%	11.9	87.2%
27	North Korea°°	51.0%***	11.8	87.6%
28	Niger	85.8%	11.6	88.0%
29	Angola	73.0%*	11.3	88.4%
30	Zambia	94.1%	10.8	88.8%
31 (tie)	Cambodia	77.7%	10.7	89.2%
31 (tie)	Zimbabwe	83.0%	10.7	89.5%
32	Malawi	76.1%	9.6	89.9%
33 (tie)	Burkina Faso	71.8%	9.2	90.2%
33 (tie)	Yemen	45.2%	9.2	90.5%
34 (tie)	Argentina	23.0%	8.8	90.8%
34 (tie)	Ukraine	18.7%°	8.8	91.1%
34 (tie)	Peru	31.8%	8.8	91.4%
35	Côte d'Ivoire	48.8%	8.7	91.7%
36	Sri Lanka	41.6%	8.6	92.0%
37	Cameroon	50.6%	8.1	92.3%
38	Colombia	17.8%	8.0	92.6%
39	Rwanda	83.7%	7.4	92.9%
40	Venezuela	27.6%	7.3	93.1%

* Extrapolated Data (regional average for SSA)
 ** Extrapolated Data (regional average for SA)
 *** Extrapolated Data (regional average for EAP)
 ° Extrapolated Data (regional average for CIS)
 °° CIA World Factbook Data

Even though several small African countries were omitted from Table 5 for having fewer than 1 million people living on less than \$2 per day, SSA still accounts for the vast majority of countries with very high population proportions living on less than \$2 per day – of the top 25 countries listed in Table 5, only eight are *not* in SSA. Meanwhile, Table 6 shows that only six countries account for 67.5% of the world's people living on less than \$2 per day. In Table 7, countries are ranked by four other poverty measures: the UNDP's Human Development Index, per capita gross domestic product, life expectancy, and infant mortality.

Table 7. World's Poorest Countries – Four Common Poverty Indicators

Human Development Index (UNDP quality of life measure)			GDP per Capita (ppp, USD)		Life Expectancy at Birth (years)		Infant Mortality (deaths per 1,000 live births)				
1	Niger	0.311	1	Sierra Leone	\$561	1	Swaziland	31.3	1	Sierra Leone	165
2	Sierra Leone	0.335	2	Somalia	\$600***	2	Botswana	34.9	2	Afghanistan	160***
3	Mali	0.338	3	Malawi	\$646	3	Lesotho	35.2	3	Angola	154
4	Burkina Faso	0.342	4	Tanzania	\$674	4	Zimbabwe	36.6	4	Niger	152
5	Guinea-Bissau	0.349	5	Burundi	\$677	5	Zambia	37.7	5	Dem. Rep. of Congo	129
6	Central African Rep.	0.353	6	Dem. Rep. of Congo	\$705	6	Central African Rep.	39.1	6	Guinea-Bissau	126
7	Chad	0.368	7	Guinea-Bissau	\$722	7	Malawi	39.8	7	Equatorial Guinea	122
8	Ethiopia	0.371	8	Ethiopia	\$756	8 (tie)	Sierra Leone	41.0	8	Mali	121
9	Burundi	0.384	9	Niger	\$779	8 (tie)	Angola	41.0	9	Rwanda	118
10	Mozambique	0.390	10	Afghanistan	\$800***	9	Mozambique	41.6	10 (tie)	Chad	117
11	Dem. Rep. of Congo	0.391	11	Madagascar	\$857	10	Equatorial Guinea	42.8	10 (tie)	Côte d'Ivoire	117
12	Malawi	0.400	12	Yemen	\$879	11	Afghanistan	43.3	11 (tie)	Central African Rep.	115
13	Zambia	0.407	13	Zambia	\$943	12	Nigeria	43.4	11 (tie)	Somalia	115***
14	Côte d'Ivoire	0.421	14	Eritrea	\$977	13	Dem. Rep. of Congo	43.5	12	Burundi	114
15	Benin	0.428	15	Congo	\$978	14	Chad	43.7	13 (tie)	Malawi	110
16	Tanzania	0.430	16	Mali	\$998	15	Burundi	44.0	13 (tie)	Ethiopia	110
17	Angola	0.439	17	Myanmar	\$1,027	16	Rwanda	44.2	14	Swaziland	108
18	Guinea	0.445	18	Benin	\$1,091	17	Niger	44.6	15	Mozambique	104
19	Nigeria	0.448	19	Central African Rep.	\$1,094	18	Guinea-Bissau	44.8	16	Zambia	102
20	Rwanda	0.450	20	Kenya	\$1,140	19	Cameroon	45.7	17 (tie)	Nigeria	101
21	Eritrea	0.454	21	Nigeria	\$1,154	20 (tie)	Tanzania	45.9	17 (tie)	Djibouti	101
22	Senegal	0.460	22	Burkina Faso	\$1,169	20 (tie)	Côte d'Ivoire	45.9	17 (tie)	Guinea	101
23	Gambia	0.479	23	Tajikistan	\$1,202	21	South Africa	47.0	18 (tie)	Burkina Faso	97
24	Haiti	0.482	24	São Tomé & Príncipe	\$1,231	22	Namibia	47.2	18 (tie)	Cambodia	97
25	Mauritania	0.486	25	Mozambique	\$1,237	23	Kenya	47.5	19	Tajikistan	91
26	Somalia	0.487*	26	Rwanda	\$1,263	24	Ethiopia	47.8	20	Benin	90
27 (tie)	Kenya	0.491	27	Uganda	\$1,478	25	Burkina Faso	47.9	21	Gambia	89
27 (tie)	Zimbabwe	0.491	28	Nepal	\$1,490	26	Mali	48.1	22	Cameroon	87
28	Yemen	0.492	29	Togo	\$1,536	27	Uganda	48.4	23	Botswana	84
29 (tie)	Lesotho	0.494	30	Côte d'Ivoire	\$1,551	28	Somalia	48.5	24	Yemen	82
29 (tie)	Djibouti	0.494	31	North Korea	\$1,700***	29	Haiti	52.0	25	Congo	81
30	Togo	0.495	32	Senegal	\$1,713	30	Congo	52.3	26 (tie)	Uganda	80
31	Swaziland	0.500	33	Moldova	\$1,729	31	Djibouti	52.9	26 (tie)	Turkmenistan	80
32	Uganda	0.502	34	Iraq	\$1,800***	32	Mauritania	53.1	26 (tie)	Pakistan	80
33	Cameroon	0.506	35	Solomon Islands	\$1,814	33	Guinea	53.9	27 (tie)	Zimbabwe	79
34	Madagascar	0.509	36	Uzbekistan	\$1,869	34	Gabon	54.0	27 (tie)	Kenya	79
35	Timor-Leste	0.512	37	Bangladesh	\$1,870	35 (tie)	Eritrea	54.3	28 (tie)	Tanzania	78
36	Sudan	0.516	38	Haiti	\$1,892	35 (tie)	Benin	54.3	28 (tie)	Mauritania	78
37	Congo	0.520	39	Kyrgyzstan	\$1,935	36	Togo	54.5	28 (tie)	Togo	78
38	Papua New Guinea	0.523	40	Mauritania	\$1,940	37	Laos	55.1	28 (tie)	Senegal	78
39	Nepal	0.527	41	Comoros	\$1,943	38	Madagascar	55.6	29 (tie)	Madagascar	76
40	Bangladesh	0.530	42	Sudan	\$1,949	39	Papua New Guinea	55.7	29 (tie)	Myanmar	76
41	Ghana	0.532	43	Laos	\$1,954	40 (tie)	Senegal	56.0	30 (tie)	São Tomé & Príncipe	75
42	Bhutan	0.538	44	Bhutan	\$1,969	40 (tie)	Timor-Leste	56.0	30 (tie)	Azerbaijan	75
43	Pakistan	0.539	45	Gambia	\$1,991	41	Gambia	56.1	31	Haiti	74
44	Laos	0.553	46	Djibouti	\$1,993	42 (tie)	Sudan	56.5	32 (tie)	Papua New Guinea	68
45	Comoros	0.556	47	Mongolia	\$2,056	42 (tie)	Cambodia	56.5	32 (tie)	Ghana	68

* Figure based on Extrapolated Data (regional average for SSA)

*** CIA World Factbook Data

Four final poverty indicators to consider are illiteracy, access to sanitation, access to clean water, and mal-nourishment. The poorest countries in the world ranked by these indicators are presented in Tables 8 and 9; country selection cut-offs were set such that at least 90% of the total world population affected by each indicator is accounted for in the rankings (see the “Cum. percent of World” statistic).

Table 8. World's Poorest Countries – Illiteracy & Mal-Nourishment

Adult Illiteracy (illiterate population 15 years of age and older)				Mal-Nourishment									
Percent of Population		Population ^o	Cum. percent of World ^o	Percent of Population		Population ^o	Cum. percent of World ^o						
1	Mali	81.0%	1	India	424.0	33.6%	1	Eritrea	73%	1	India	217.4	24.9%
2	Burkina Faso	78.2%	2	China	119.0	43.0%	2	Dem. Rep. of Congo	72%	2	China	157.0	42.9%
3	Chad	74.3%	3	Bangladesh***	79.2	49.3%	3	Burundi	67%	3	Bangladesh	41.8	47.7%
4	Niger	71.3%	4	Pakistan	77.6	55.4%	4	Comoros	62%	4	Dem. Rep. of Congo	40.2	52.4%
5	Guinea	70.5%	5	Ethiopia***	43.3	58.9%	5	Tajikistan	61%	5	Pakistan	35.6	56.4%
6	Benin	65.3%	6	Nigeria***	41.2	62.1%	6	Sierra Leone	50%	6	Ethiopia	34.8	60.4%
7	Sierra Leone	64.9%	7	Indonesia	21.1	63.8%	7 (tie)	Haiti	47%	7	Tanzania	16.5	62.3%
8	Afghanistan***	64.0%	8	Brazil	21.0	65.5%	7 (tie)	Zambia	47%	8	Philippines	15.5	64.1%
9	Somalia***	62.2%	9	Egypt	20.8	67.1%	8	Ethiopia	46%	9	Brazil	14.7	65.8%
10	Senegal	60.7%	10	Afghanistan***	19.9	68.7%	9 (tie)	Mozambique	45%	10	South Africa	14.5*	67.5%
11	Gambia	59.9%	11	Dem. Rep. of Congo	18.3	70.1%	9 (tie)	Central African Rep.	45%	11	Vietnam	14.1	69.1%
12	Iraq***	59.6%	12	Iraq***	16.0	71.4%	9 (tie)	Zimbabwe	45%	12	Thailand	13.4	70.6%
13	Guinea-Bissau***	57.6%	13	Iran	15.8	72.7%	10	Tanzania	44%	13	Indonesia	13.2	72.1%
14	Ethiopia	57.3%	14	Morocco	14.8	73.8%	11 (tie)	Madagascar	38%	14	Nigeria	11.6	73.5%
15	Bangladesh***	56.9%	15	Sudan	13.9	74.9%	11 (tie)	Angola	38%	15	Kenya	10.4	74.6%
16	Bhutan	53.0%	16	Nepal	13.7	76.0%	12 (tie)	Guinea-Bissau	37%	16	Sudan	9.6	75.7%
17	Mozambique***	52.2%	17	Tanzania	11.5	76.9%	12 (tie)	Yemen	37%	17	Mozambique	8.7	76.7%
18 (tie)	Central African Rep.	51.4%	18	Mali	10.6	77.8%	13	Rwanda	36%	18	Yemen	7.5	77.6%
18 (tie)	Nepal	51.4%	19 (tie)	Mozambique***	10.1	78.6%	14 (tie)	Congo	34%	19	Madagascar	6.9	78.4%
19	Côte d'Ivoire	51.3%	19 (tie)	Yemen***	10.1	79.4%	14 (tie)	Malawi	34%	20	Uzbekistan	6.8	79.2%
20	Pakistan	50.1%	20	Burkina Faso	10.0	80.2%	15 (tie)	Cambodia	33%	21	Colombia	6.3	79.9%
21	Yemen***	49.8%	21	Algeria	9.8	80.9%	15 (tie)	Chad	33%	22	Angola	5.9	80.6%
22	Mauritania	48.8%	22	Niger	9.6	81.7%	16	Niger	32%	23	Zimbabwe	5.8	81.2%
23	Morocco	47.7%	23	Mexico	9.5	82.5%	17 (tie)	Kenya	31%	24	Afghanistan***	5.6**	81.9%
24	Haiti***	47.1%	24 (tie)	Uganda	9.2	83.2%	17 (tie)	Equatorial Guinea	31%*	25	Zambia	5.4	82.5%
25	Togo	46.8%	24 (tie)	Côte d'Ivoire	9.2	83.9%	17 (tie)	Somalia***	31%*	26 (tie)	Mexico	5.3	83.1%
26	Comoros***	43.5%	24 (tie)	Ghana	9.1	84.6%	17 (tie)	Cape Verde	31%*	26 (tie)	Uganda	5.3	83.7%
27	Papua New Guinea	42.7%	24 (tie)	Turkey	9.1	85.4%	17 (tie)	South Africa	31%*	27	Burundi	4.9	84.3%
28	Ghana	42.1%	25	Kenya	8.8	86.1%	18 (tie)	Bangladesh	30%	28	Venezuela	4.7	84.8%
29 (tie)	Timor-Leste	41.4%	26	South Africa	8.3	86.7%	18 (tie)	Botswana	30%	29	Cambodia	4.6	85.3%
29 (tie)	Eritrea***	41.4%	27	Vietnam	8.1	87.4%	19	Armenia	29%	30 (tie)	Sri Lanka	4.5	85.9%
30	Burundi	40.7%	28	Chad	7.0	87.9%	20 (tie)	Mali	28%	30 (tie)	Nepal	4.5	86.4%
31	Sudan	39.1%	29	Senegal	6.9	88.5%	20 (tie)	Mongolia	28%	31 (tie)	Niger	4.3	86.9%
32	India	39.0%	30	Guinea	6.5	89.0%	21 (tie)	Sudan	27%	31 (tie)	Russia	4.3	87.4%
33	Malawi	35.9%	31	Philippines	6.0	89.5%	21 (tie)	Nicaragua	27%	31 (tie)	Malawi	4.3	87.9%
34	Rwanda	35.1%	32	Somalia***	5.5	89.9%	21 (tie)	Gambia	27%	32	Cameroon	4.0	88.3%
35	Uganda	33.2%	33	Benin	5.4	90.3%	21 (tie)	Dominican Republic	27%	33 (tie)	Haiti	3.9	88.8%
36	Dem. Rep. of Congo	32.8%	34	Madagascar	5.3	90.7%	22 (tie)	Djibouti	26%	33 (tie)	Tajikistan	3.9	89.2%
37	Angola	32.6%	35 (tie)	Cameroon	5.1	91.1%	22 (tie)	Uzbekistan	26%	34	Mali	3.7	89.6%
38 (tie)	Djibouti***	32.1%	35 (tie)	Angola	5.1	91.5%	23 (tie)	Togo	25%	35	Peru	3.3	90.0%
38 (tie)	Cameroon	32.1%	35 (tie)	Myanmar	5.1	91.9%	23 (tie)	Cameroon	25%	36	Rwanda	3.2	90.4%
39	Zambia	32.0%	36	Saudi Arabia	4.9	92.3%	23 (tie)	Panama	25%	37	Chad	3.1	90.8%

^o Population in millions

^{oo} *Italicized* percentage data = Cumulative Percent of World's Total Population either Illiterate or Mal-Nourished

* Figure either Extrapolated or based on Extrapolated Data (regional average for SSA)

** Figure either Extrapolated or based on Extrapolated Data (regional average for SA)

*** CIA World Factbook Data

Table 9. World's Poorest Countries – Access to Improved Sanitation & Water

Lacking Sustainable Access to Improved Sanitation						Lacking Sustainable Access to Improved Water							
Percent of Population			Population [°]	Cum. percent of World [°]		Percent of Population			Population [°]	Cum. percent of World [°]			
1 (tie)	Chad	91%	1	China	732.5	28.3%	1	Ethiopia	78%	1	China	300.8	28.3%
1 (tie)	Eritrea	91%	2	India	728.4	56.5%	2	Papua New Guinea	61%	2	India	152.2	42.6%
2 (tie)	Burkina Faso	87%	3	Indonesia	99.0	60.4%	3	Cambodia	59%	3	Nigeria	66.9	48.9%
2 (tie)	Niger	87%	4	Bangladesh	84.9	63.6%	4	Chad	58%	4	Ethiopia	59.0	54.4%
2 (tie)	Ethiopia	87%	5	Nigeria	72.1	66.4%	5 (tie)	Mozambique	57%	5	Indonesia	50.6	59.2%
3	Cambodia	83%	6	Ethiopia	65.8	69.0%	5 (tie)	Equatorial Guinea	57%	6	Bangladesh	36.2	62.6%
4 (tie)	Guinea	82%	7	Pakistan	63.5	71.4%	6 (tie)	Niger	54%	7	Dem. Rep. of Congo	30.2	65.4%
4 (tie)	Ghana	82%	8	Brazil	46.0	73.2%	6 (tie)	Dem. Rep. of Congo	54%	8	Brazil	18.4	67.2%
5 (tie)	São Tomé & Príncipe	75%	9	Dem. Rep. of Congo	39.1	74.7%	7	Fiji	53%	9	Tanzania	14.3	68.5%
5 (tie)	Namibia	75%	10	Vietnam	32.4	76.0%	8	Nigeria	52%	10	Pakistan	13.9	69.8%
6 (tie)	Central African Rep.	73%	11	Iran	30.9**	77.2%	9 (tie)	Guinea	50%	11	Kenya	13.1	71.0%
6 (tie)	Congo	73%	12	Sudan	23.4	78.1%	9 (tie)	Madagascar	50%	12	Vietnam	12.5	72.2%
7 (tie)	Haiti	70%	13	Philippines	22.8	79.0%	9 (tie)	Mali	50%	13	Philippines	12.2	73.4%
7 (tie)	Dem. Rep. of Congo	70%	14	Mexico	22.2	79.8%	10	Laos	49%	14 (tie)	Uganda	11.1	74.4%
7 (tie)	Laos	70%	15	Egypt	21.8	80.7%	11	Togo	48%	14 (tie)	Mozambique	11.1	75.5%
8 (tie)	Angola	69%	16	Tanzania	19.9	81.4%	12 (tie)	Angola	47%	15	Myanmar	11.0	76.5%
8 (tie)	Solomon Islands	69%	17	Kenya	19.1	82.2%	12 (tie)	Mauritania	47%	16	Sudan	10.7	77.5%
9	Mozambique	68%	18	Russia	18.7	82.9%	13	Haiti	46%	17	Romania	9.4	78.4%
10 (tie)	Benin	67%	19	Ghana	17.8	83.6%	14 (tie)	Sierra Leone	43%	18	Madagascar	9.1	79.2%
10 (tie)	Comoros	67%	20	Nepal	17.3	84.2%	14 (tie)	Romania	43%	19	Cambodia	8.1	80.0%
10 (tie)	India	67%	21	South Africa	16.5	84.9%	15 (tie)	Congo	42%	20 (tie)	Niger	7.3	80.7%
11 (tie)	Mauritania	66%	22	Uganda	15.8	85.5%	15 (tie)	Timor-Leste	42%	20 (tie)	Angola	7.3	81.4%
11 (tie)	Sudan	66%	23	Afghanistan	14.0**	86.0%	15 (tie)	Zambia	42%	21	Yemen	6.7	82.0%
11 (tie)	Madagascar	66%	24	Mozambique	13.2	86.6%	16 (tie)	Guinea-Bissau	41%	22 (tie)	North Korea	6.6***	82.6%
12 (tie)	Guinea-Bissau	65%	25	Madagascar	11.9	87.0%	16 (tie)	Tajikistan	41%	22 (tie)	Mali	6.6	83.2%
12 (tie)	Nepal	65%	26	Niger	11.7	87.5%	17 (tie)	Eritrea	40%	23	Morocco	5.9	83.8%
12 (tie)	Togo	65%	27	Yemen	11.6	87.9%	17 (tie)	Uganda	40%	24	South Africa	5.7	84.3%
13 (tie)	Timor-Leste	64%	28 (tie)	Myanmar	11.5	88.4%	17 (tie)	Vanuatu	40%	25 (tie)	Afghanistan	5.5**	84.8%
13 (tie)	Burundi	64%	28 (tie)	Cambodia	11.5	88.8%	18 (tie)	Burkina Faso	39%	25 (tie)	Chad	5.5	85.3%
13 (tie)	Gabon	64%	29	Côte d'Ivoire	11.3	89.2%	18 (tie)	Kenya	39%	26 (tie)	Cameroon	5.4	85.8%
14 (tie)	Côte d'Ivoire	63%	30	Burkina Faso	11.1	89.7%	19 (tie)	Tanzania	38%	26 (tie)	Ghana	5.4	86.4%
14 (tie)	Lesotho	63%	31	Angola	10.7	90.1%	19 (tie)	Swaziland	38%	27	Burkina Faso	5.0	86.8%
15 (tie)	Somalia	61%*	32	Peru	10.2	90.5%	19 (tie)	Mongolia	38%	28	Algeria	4.9	87.3%
15 (tie)	Seychelles	61%*	33	North Korea	9.0	90.8%	19 (tie)	Bhutan	38%	29	Zambia	4.8	87.7%
15 (tie)	Sierra Leone	61%	34	Turkey	8.7	91.2%	20 (tie)	Cameroon	34%	30 (tie)	Uzbekistan	4.7	88.2%
15 (tie)	Bangladesh	61%	35 (tie)	Uzbekistan	8.6	91.5%	20 (tie)	Somalia	34%*	30 (tie)	Peru	4.7	88.6%
16 (tie)	Rwanda	58%	35 (tie)	Chad	8.6	91.8%	21 (tie)	Benin	33%	31	Guinea	4.6	89.1%
16 (tie)	Botswana	58%	36 (tie)	Venezuela	8.4	92.2%	21 (tie)	Yemen	33%	32	Venezuela	4.5	89.5%
17 (tie)	Yemen	57%	36 (tie)	Morocco	8.4	92.5%	22 (tie)	Solomon Islands	30%	33 (tie)	Sri Lanka	4.3	89.9%
17 (tie)	Uganda	57%	37	Cameroon	7.8	92.8%	22 (tie)	Sudan	30%	33 (tie)	Russia	4.3	90.3%
17 (tie)	Kenya	57%	38	Guinea	7.5	93.1%	23 (tie)	Brunei	28%***	34	Iran	4.1	90.7%
17 (tie)	Cape Verde	57%	39	Mali	7.1	93.3%	23 (tie)	Turkmenistan	28%	35	Haiti	3.9	91.0%

[°] Population in millions

^{°°} *Italicized* percentage data = Cumulative Percent of World's Total Population lacking access to either Sanitation or Water

* Extrapolated Data (regional average for SSA)

** Figure based on Extrapolated Data (regional average for SA)

*** Figure based on Extrapolated Data (regional average for EAP)

Building a Poverty Incidence Map. After ranking all 182 countries according to the 20 measures of poverty used in Tables 3 through 9, the 45 poorest countries (the top quartile, or 25% of the total dataset) were selected for the poverty map. Specifically, occurrences of each country ranked in Tables 3 through 9 were counted, tabulated, and then weighted based on ranking in order to produce a poverty “score.” Higher rankings received higher weightings, i.e., a ranking of “3” in one of the above poverty tables carried a higher weighting (20 points) than did a ranking of “23” (8 points). Thus, extent of poverty was assessed not just by frequency of a country’s inclusion in Tables 3 through 9, but also on its specific rankings within the tables.

The weightings used to build the poverty map are defined in Table 10, while the final list of the 45 poorest countries – those actually selected for inclusion the poverty map – is given in Table 11.

Table 10. Weightings for Poverty Ranking Frequencies

Ranking Position	Weighting
# 1–5	20
# 6–10	15
# 11–15	12
# 16–20	10
# 21–25	8
# 26–30	6
# 31–35	4
# 36–40	2
# 41–47	1

In Table 11, green type indicates 2006 CIA World Factbook data, red font indicates extrapolated data (i.e., regional averages assigned to countries for which no data was provided in the 2006 Human Development Report), and purple font indicates figures calculated using extrapolated data. All indicators carry the same units as in previous tables, and all figures in the lower red band are sums unless tagged with an (*), in which case they are averages.

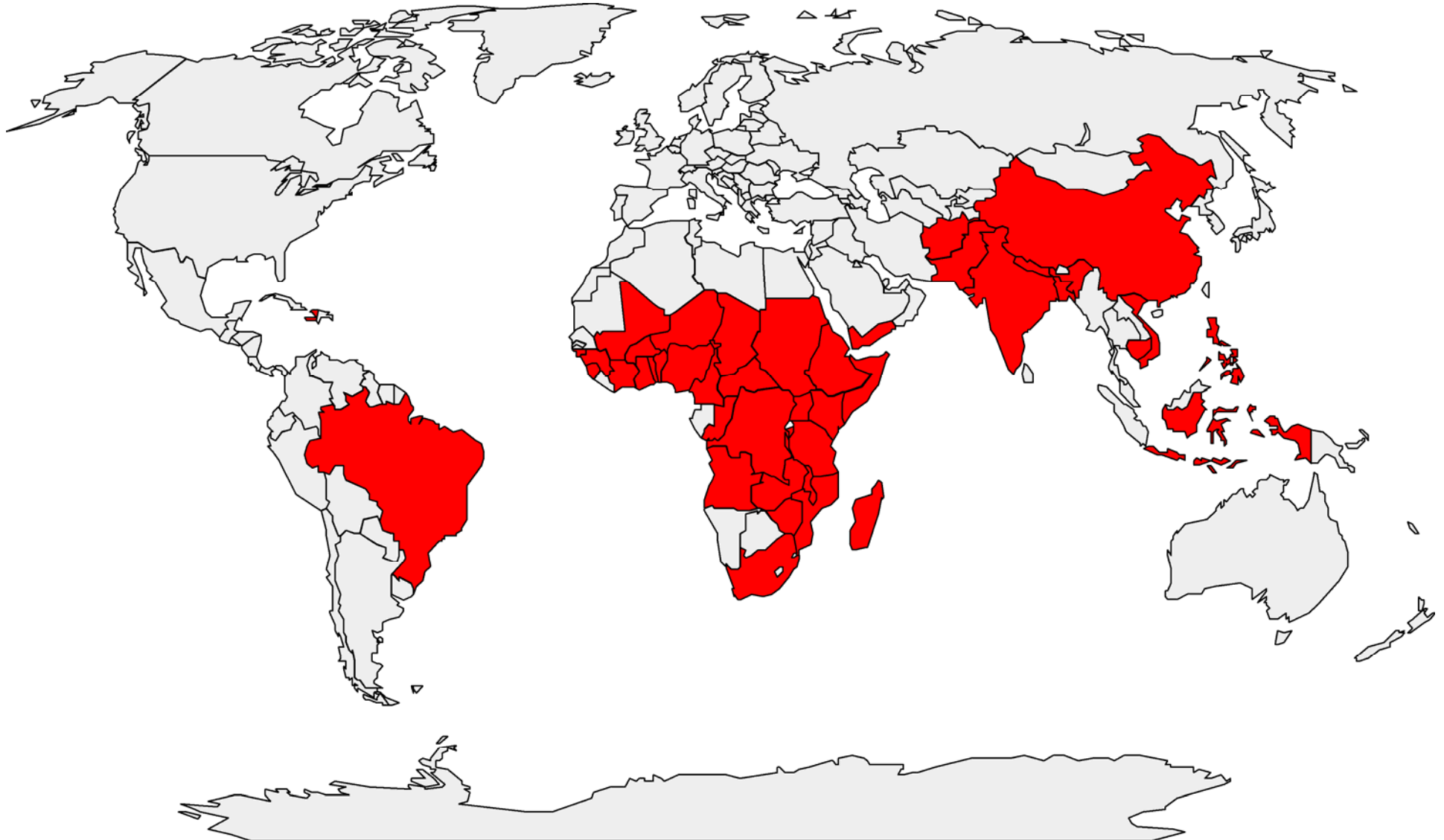
Table 11. The 45 Countries Selected for the Poverty Map

(LE = Life Expectancy; IM = Infant Mortality; ILL = Illiteracy; SANI = Sanitation; H2O = Water; MAL-N = Mal-Nourishment; and Q = Quantity)

Rank	Country	Score	Region	Pop.	HDI	GDP	LE	IM	% < \$1	% < \$2	% ILL	% SANI	% H2O	% MAL-N	Q < \$1	Q < \$2	Q ILL	Q SANI	Q H2O	Q MAL-N
1	Ethiopia	235	SSA	75.6	0.371	\$756	47.8	110	23.0%	77.8%	57.3%	87%	78%	46%	17.4	58.8	43.3	65.8	59.0	34.8
2	Dem. Rep. of Congo	223	SSA	55.9	0.391	\$705	43.5	129	42.3%	73.0%	32.8%	70%	54%	72%	23.7	40.8	18.3	39.1	30.2	40.2
3	Niger	204	SSA	13.5	0.311	\$779	44.6	152	60.6%	85.8%	71.3%	87%	54%	32%	8.2	11.6	9.6	11.7	7.3	4.3
4	Nigeria	202	SSA	128.7	0.448	\$1,154	43.4	101	70.8%	92.4%	32.0%	56%	52%	9%	91.1	118.9	41.2	72.1	66.9	11.6
5	Mozambique	188	SSA	19.4	0.390	\$1,237	41.6	104	37.8%	78.4%	52.2%	68%	57%	45%	7.3	15.2	10.1	13.2	11.1	8.7
6	Tanzania	183	SSA	37.6	0.430	\$674	45.9	78	57.8%	89.9%	30.6%	53%	38%	44%	21.7	33.8	11.5	19.9	14.3	16.5
7	Mali	176	SSA	13.1	0.338	\$998	48.1	121	72.3%	90.6%	81.0%	54%	50%	28%	9.5	11.9	10.6	7.1	6.6	3.7
8	Bangladesh	175	SA	139.2	0.530	\$1,870	63.3	56	36.0%	82.8%	56.9%	61%	26%	30%	50.1	115.3	79.2	84.9	36.2	41.8
9	India	161	SA	1,087.1	0.611	\$3,139	63.6	62	34.7%	79.9%	39.0%	67%	14%	20%	377.2	868.6	424.0	728.4	152.2	217.4
10	Chad	154	SSA	9.4	0.368	\$2,090	43.7	117	42.3%	73.0%	74.3%	91%	58%	33%	4.0	6.9	7.0	8.6	5.5	3.1
11	Madagascar	150	SSA	18.1	0.509	\$857	55.6	76	61.0%	85.1%	29.3%	66%	50%	38%	11.0	15.4	5.3	11.9	9.1	6.9
12	Sierra Leone	149	SSA	5.3	0.335	\$561	41.0	165	42.3%	74.5%	64.9%	61%	43%	50%	2.2	3.9	3.4	3.2	2.3	2.7
13	Angola	146	SSA	15.5	0.439	\$2,180	41.0	154	42.3%	73.0%	32.6%	69%	47%	38%	6.6	11.3	5.1	10.7	7.3	5.9
14	Pakistan	139	SA	154.8	0.539	\$2,225	63.4	80	17.0%	73.6%	50.1%	41%	9%	23%	26.3	113.9	77.6	63.5	13.9	35.6
15	Burundi	138	SSA	7.3	0.384	\$677	44.0	114	54.6%	87.6%	40.7%	64%	21%	67%	4.0	6.4	3.0	4.7	1.5	4.9
16	Burkina Faso	136	SSA	12.8	0.342	\$1,169	47.9	97	27.2%	71.8%	78.2%	87%	39%	17%	3.5	9.2	10.0	11.1	5.0	2.2
17	Kenya	134	SSA	33.5	0.491	\$1,140	47.5	79	22.8%	58.3%	26.4%	57%	39%	31%	7.6	19.5	8.8	19.1	13.1	10.4
18	Zambia	133	SSA	11.5	0.407	\$943	37.7	102	75.8%	94.1%	32.0%	45%	42%	47%	8.7	10.8	3.7	5.2	4.8	5.4
19	Afghanistan	131	SA	31.1	0.623	\$800	43.3	160	19.9%	59.0%	64.0%	45%	18%	18%	6.2	18.3	19.9	14.0	5.5	5.6
20	Central African Rep.	127	SSA	4.0	0.353	\$1,094	39.1	115	66.6%	84.0%	51.4%	73%	25%	45%	2.7	3.4	2.1	2.9	1.0	1.8
21	Sudan	127	SSA	35.5	0.516	\$1,949	56.5	63	42.3%	73.0%	39.1%	66%	30%	27%	15.0	25.9	13.9	23.4	10.7	9.6
22	Uganda	124	SSA	27.8	0.502	\$1,478	48.4	80	42.3%	73.0%	33.2%	57%	40%	19%	11.8	20.3	9.2	15.8	11.1	5.3
23	China	120	EAP	1,308.0	0.768	\$5,896	71.9	26	16.6%	46.7%	9.1%	56%	23%	12%	217.1	610.8	119.0	732.5	300.8	157.0
24	Cambodia	115	EAP	13.8	0.583	\$2,423	56.5	97	34.1%	77.7%	26.4%	83%	59%	33%	4.7	10.7	3.6	11.5	8.1	4.6
25	Somalia	115	SSA	8.9	0.487	\$600	48.5	115	42.3%	73.0%	62.2%	61%	34%	31%	3.8	6.5	5.5	5.5	3.0	2.7
26	Guinea-Bissau	114	SSA	1.5	0.349	\$722	44.8	126	42.3%	73.0%	57.6%	65%	41%	37%	0.6	1.1	0.9	1.0	0.6	0.6
27	Guinea	111	SSA	9.2	0.445	\$2,180	53.9	101	42.3%	73.0%	70.5%	82%	50%	24%	3.9	6.7	6.5	7.5	4.6	2.2
28	Malawi	111	SSA	12.6	0.400	\$646	39.8	110	41.7%	76.1%	35.9%	39%	27%	34%	5.3	9.6	4.5	4.9	3.4	4.3
29	Indonesia	106	EAP	220.1	0.711	\$3,609	67.2	30	7.5%	52.4%	9.6%	45%	23%	6%	16.5	115.3	21.1	99.0	50.6	13.2
30	Rwanda	106	SSA	8.9	0.450	\$1,263	44.2	118	51.7%	83.7%	35.1%	58%	26%	36%	4.6	7.4	3.1	5.2	2.3	3.2
31	Yemen	104	AS	20.3	0.492	\$879	61.1	82	15.7%	45.2%	49.8%	57%	33%	37%	3.2	9.2	10.1	11.6	6.7	7.5
32	Haiti	103	LAC	8.4	0.482	\$1,892	52.0	74	53.9%	78.0%	47.1%	70%	46%	47%	4.5	6.6	4.0	5.9	3.9	3.9
33	Eritrea	100	SSA	4.2	0.454	\$977	54.3	52	42.3%	73.0%	41.4%	91%	40%	73%	1.8	3.1	1.7	3.8	1.7	3.1
34	Ghana	97	SSA	21.7	0.532	\$2,240	57.0	68	44.8%	78.5%	42.1%	82%	25%	12%	9.7	17.0	9.1	17.8	5.4	2.6
35	Zimbabwe	97	SSA	12.9	0.491	\$2,065	36.6	79	56.1%	83.0%	9.3%	47%	19%	45%	7.2	10.7	1.2	6.1	2.5	5.8
36	Benin	96	SSA	8.2	0.428	\$1,091	54.3	90	30.9%	73.7%	65.3%	67%	33%	14%	2.5	6.0	5.4	5.5	2.7	1.1
37	Nepal	88	SA	26.6	0.527	\$1,490	62.1	59	24.1%	68.5%	51.4%	65%	10%	17%	6.4	18.2	13.7	17.3	2.7	4.5
38	Brazil	87	LAC	183.9	0.792	\$8,195	70.8	32	7.5%	21.2%	11.4%	25%	10%	8%	13.8	39.0	21.0	46.0	18.4	14.7
39	Congo	87	SSA	3.9	0.520	\$978	52.3	81	42.3%	73.0%	16.2%	73%	42%	34%	1.7	2.8	0.6	2.8	1.6	1.3
40	Côte d'Ivoire	83	SSA	17.9	0.421	\$1,551	45.9	117	14.8%	48.8%	51.3%	63%	16%	14%	2.6	8.7	9.2	11.3	2.9	2.5
41	Togo	80	SSA	6.0	0.495	\$1,536	54.5	78	42.3%	73.0%	46.8%	65%	48%	25%	2.5	4.4	2.8	3.9	2.9	1.5
42	Vietnam	76	EAP	83.1	0.709	\$2,745	70.8	17	16.5%	51.0%	9.7%	39%	15%	17%	13.7	42.4	8.1	32.4	12.5	14.1
43	Philippines	70	EAP	81.6	0.763	\$4,614	70.7	26	15.5%	47.5%	7.4%	28%	15%	19%	12.6	38.8	6.0	22.8	12.2	15.5
44	South Africa	69	SSA	47.2	0.653	\$11,192	47.0	54	10.7%	34.1%	17.6%	35%	12%	31%	5.1	16.1	8.3	16.5	5.7	14.5
45	Cameroon	66	SSA	16.0	0.506	\$2,174	45.7	87	17.1%	50.6%	32.1%	49%	34%	25%	2.7	8.1	5.1	7.8	5.4	4.0
Poverty Map Dataset				4,061.6	*0.491	*\$1,987	*51.4	*89.6	*37.9%	*70.8%	*41.7%	*61.6%	*34.8%	*31.3%	1,062.5	2,539.4	1,087.4	2,314.9	934.9	762.9
World				6,369.4	0.724	\$9,791	67.5	38.3	14.5%	36.4%	19.2%	28.3%	15.5%	13.2%	1,147.5	2,877.3	1,262.1	2,584.6	1,063.5	871.8
Poverty Map Dataset as percent of World				63.8%	67.8%	20.3%	76.2%	234%	261%	195%	217%	218%	224%	237%	92.6%	88.3%	86.2%	89.6%	87.9%	87.5%

Figure 2. The Global Poverty Map

The 45 countries shaded in red encompass the highest quartile, or top 25%, of the world's prevalence of severe poverty. Not every extremely poor country is included, and some countries that are excluded (such as Nicaragua) are poorer by proportion than some of those that are included (such as Brazil). This map depicts the *presence* of extreme poverty more than the *extent* or *average* level of poverty; while these 45 countries are home to less than 4.1 billion people (about 63.8% of the world's total population), they account for 92.6% of the world's people living on less than \$1 per day, 88.3% of the world's people living on less than \$2 per day, 86.2% of the world's illiterate adults, 89.6% of the world's people lacking sustainable access to improved sanitation, 87.9% of the world's people lacking sustainable access to an improved water source, and 87.5% of the world's people that are mal-nourished. In addition, they together generate a per capita GDP only about 20% that of world average, and support an overall "quality of life" only 68% that of world average – all while their people live only 76% as long, and their children die 234% more frequently during infancy.



IV. Where's the Micro-Finance Activity?

Like poverty, micro-finance activity is not homogeneously distributed throughout the world; some regions and countries enjoy better micro-finance coverage than others. But unlike poverty, micro-finance activity is not epidemically prevalent. While there are 3,228 MFIs operating in the developing world (861 according to MIX), all of them collectively serve a total of only about 80.5 million people (42.3 million according to MIX). Thus, the total global population benefiting from micro-finance is only about 7.0% the size of the total global population living on less than \$1 per day (3.6% according to MIX). In terms of financial impact, total global micro-finance loan portfolios amount to just under \$18.1 billion according to MIX, which translates into an average global loan amount of \$427 per client (\$224 according to Micro-Finance Summit).

Regional Micro-Finance Incidence. Table 12 provides a regional break-down of micro-finance coverage, while Figure 3 depicts comparative micro-finance coverage by region.

Table 12 and Figure 3 reveal two interesting patterns. First, a disproportionate amount of money is being made available to MFI borrowers in the CIS and LAC regions. Neither region has a preponderance of MFI clients – only 18.1% of all clients reside in these regions (MIX data) – and yet they collectively receive about 62% of all the micro-finance money loaned out. While they do have significant levels of extreme poverty (about 16.4% and 48.8% of the world's people living on less than \$1 and \$2 per day, respectively, reside in these regions), it is difficult to conceive, based on average loan sizes (\$2,950 and \$1,160 in the CIS and LAC regions, respectively) that the MFIs in these regions are predominantly serving extremely poor borrowers, as opposed to moderately poor ones.

A second notable observation is that the exact reverse seems to be true for the SA region, where the preponderance of MFI borrowers and clients live. A very small average loan size of \$82 per borrower seems to indicate that MFIs in South Asia are indeed serving their intended purpose: lending money to extremely poor people who would otherwise have no access to it.

Country-by-Country Micro-Finance Incidence. According to the Micro-Finance Summit database, only 48 countries in the world have at least 100,000 micro-finance

clients (according to the MIX database, only 40). In addition, 90% of all MFI clients reside in only 20 countries (25 countries according to MIX). Thus, micro-finance is even more heavily concentrated geographically than is poverty. Tables 13 and 14 list all countries in the world with at least 100,000 MFI clients, and rank them according to the MIX and Summit databases. These lists account for 95.8% and 98.5% of all micro-finance borrowers and clients in the MIX and Summit datasets, respectively.

Table 12. Aggregate Micro-Finance Activity by Ethno-Geographic Region

Region	MIX Database				Micro-Finance Summit Database	
	MFIs	Borrowers	Total Loan Portfolios	Average Loan Amount	MFIs	Clients
AS	32	1,291,650	\$477,095,943	\$369	50	1,410,777
CIS	170	1,289,050	\$3,796,166,064	\$2,945	64	797,377
LAC	200	6,378,682	\$7,382,833,884	\$1,157	460	4,563,260
EAP	82	5,347,968	\$3,006,472,715	\$562	373	17,767,983
SA	162	23,872,918	\$1,946,971,813	\$82	1,297	48,244,725
SSA	215	4,168,672	\$1,457,007,805	\$350	947	7,691,634
Total	861	42,348,940	\$18,066,548,224		3,191	80,475,756

Figure 3. Comparative Micro-Finance Activity By Ethno-Geographic Region

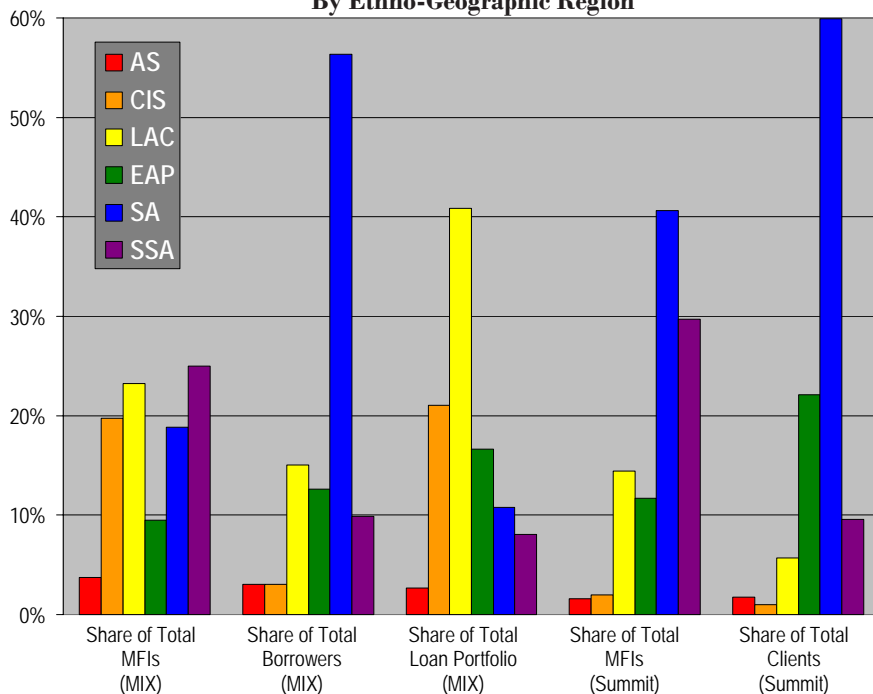


Table 13. Countries Ranked by Number of Micro-Finance Borrowers (MIX Dataset)

Rank	Country	Micro-Finance Borrowers	Cumulative Percent of Total
1	Bangladesh	18,124,118	42.8%
2	India	4,204,513	52.7%
3	Indonesia	3,405,224	60.8%
4	Peru	1,680,799	64.7%
5	Mexico	1,393,518	68.0%
6	Ethiopia	1,249,576	71.0%
7	Philippines	1,040,521	73.4%
8	Morocco	808,953	75.3%
9	Pakistan	624,427	76.8%
10	Bolivia	623,422	78.3%
11	Colombia	503,447	79.5%
12	Cambodia	493,647	80.6%
13	Sri Lanka	491,447	81.8%
14	Kenya	447,965	82.9%
15	Ecuador	426,664	83.9%
16	Nicaragua	382,882	84.8%
17	Egypt	326,795	85.5%
18	Nepal	297,737	86.2%
19	Mongolia	295,005	86.9%
20	Malawi	275,037	87.6%
21	Brazil	255,259	88.2%
22	Bosnia & Herzegovina	253,030	88.8%
23	Nigeria	248,727	89.4%
24	Uganda	245,316	90.0%
25	Chile	243,419	90.5%
26	South Africa	222,539	91.1%
27	Benin	193,850	91.5%
28	Mali	185,278	92.0%
29	Senegal	182,357	92.4%
30	Tanzania	162,643	92.8%
31	Guatemala	160,117	93.2%
32	El Salvador	152,656	93.5%
33	Guinea	141,398	93.8%
34	Afghanistan	130,676	94.2%
35	Cameroon	126,003	94.5%
36	Armenia	123,388	94.7%
37	Serbia & Montenegro	119,064	95.0%
38	Paraguay	118,629	95.3%
39	Honduras	117,226	95.6%
40	Uruguay	101,099	95.8%

Table 14. Countries Ranked by Number of Micro-Finance Clients (Summit Dataset)

Rank	Country	Micro-Finance Clients	Cumulative Percent of Total
1	Bangladesh	26,734,366	33.2%
2	India	20,236,168	58.3%
3	Indonesia	6,377,824	66.2%
4	Vietnam	5,510,954	73.1%
5	Thailand	1,712,926	75.2%
6	Nigeria	1,572,129	77.2%
7	Philippines	1,346,161	78.8%
8	Ethiopia	1,334,903	80.5%
9	Sri Lanka	1,210,634	82.0%
10	Cambodia	961,090	83.2%
11	Mexico	816,901	84.2%
12	Nepal	762,189	85.2%
13	Morocco	680,602	86.0%
14	Colombia	616,054	86.8%
15	Peru	531,675	87.4%
16	Ukraine	499,292	88.0%
17	Pakistan	446,881	88.6%
18	Bolivia	439,326	89.1%
19	Uganda	433,442	89.7%
20	Egypt	399,867	90.2%
21	Senegal	393,382	90.7%
22	Togo	373,886	91.1%
23	Kenya	373,194	91.6%
24	Nicaragua	366,054	92.1%
25	Burkina Faso	360,273	92.5%
26	Guatemala	309,073	92.9%
27	Cameroon	292,869	93.3%
28	Brazil	270,247	93.6%
29	Ecuador	265,945	93.9%
30	Malawi	264,613	94.2%
31	Ghana	256,005	94.6%
32	Tunisia	251,558	94.9%
33	Dem. Rep. of Congo	245,233	95.2%
34	China	241,804	95.5%
35	Mali	239,598	95.8%
36	El Salvador	232,602	96.1%
37	The Gambia	220,685	96.3%
38	Benin	213,831	96.6%
39	Chile	213,484	96.9%
40	Myanmar	180,085	97.1%
41	Honduras	169,845	97.3%
42	Malaysia	166,666	97.5%
43	Tanzania	155,885	97.7%
44	Guinea	145,654	97.9%
45	Niger	135,560	98.1%
46	Rwanda	126,935	98.2%
47	Haiti	112,046	98.4%
48	Republic of Congo	106,452	98.5%

Tables 13 and 14 demonstrate that micro-finance activity, as measured by number of borrowers or clients, is highly concentrated among a relative handful of countries.

Tables 15 and 16 list all countries with at least ten MFIs, ranked according to number of MFIs.

Table 15. Countries Ranked by Number of MFIs (MIX Dataset)

Rank	Country	MFIs	Cumulative Percent of Total
1	India	57	6.6%
2	Bangladesh	52	12.7%
3	Philippines	49	18.4%
4	Peru	38	22.8%
5	Ecuador	26	25.8%
6	Kazakhstan	21	28.2%
7 (tie)	Benin	19	30.4%
7 (tie)	Nicaragua	19	32.6%
7 (tie)	Tajikistan	19	34.8%
8 (tie)	Nepal	18	36.9%
8 (tie)	Pakistan	18	39.0%
8 (tie)	Senegal	18	41.1%
8 (tie)	Uganda	18	43.2%
9	Kyrgyzstan	17	45.2%
10	Ethiopia	16	47.0%
11 (tie)	Bolivia	15	48.8%
11 (tie)	Bosnia & Herzegovina	15	50.5%
11 (tie)	Guatemala	15	52.3%
11 (tie)	Russia	15	54.0%
12	Kenya	14	55.6%
13 (tie)	Colombia	12	57.0%
13 (tie)	Indonesia	12	58.4%
14 (tie)	Azerbaijan	11	59.7%
14 (tie)	El Salvador	11	61.0%
14 (tie)	Honduras	11	62.3%
14 (tie)	Mali	11	63.5%
14 (tie)	Mexico	11	64.8%
14 (tie)	South Africa	11	66.1%
15 (tie)	Dem. Rep. of Congo	10	67.2%
15 (tie)	Georgia	10	68.4%
15 (tie)	Madagascar	10	69.6%
15 (tie)	Morocco	10	70.7%
16 (tie)	Afghanistan	9	71.8%
16 (tie)	Armenia	9	72.8%
16 (tie)	Cambodia	9	73.9%
16 (tie)	Cameroon	9	74.9%
16 (tie)	Uzbekistan	9	76.0%
17 (tie)	Cote D'Ivoire	8	76.9%
17 (tie)	Egypt	8	77.8%
17 (tie)	Mozambique	8	78.7%
17 (tie)	Sri Lanka	8	79.7%

Table 16. Countries Ranked by Number of MFIs (Summit Dataset)

Rank	Country	MFIs	Cumulative Percent of Total
1	India	745	23.1%
2	Bangladesh	416	36.0%
3	Indonesia	121	39.7%
4	Nigeria	101	42.8%
5	Philippines	99	45.9%
6	Nepal	98	48.9%
7	Sri Lanka	84	51.5%
8	Sierra Leone	75	53.9%
9 (tie)	Dem. Rep. of Congo	73	56.1%
9 (tie)	Ghana	73	58.4%
10 (tie)	El Salvador	68	60.5%
10 (tie)	Togo	68	62.6%
11	Cameroon	58	64.4%
12	Senegal	57	66.2%
13	Uganda	55	67.9%
14	Kenya	53	69.5%
15	Mexico	50	71.1%
16	Ecuador	43	72.4%
17	Peru	40	73.6%
18	Pakistan	36	74.8%
19	Republic of Congo	35	75.8%
20	Guatemala	34	76.9%
21	Benin	32	77.9%
22 (tie)	Ethiopia	31	78.8%
22 (tie)	Honduras	31	79.8%
23	Nicaragua	28	80.7%
24	Bolivia	26	81.5%
25	Colombia	24	82.2%
26	Haiti	22	82.9%
27	Zimbabwe	20	83.5%
28 (tie)	Burkina Faso	19	84.1%
28 (tie)	Cambodia	19	84.7%
28 (tie)	Mali	19	85.3%
29	Tanzania	18	85.8%
30 (tie)	Mauritania	17	86.4%
30 (tie)	Zambia	17	86.9%
31 (tie)	Egypt	16	87.4%
31 (tie)	The Gambia	16	87.9%
32 (tie)	Argentina	15	88.4%
32 (tie)	Costa Rica	15	88.8%
32 (tie)	Cote d'Ivoire	15	89.3%
32 (tie)	Vietnam	15	89.7%
33 (tie)	Canada	14	90.2%
33 (tie)	Chile	14	90.6%
34 (tie)	Malawi	13	91.0%
34 (tie)	Niger	13	91.4%
35	Guinea	12	91.8%
36 (tie)	China	11	92.1%
36 (tie)	Morocco	11	92.5%
37	Dominican Republic	10	92.8%

Table 17 lists the 49 countries in the world with total micro-finance loan portfolios exceeding \$40 million. Interestingly, only 12 countries are ranked in the top 25 in both Tables 13 and 17, indicating that total loan portfolio is not well correlated with number of MFI borrowers. In fact, within the MIX database, the correlation between number of borrowers and total loan amount, tabulated by country, is only 0.46.

Table 17. Countries Ranked by Micro-Finance Loan Portfolio (MIX Database)

Rank	Country	Total Loan Portfolio	Cumulative Percent of Total
1	Indonesia	\$2,421,814,521	13.4%
2	Peru	\$1,734,565,204	23.0%
3	Chile	\$1,621,405,848	32.0%
4	Bangladesh	\$1,261,124,093	39.0%
5	Mexico	\$1,135,805,190	45.2%
6	Bolivia	\$708,174,058	49.2%
7	Ecuador	\$606,607,303	52.5%
8	Bosnia & Herzegovina	\$577,470,294	55.7%
9	Russia	\$484,371,717	58.4%
10	Serbia & Montenegro	\$472,072,902	61.0%
11	India	\$428,422,492	63.4%
12	Bulgaria	\$426,484,704	65.7%
13	Kosovo	\$350,148,067	67.7%
14	Colombia	\$325,363,027	69.5%
15	Morocco	\$314,841,221	71.2%
16	Ukraine	\$301,226,425	72.9%
17	Nicaragua	\$290,396,069	74.5%
18	Mongolia	\$255,319,928	75.9%
19	Kenya	\$237,518,982	77.2%
20	Uruguay	\$230,873,910	78.5%
21	Romania	\$230,750,563	79.8%
22	Georgia	\$216,892,759	81.0%
23	El Salvador	\$211,165,294	82.2%
24	South Africa	\$193,538,704	83.2%
25	Albania	\$180,767,674	84.2%
26	Ethiopia	\$180,671,777	85.2%
27	Philippines	\$162,481,475	86.1%
28	Cambodia	\$148,783,078	87.0%
29	Benin	\$133,864,833	87.7%
30	Uganda	\$131,450,666	88.4%
31	Guatemala	\$129,993,872	89.1%
32	Senegal	\$126,080,125	89.8%
33	Macedonia	\$117,172,205	90.5%
34	Armenia	\$108,632,581	91.1%
35	Pakistan	\$107,228,167	91.7%
36	Dominican Republic	\$99,387,946	92.2%
37	Brazil	\$89,255,012	92.7%
38	Sri Lanka	\$86,679,547	93.2%
39	Kyrgyzstan	\$86,527,406	93.7%
40	Paraguay	\$85,118,691	94.2%
41	Cameroon	\$71,041,333	94.5%
42	Tajikistan	\$69,727,458	94.9%
43	Jordan	\$58,743,405	95.3%
44	Burkina Faso	\$57,569,356	95.6%
45	Mali	\$54,491,518	95.9%
46	Egypt	\$54,268,338	96.2%
47	Azerbaijan	\$53,326,851	96.5%
48	Kazakhstan	\$51,720,119	96.8%
49	Togo	\$47,286,152	97.0%

Building a Micro-Finance Incidence Map. Only five measures of micro-finance coverage – number of MFI clients (MIX and Summit databases), number of large MFIs (MIX and Summit databases), and total loan portfolio – were used to build the micro-finance incidence map. Specifically, a weighted scoring system based on rankings was used to classify countries into one of three “tiers.” In addition to weighting the rankings, the measures of micro-finance incidence themselves were also weighted. The weighted scoring system used to apply micro-finance incidence scores is summarized in Table 18.

Table 18. Weightings for Micro-Finance Incidence Country Scoring

		Number of MFI Clients (Tables 13 & 14)	Total Loan Portfolio (Table 17)	Number of MFIs (Tables 15 & 16)
Ranking Position	Base Ranking Score	Multiplier: 4 Final score:	Multiplier: 6 Final score:	Multiplier: 1 Final score:
# 1–5	20	80	120	20
# 6–10	15	60	90	15
# 11–15	12	48	72	12
# 16–20	10	40	60	10
# 21–25	8	32	48	8
# 26–30	6	24	36	6
# 31–35	4	16	24	4
# 36–40	2	8	12	2
# 41–49	1	4	6	1

Thus, of the three micro-finance activity indicators, loan portfolio was given the highest weighting (6 times the score based on ranking position given in Table 17), number of clients second highest (4 times the times the score based on ranking position given in Tables 13 and 14) and number of MFIs third highest (the actual score based on ranking position given in Tables 15 and 16).

To illustrate the scoring system with a specific example, take Russia, which was ranked in Tables 15 and 17. In Table 15, Russia was ranked #11 (a tie with three other countries), whereas in Table 17 it was ranked #9. So Russia received 12 points for its #11 ranking in Table 15, but 90 points for its #9 ranking in Table 17, since rankings in Table 17 are multiplied by a factor of 6. Russia’s total score is then 102.

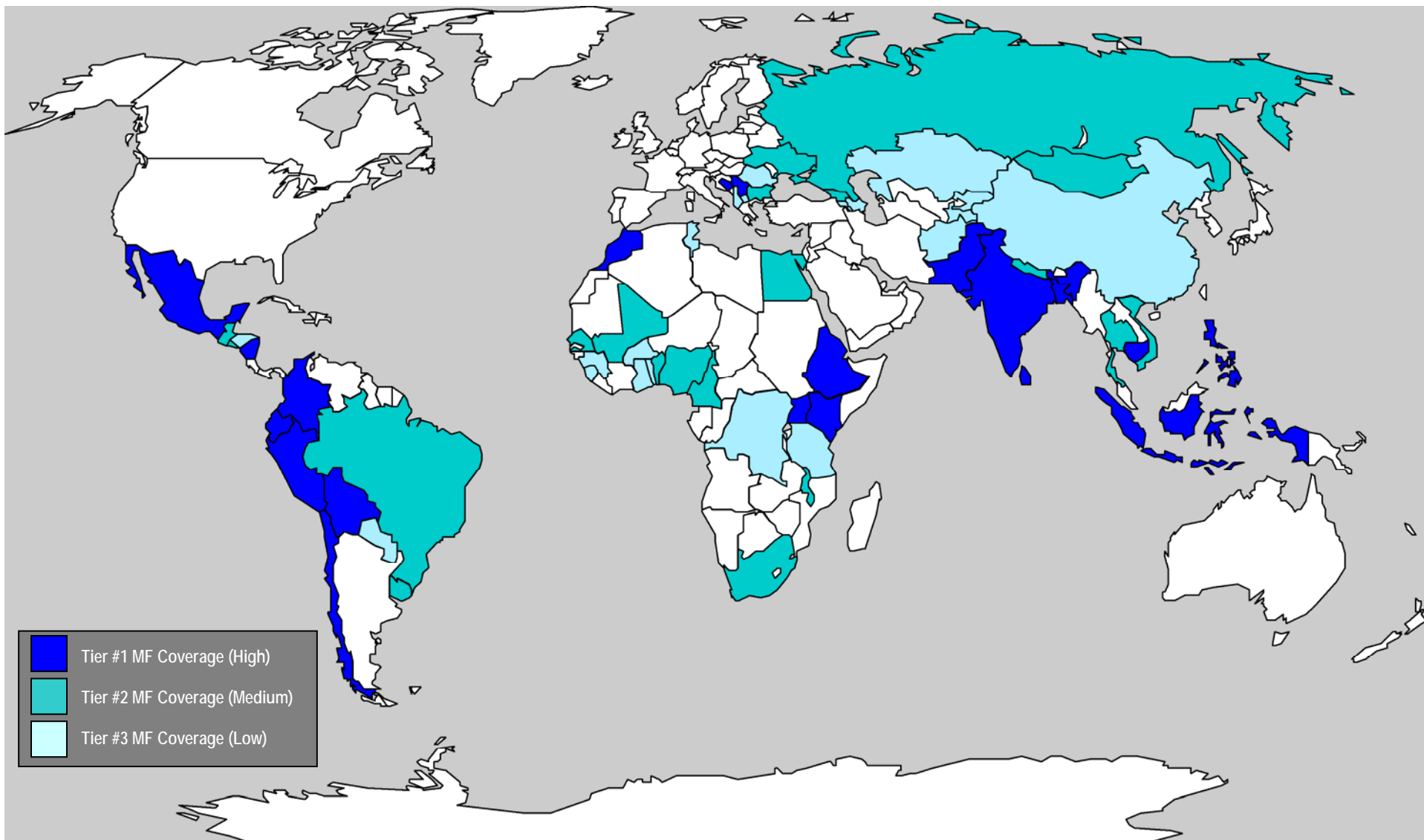
In total, 79 countries were listed in Tables 13 through 17 (in order to simplify data aggregation, data for Kosovo was integrated into Serbia & Montenegro). Table 19 ranks the top 60 of those countries according to their micro-finance incidence scores, and classifies each country into one of three micro-finance coverage tiers, Tier 1 being strongest coverage, Tier 3 weakest.

Table 19. The 60 Countries Selected for the Micro-Finance Incidence Map

Rank	Country	MF Coverage Score	MIX Data						Summit Data			
			MFIs	(cum. %)	Borrowers	(cum. %)	Loan Portfolio	(cum. %)	MFIs	(cum. %)	Clients	(cum. %)
TIER 1 MF Coverage												
1	Bangladesh	320	52	6.0%	18,124,118	42.8%	\$1,261,124,093	7.0%	416	12.9%	26,734,366	33.2%
2	Indonesia	312	12	7.4%	3,405,224	50.8%	\$2,421,814,521	20.4%	121	16.6%	6,377,824	41.1%
3	Peru	278	38	11.8%	1,680,799	54.8%	\$1,734,565,204	30.0%	40	17.9%	531,675	41.8%
4 (tie)	India	272	57	18.5%	4,204,513	64.7%	\$428,422,492	32.4%	745	41.0%	20,236,168	66.9%
4 (tie)	Mexico	272	11	19.7%	1,393,518	68.0%	\$1,135,805,190	38.6%	50	42.5%	816,901	67.9%
5	Bolivia	210	15	21.5%	623,422	69.5%	\$708,174,058	42.6%	26	43.3%	439,326	68.5%
6	Philippines	196	49	27.2%	1,040,521	72.0%	\$162,481,475	43.5%	99	46.4%	1,346,161	70.1%
7	Morocco	194	10	28.3%	808,953	73.9%	\$314,841,221	45.2%	11	46.7%	680,602	71.0%
8	Ecuador	192	26	31.4%	426,664	74.9%	\$606,607,303	48.6%	43	48.0%	265,945	71.3%
9	Colombia	188	12	32.8%	503,447	76.1%	\$325,363,027	50.4%	24	48.8%	616,054	72.1%
10	Ethiopia	179	16	34.6%	1,249,576	79.0%	\$180,671,777	51.4%	31	49.8%	1,334,903	73.7%
11	Serbia & Montenegro	170	5	35.2%	119,064	79.3%	\$472,072,902	54.0%	11	50.1%	34,298	73.8%
12 (tie)	Chile	164	4	35.7%	243,419	79.9%	\$1,621,405,848	63.0%	14	50.5%	213,484	74.0%
12 (tie)	Kenya	164	14	37.3%	447,965	80.9%	\$237,518,982	64.3%	53	52.2%	373,194	74.5%
13	Cambodia	160	9	38.3%	493,647	82.1%	\$148,783,078	65.1%	19	52.8%	961,090	75.7%
14	Nicaragua	155	19	40.5%	382,882	83.0%	\$290,396,069	66.7%	28	53.6%	366,054	76.2%
15	Pakistan	149	18	42.6%	624,427	84.5%	\$107,228,167	67.3%	36	54.7%	446,881	76.7%
16	Sri Lanka	145	8	43.6%	491,447	85.6%	\$86,679,547	67.8%	1	54.8%	750	76.7%
17	Uganda	135	18	45.6%	245,316	86.2%	\$131,450,666	68.5%	1	54.8%	750	76.7%
18	Bosnia & Herzegovina	134	15	47.4%	253,030	86.8%	\$577,470,294	71.7%	6	55.0%	40,207	76.8%
TIER 2 MF Coverage												
19	Nepal	118	18	49.5%	297,737	87.5%	\$37,645,230	71.9%	98	58.0%	762,189	77.7%
20	Nigeria	112	7	50.3%	248,727	88.1%	\$11,142,060	72.0%	101	61.2%	1,572,129	79.7%
21	Senegal	107	18	52.4%	182,357	88.5%	\$126,080,125	72.7%	57	62.9%	393,382	80.2%
22	Russia	102	15	54.1%	78,669	88.7%	\$484,371,717	75.3%	5	63.1%	23,228	80.2%
23 (tie)	Egypt	100	8	55.1%	326,795	89.5%	\$54,268,338	75.6%	16	63.6%	399,867	80.7%
23 (tie)	Mongolia	100	5	55.6%	295,005	90.2%	\$255,319,928	77.1%	3	63.7%	51,942	80.7%
23 (tie)	Ukraine	100	2	55.9%	52,665	90.3%	\$301,226,425	78.7%	1	63.7%	750	80.7%
24	El Salvador	99	11	57.1%	152,656	90.7%	\$211,165,294	79.9%	68	65.8%	232,602	81.0%
25	Benin	91	19	59.3%	193,850	91.1%	\$133,864,833	80.6%	32	66.8%	213,831	81.3%
26	Guatemala	86	15	61.1%	160,117	91.5%	\$129,993,872	81.4%	34	67.8%	309,073	81.7%
27 (tie)	South Africa	84	11	62.4%	222,539	92.0%	\$193,538,704	82.4%	1	67.9%	750	81.7%
27 (tie)	Vietnam	84	2	62.6%	86,712	92.2%	\$13,292,318	82.5%	1	67.9%	750	81.7%
28	Thailand	80	1	62.7%	4,413	92.2%	\$733,539	82.5%	1	67.9%	750	81.7%
29	Bulgaria	72	6	63.4%	56,149	92.4%	\$426,484,704	84.9%	2	68.0%	449	81.7%
30 (tie)	Brazil	68	5	64.0%	255,259	93.0%	\$89,255,012	85.4%	7	68.2%	270,247	82.0%
30 (tie)	Cameroon	68	9	65.0%	126,003	93.3%	\$71,041,333	85.8%	58	70.0%	292,869	82.4%
30 (tie)	Malawi	68	7	65.9%	275,037	93.9%	\$22,627,509	85.9%	13	70.4%	264,613	82.7%
30 (tie)	Uruguay	68	1	66.0%	101,099	94.2%	\$230,873,910	87.2%	1	70.4%	750	82.7%
31	Mali	64	11	67.2%	185,278	94.6%	\$54,491,518	87.5%	19	71.0%	239,598	83.0%
32	Georgia	60	10	68.4%	97,661	94.8%	\$216,892,759	88.7%	3	71.1%	33,173	83.1%
TIER 3 MF Coverage												
33	Togo	53	7	69.2%	46,969	94.9%	\$47,286,152	88.9%	1	71.2%	750	83.1%
34 (tie)	Albania	48	5	69.8%	49,166	95.1%	\$180,767,674	89.9%	3	71.3%	5,321	83.1%
34 (tie)	Romania	48	5	70.4%	37,553	95.1%	\$230,750,563	91.2%	35	72.3%	106,452	83.2%
35	Burkina Faso	44	3	70.7%	94,888	95.4%	\$57,569,356	91.5%	19	72.9%	360,273	83.6%
36	Dem. Rep. of Congo	43	10	71.9%	26,854	95.4%	\$9,954,761	91.6%	73	75.2%	245,233	83.9%
37	Armenia	42	9	72.9%	123,388	95.7%	\$108,632,581	92.2%	4	75.3%	21,529	84.0%
38	Tanzania	34	7	73.8%	162,643	96.1%	\$38,455,204	92.4%	1	75.3%	750	84.0%
39	Honduras	32	11	75.0%	117,226	96.4%	\$34,741,434	92.6%	31	76.3%	169,845	84.2%
40	Ghana	31	5	75.6%	82,665	96.6%	\$22,450,913	92.7%	73	78.6%	256,005	84.5%
41	Kyrgyzstan	27	17	77.6%	98,923	96.8%	\$86,527,406	93.2%	4	78.7%	65,647	84.6%
42	Afghanistan	26	9	78.6%	130,676	97.1%	\$25,872,284	93.3%	2	78.7%	65,121	84.7%
43 (tie)	Guinea	24	1	78.7%	141,398	97.5%	\$5,071,801	93.4%	12	79.1%	145,654	84.8%
43 (tie)	Macedonia	24	4	79.2%	32,159	97.5%	\$117,172,205	94.0%	1	79.2%	139	84.8%
44 (tie)	Kazakhstan	21	21	81.6%	41,372	97.6%	\$51,720,119	94.3%	4	79.3%	4,820	84.8%
44 (tie)	Tajikistan	21	19	83.9%	46,960	97.7%	\$69,727,458	94.7%	1	79.3%	750	84.9%
45	Paraguay	20	4	84.3%	118,629	98.0%	\$85,118,691	95.1%	2	79.4%	16,797	84.9%
46 (tie)	Azerbaijan	18	11	85.6%	64,466	98.2%	\$53,326,851	95.4%	1	79.4%	28,872	84.9%
46 (tie)	China	18	2	85.8%	17,154	98.2%	\$2,576,047	95.5%	11	79.7%	241,804	85.2%
47	Tunisia	16	1	85.9%	39,190	98.3%	\$11,523,607	95.5%	1	79.8%	750	85.2%
48	Sierra Leone	15	4	86.4%	23,803	98.4%	\$2,562,300	95.5%	75	82.1%	47,397	85.3%

Figure 4. The Global Micro-Finance Incidence Map

The 60 countries highlighted below receive the vast majority of the world's micro-finance activity. The 20 countries shaded in blue (Tier #1) are home to about 87% of all borrowers on the MIX database, 77% of all clients on the Summit database, and almost 72% of all micro-finance loan activity. The 20 countries shaded in sky blue (Tier #2) encompass another 7% to 8% of all borrowers/clients, as well as an additional 17% of all loan activity. About 4% more borrowers/clients and another 7% or so of global micro-finance loans are accounted for by the 20 countries shaded in pale blue (Tier #3). Non-shaded countries receive little or no micro-finance coverage at all.

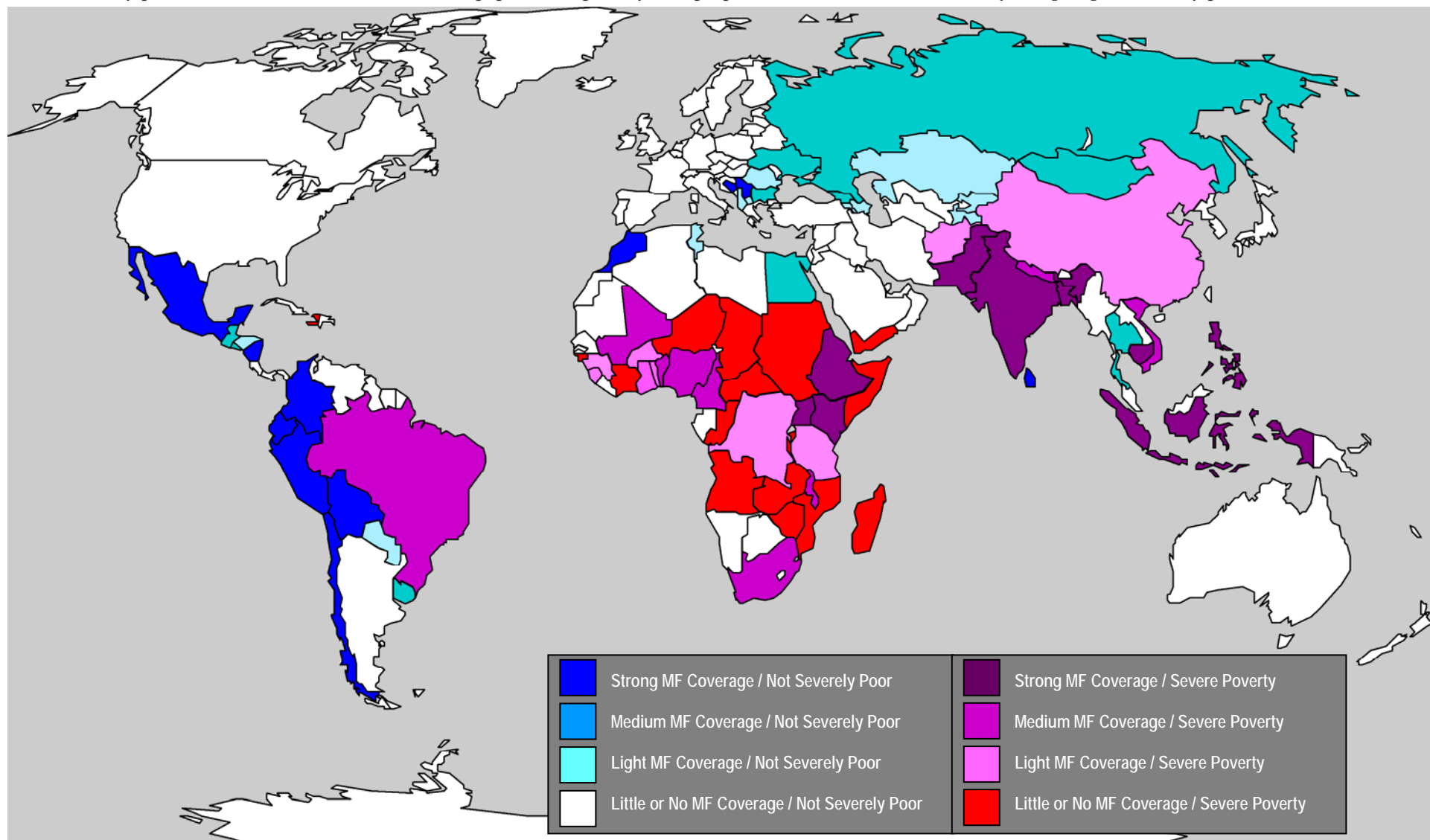


V. Matching Up Poverty Incidence with Micro-Finance Activity

The poverty and micro-finance incidence maps can now be used to assess the extent to which micro-finance is doing what it's supposed to do, namely help very poor people access small amounts of money. The transposed map shown in Figure 5 was produced by superimposing Figures 2 and 4 together.

Figure 5. The Global Poverty / Micro-Finance Incidence Map

Red represents severe poverty that is not being targeted by micro-finance; blue indicates micro-finance activity being directed at countries that either aren't severely poor, or that *are* very poor but too small for inclusion in the top quartile of poverty; and purple indicates micro-finance activity being targeted at truly poor countries.



It should be stressed once again that the red regions in Figure 5 do not necessarily denote the depth of poverty in a given country, but the prevalence of severe poverty. Thus, large countries like Brazil and China are included because of their sheer population living below \$1 and \$2 per day – even though these countries are relatively better off, on average, than, say, Bolivia and Mongolia, if poverty is measured as GDP per capita, or a *percentage* of people living below \$1 and \$2 per day. Thus, according to the map, only nine countries with extreme poverty (20% of the top quartile of countries selected in Table 11) are benefiting from “strong” micro-finance coverage: Ethiopia, Kenya, Uganda, Pakistan, India, Bangladesh, Cambodia, the Philippines, and Indonesia. Table 20 breaks down these quantitative tallies in more detail.

Table 20. Simple Quantitative Break-Down of the Micro-Finance / Poverty Incidence Map

Number of Countries in the Figure 5 Map		Poverty		Totals
		Extreme (Highest Quartile)	Not Extreme (2 nd or 3 rd Quartile)	
Micro-Finance Coverage	Strong	9	11	20
	Medium	9	11	20
	Light	9	11	20
	None / Not Ranked	18*		18
Totals		45	33	78

* Only 17 red countries appear in Figure 5 because Eritrea is not resolved from Ethiopia.

Thus, of the 20 countries enjoying “strong” micro-finance coverage, only nine are designated as “extremely” poor. The same ratio holds for countries enjoying “medium” and “light” micro-finance coverage. The general trend, then, is that micro-finance activity is not exclusively targeting those parts of the world where extreme poverty is most prevalent, and, indeed, more often than not even targets countries where poverty is comparatively *less* severe. Just as importantly, 18 out of 45 – or 40% – of all countries in the highest quartile of poverty are either being targeted very little by micro-finance, or not at all. Taken together, these observations suggest that it is not necessarily valid to assume that all micro-finance activity is equal. Put another way, some micro-finance efforts are being directed at parts of the world where poverty is more severe than are others.

In fact, the correlation between extreme poverty and micro-finance activity is even weaker than Figure 5 and Table 20 suggest. In total, 87 different countries were ranked in Tables 3–9 and 13–17. While not all of these 87 countries were selected for inclusion in the final poverty and/or micro-finance incidence tables (Tables 11 and 19), it is safe to assume that the vast majority of both poverty and micro-finance incidence can be found within their borders. These 87 countries therefore make a useful database for numerically matching poverty with micro-finance coverage, Table 21 provides the correlation coefficients between several poverty and micro-finance incidence variables based on this dataset of 87 countries.

Table 21. Correlation Coefficients between Indicators of Poverty and Micro-Finance Incidence in a Dataset of 87 Poor and / or High Micro-Finance Covered Countries

	Micro-Finance Coverage Score	MFI Borrowers (MIX)		Loan Portfolio (MIX)	MFI (Summit)	Clients (Summit)
		(MIX)	(MIX)	(MIX)	(Summit)	(Summit)
Poverty Score	0.00	0.04	0.19	-0.11	0.23	0.24
HDI	0.17	0.06	-0.03	0.31	-0.06	-0.04
GDP	0.07	-0.07	-0.06	0.25	-0.09	-0.07
Life Expectancy	0.25	0.13	0.06	0.32	0.02	0.05
Infant Mortality	-0.25	-0.09	-0.05	-0.33	0.01	-0.03
Percent < \$1	-0.12	-0.04	0.05	-0.24	0.10	0.07
Percent < \$2	0.03	0.09	0.16	-0.18	0.22	0.19
Percent Illiterate	-0.04	0.02	0.14	-0.22	0.15	0.14
Percent Lacking Sanitation	-0.03	0.07	0.11	-0.17	0.17	0.14
Percent Lacking Water	-0.11	-0.08	0.00	-0.22	-0.01	-0.02
Percent Mal-Nourished	-0.15	-0.02	0.03	-0.27	0.00	0.00
Quantity < \$1	0.25	0.43	0.26	0.04	0.77	0.58
Quantity < \$2	0.26	0.41	0.26	0.09	0.73	0.56
Quantity Illiterate	0.33	0.53	0.35	0.09	0.87	0.68
Quantity Lacking Sanitation	0.20	0.33	0.21	0.07	0.62	0.48
Quantity Lacking Water	0.15	0.19	0.18	0.06	0.42	0.34
Quantity Mal-Nourished	0.25	0.43	0.29	0.05	0.73	0.57

Table 21 shows that correlation coefficients are very low across the board between *qualitative* poverty (i.e., proportions of poor people) and micro-finance indicators, but that coefficients increase significantly between *quantitative* poverty (i.e., quantities of poor people) and micro-finance indicators. This pattern holds true for every measure of micro-finance coverage except loan portfolio, which seems to never correlate all that well with any of the listed poverty measures. Because two out of the five micro-finance indicators are based on quantities of people (i.e., number of borrowers and clients), and because the other two measures (number of MFIs in the MIX and Summit databases) might be expected to correlate well with population, this pattern is not terribly surprising.

However, what *is* surprising is that poverty and micro-finance coverage scores have no correlation whatsoever, and that loan portfolio consistently shows a slight correlation with several poverty indicators, but in the opposite direction of what might be expected. For example, Human Development Index (HDI), GDP, and life expectancy all have a slight positive correlation with loan portfolio, which suggests that as these variables go up (i.e., as wealth and quality of life increase), so too does the amount of money made available to borrowers.

Conversely, loan portfolio has a slight negative correlation with the remaining poverty measures – such as infant mortality, percent of population living on less than \$1 per day, and percent of population mal-nourished – indicating

that as poverty increases, overall amount of money loaned out to micro-finance borrowers decreases. This is the opposite of what one might expect if micro-finance were truly targeting the poorest, most desperate regions of the world.

Regional Poverty / Micro-Finance Incidence. The following charts and graphs help to more precisely determine where the correlations between extreme poverty and micro-finance coverage “break-down.”

Figure 6. Micro-Finance Coverage* as a Proportion of Poverty Incidence

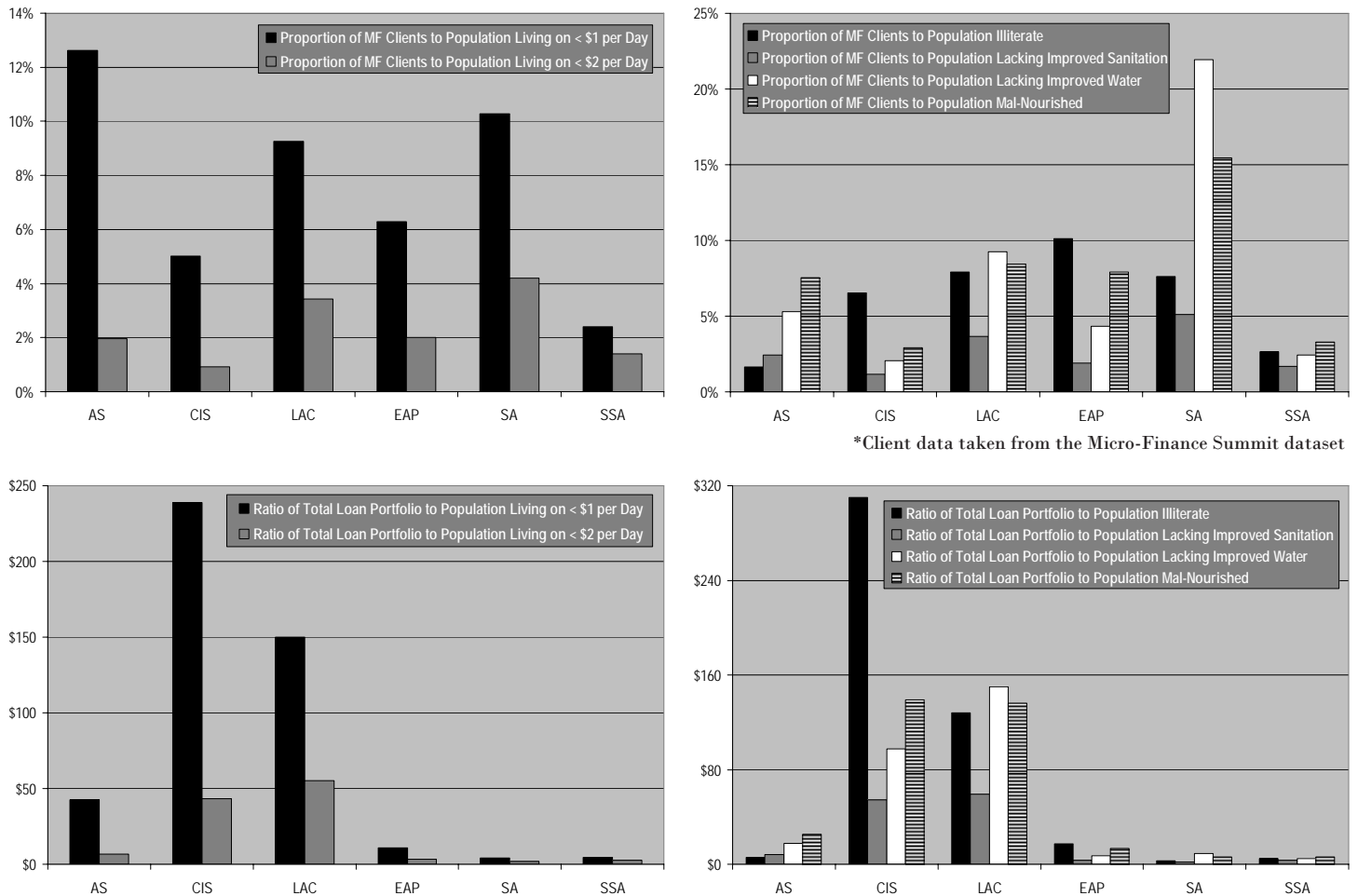


Figure 6 demonstrates that SSA receives the least extensive micro-finance coverage as determined by number of micro-finance clients per quantity of people deemed severely poor. By contrast, South Asia is relatively well covered in terms of number of clients. Meanwhile, CIS and LAC enjoy a preponderance of micro-finance loans, even though these regions are not as severely poor as are the EAP, SA, or SSA regions.

In Figure 7, several key measures of poverty are depicted along-side number of micro-finance clients (using data from the Micro-Finance Summit database) and total micro-finance loan portfolios by region. The bubble plots enable the relationship between two indicators to be assessed graphically. On the x-axes are plotted poverty measurements such that poverty increases from left to right, whereas the y-axes show micro-finance coverage, always increasing from bottom to top. The size of the bubbles in each plot correlates with the statistics provided in the gray boxes below each set of graphs. Graphs are presented in pairs.

Figure 7. Graphical Relationship between Poverty Incidence and Micro-Finance Coverage, by Region

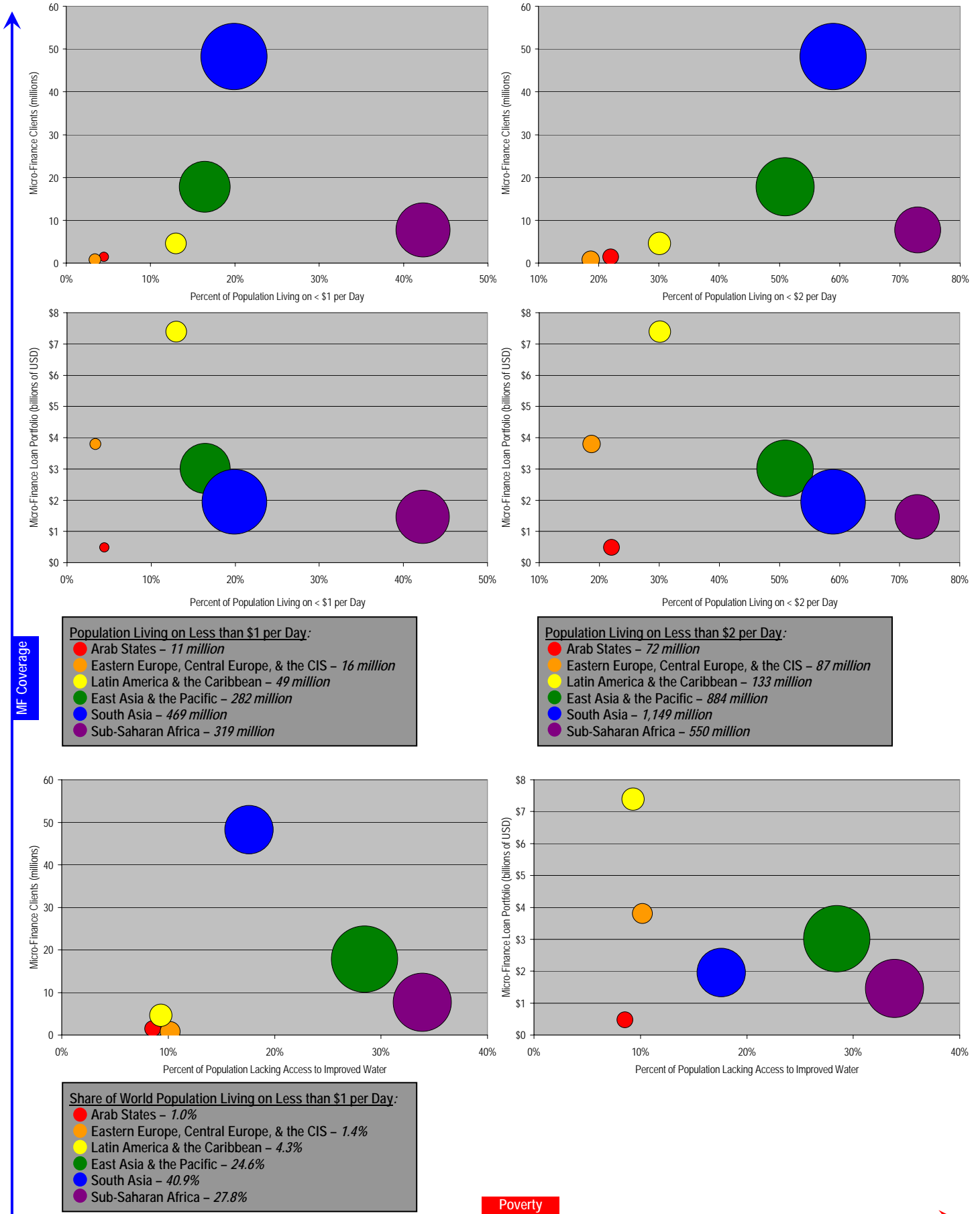


Figure 7 (cont.)

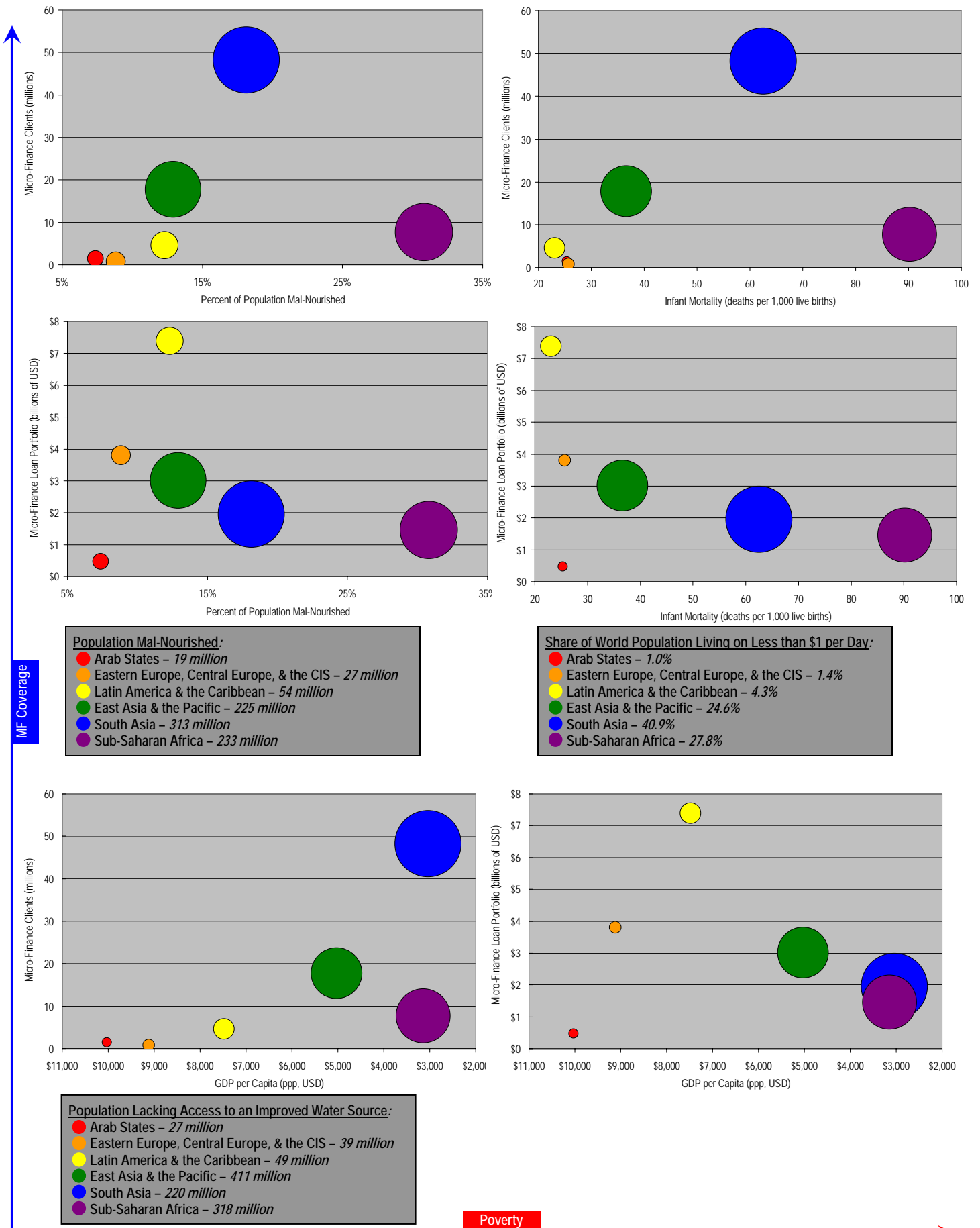


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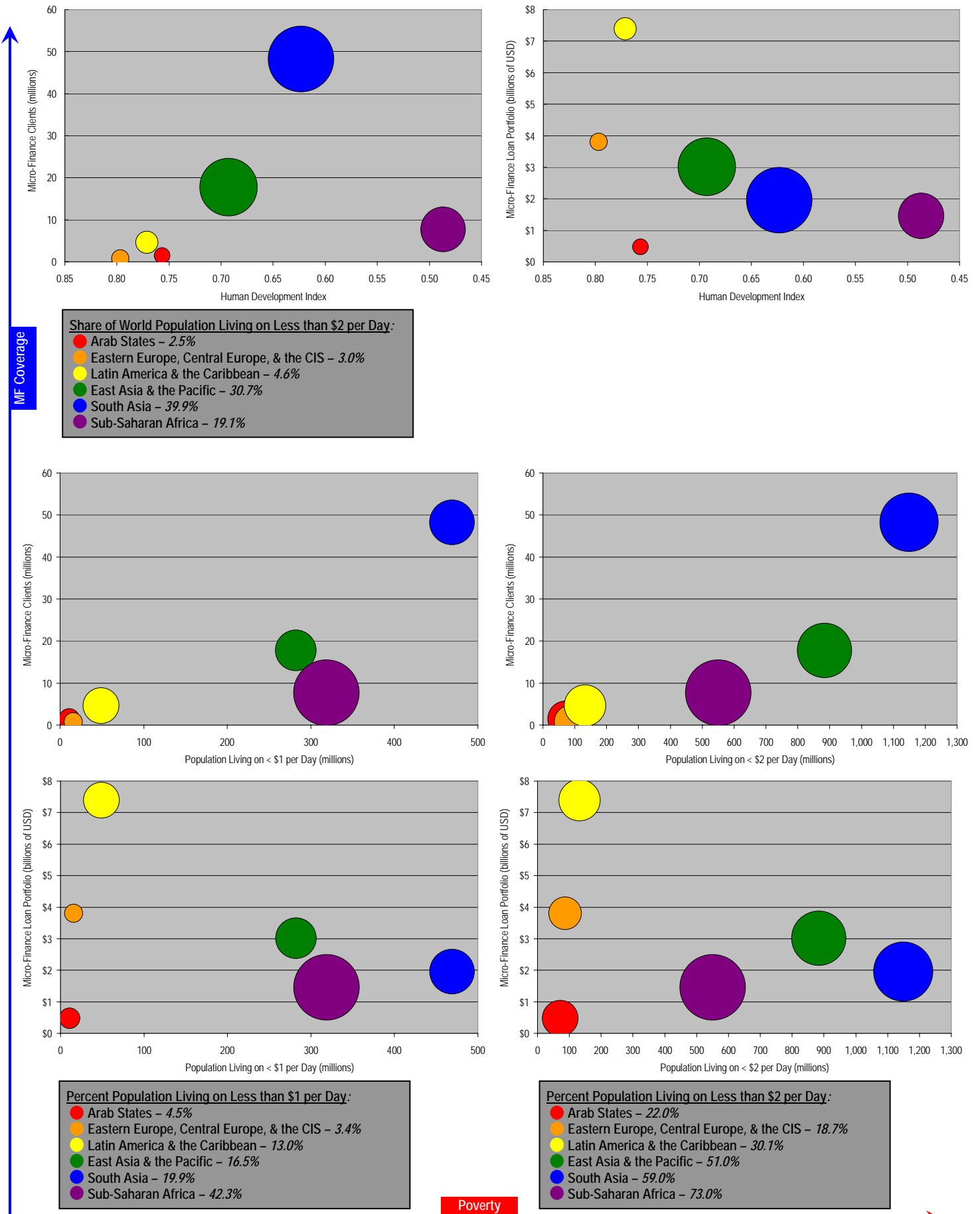


Figure 7 reveals two consistent trends: first, that South Asia is far better covered in terms of micro-finance clients than any other region, and second that Latin America and Central / Eastern Europe are much better covered than all other regions in terms of micro-finance loan amounts. In general, micro-finance coverage is well correlated with poverty only when number of clients is plotted against population living on \$2 (and to a lesser extent \$1) per day. This finding reflects the fact that several very large (and very poor) countries in Asia – i.e., India, Bangladesh, Pakistan, Indonesia, and the Philippines – also happen to have a large number of micro-finance clients. Apart from these countries, there is little if any correlation between micro-finance incidence and the prevalence of extreme poverty at the regional level.

Country-by-Country Poverty / Micro-Finance Incidence. The following charts, generated from the 87-country dataset mentioned previously, break-down poverty and micro-finance coverage country-by-country. In all charts, poverty is positioned on the x-axis and increases from left to right, while micro-finance coverage, placed on the y-axis, increases from bottom to top.

Figure 8. Bubble Charts Correlating Key Poverty Indicators with Micro-Finance Coverage, Country-by-Country

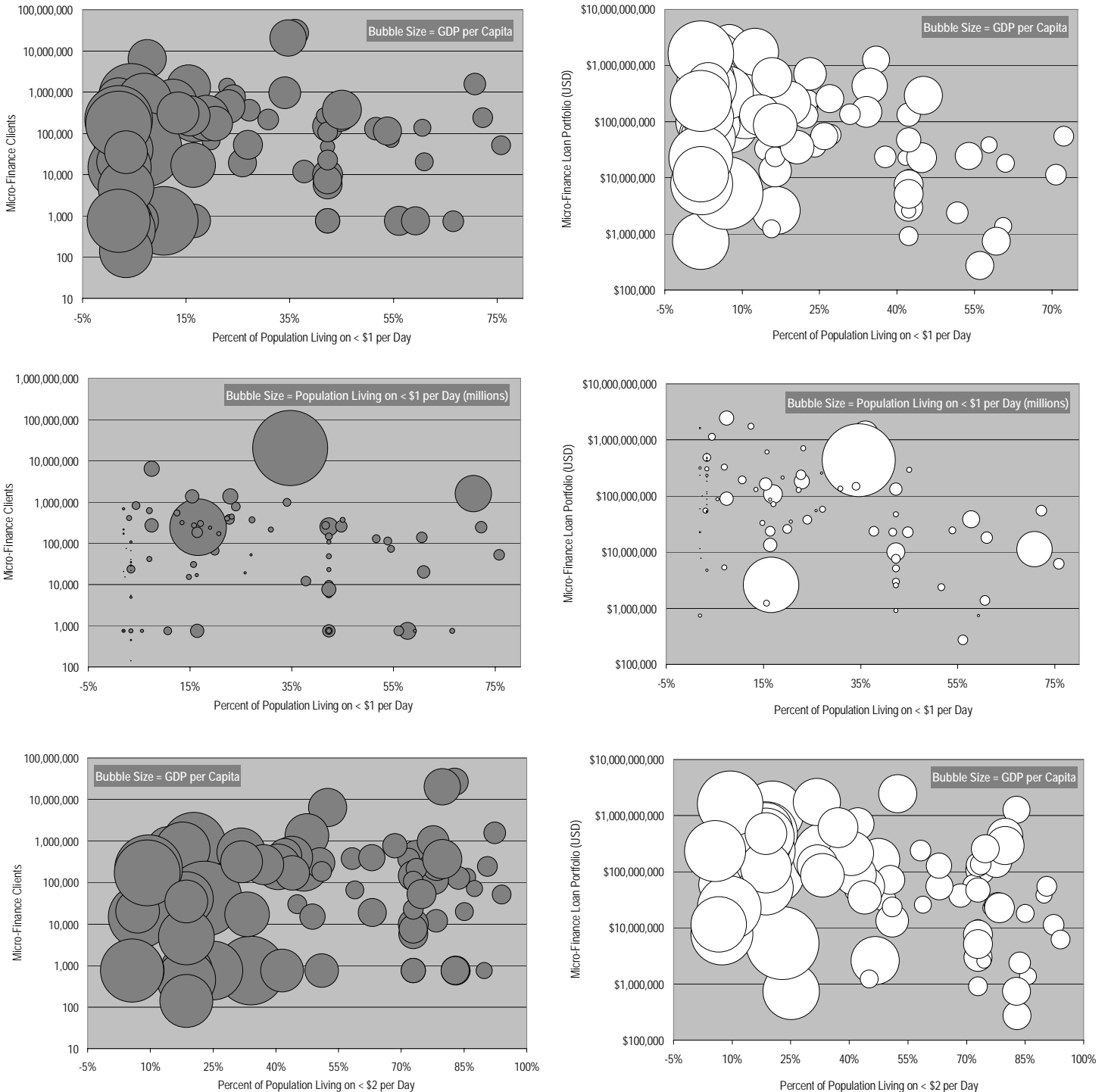


Figure 8 (cont.)

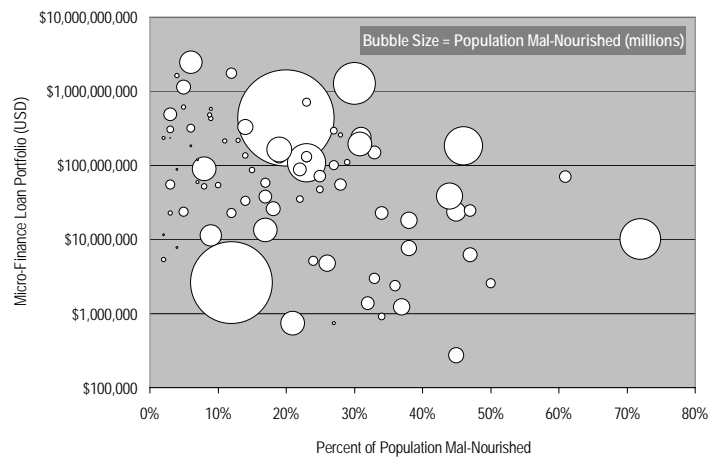
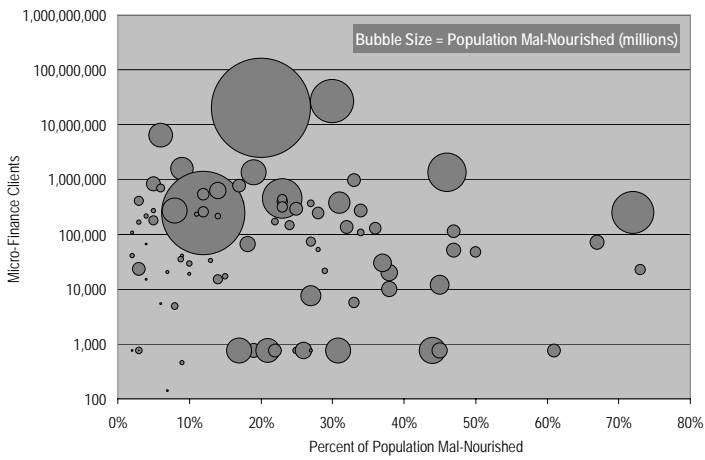
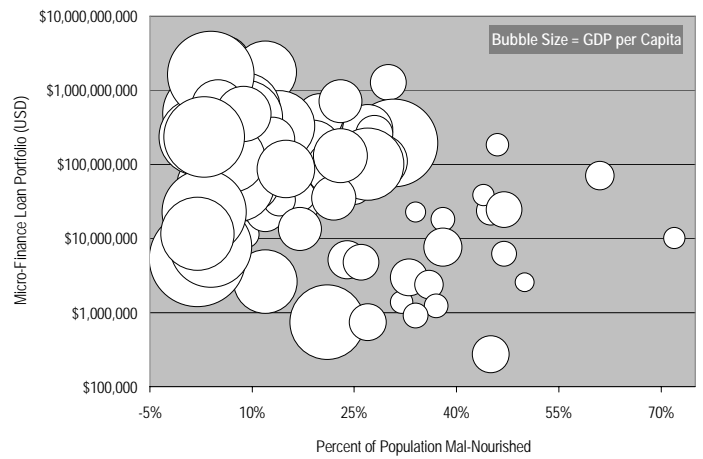
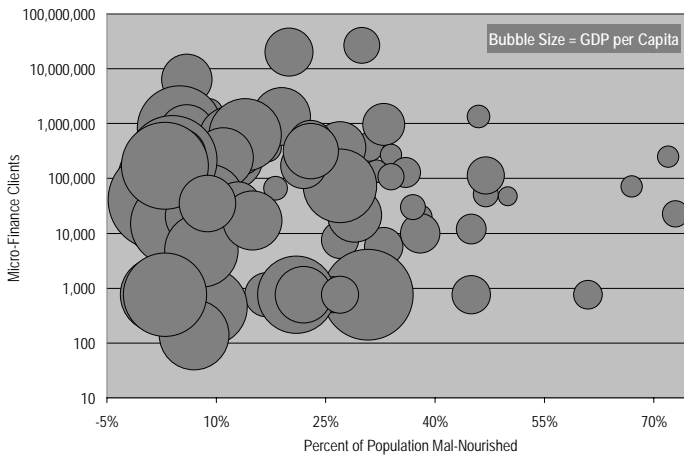
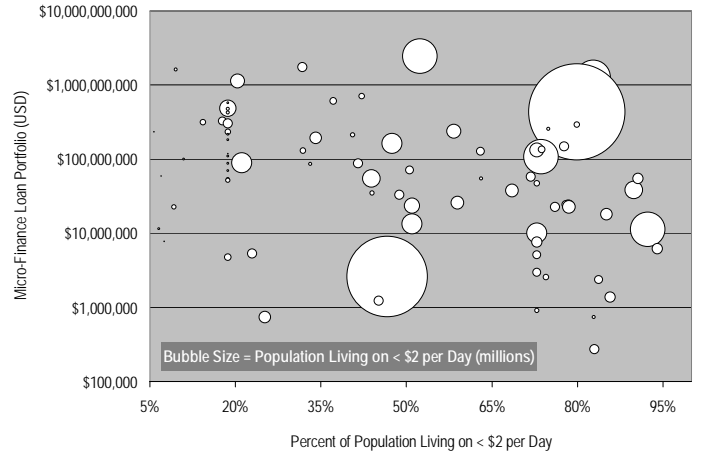
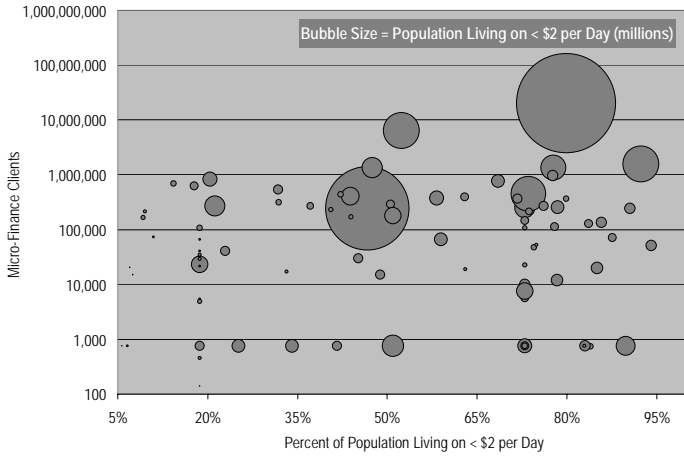


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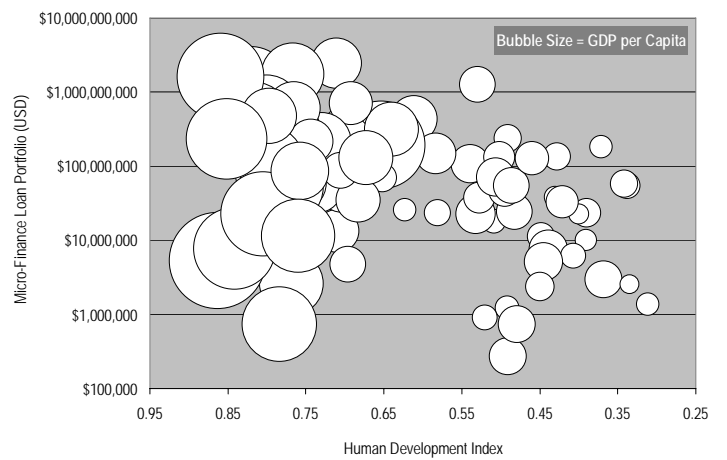
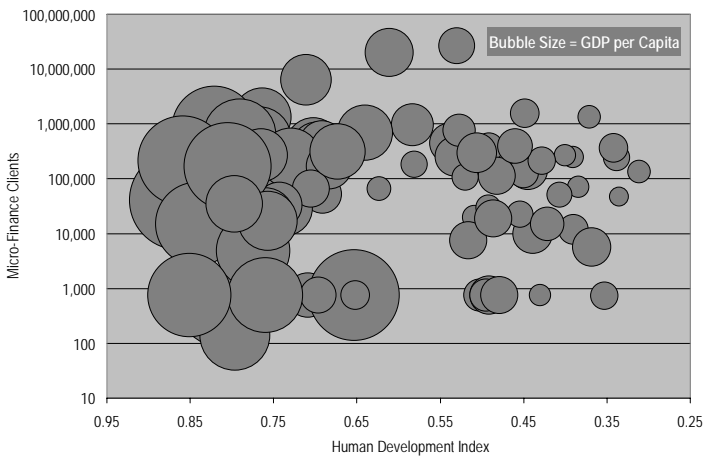
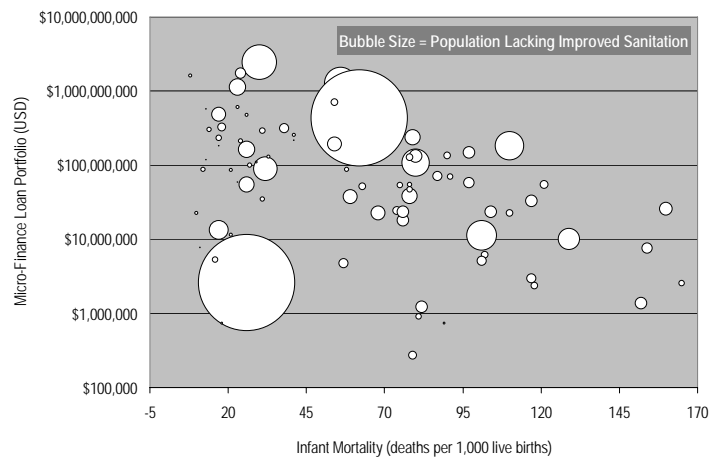
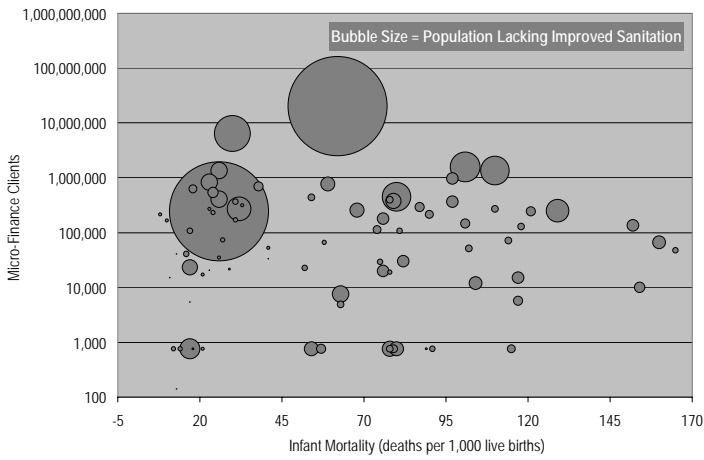
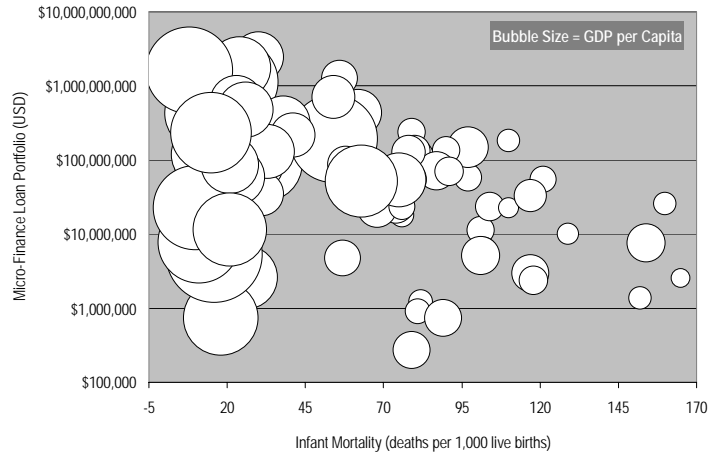
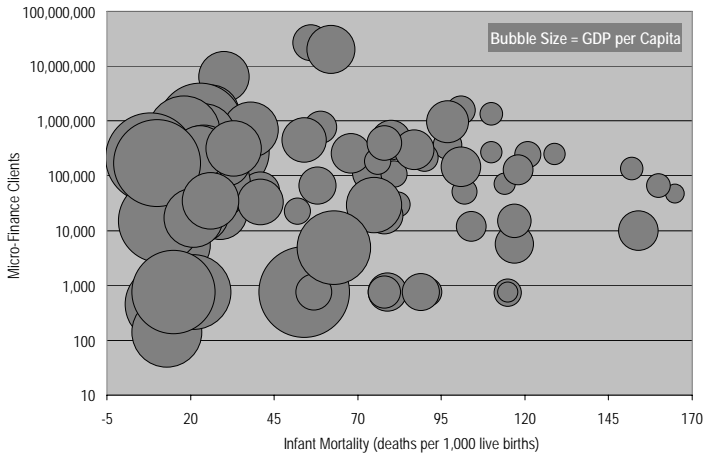


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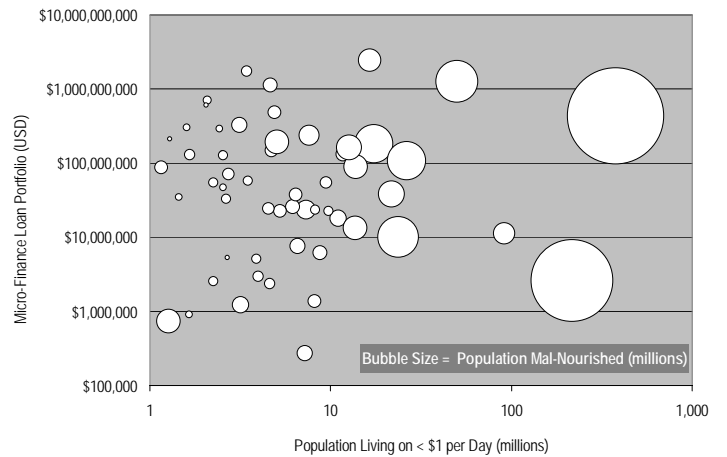
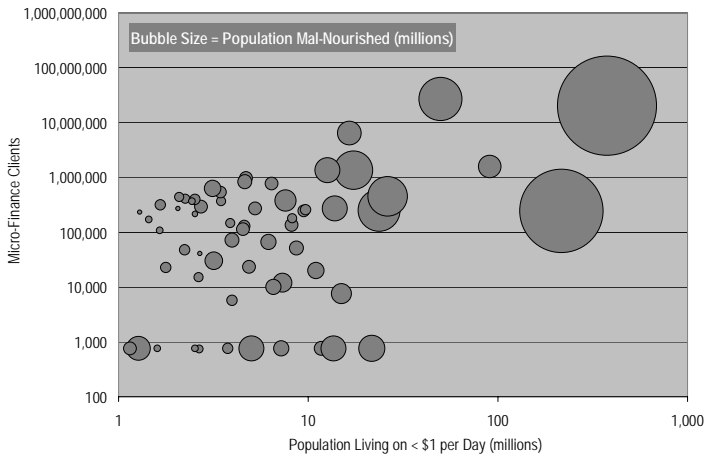
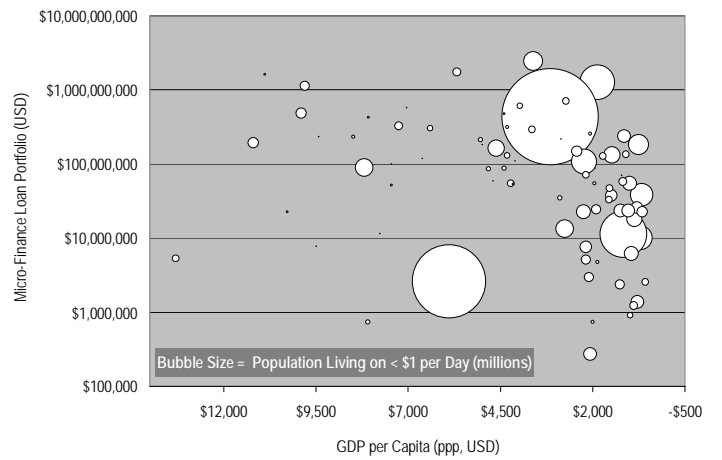
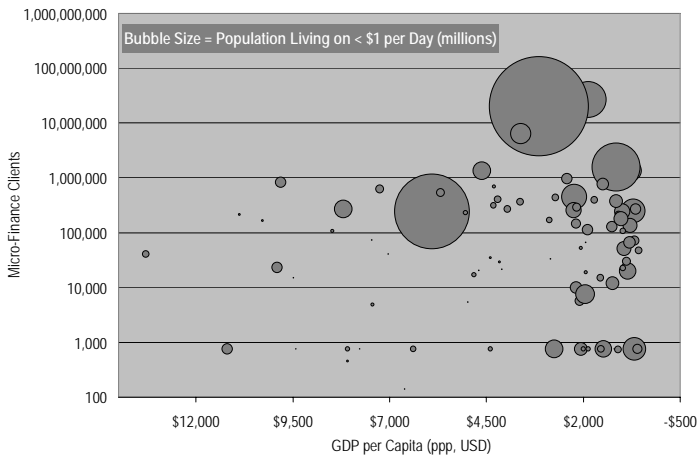
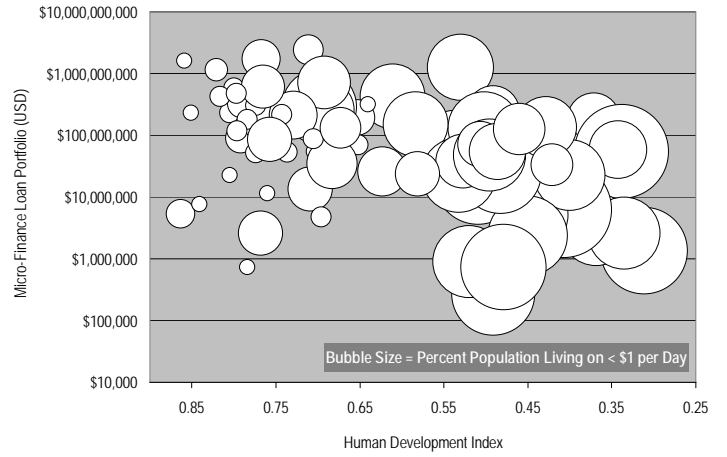
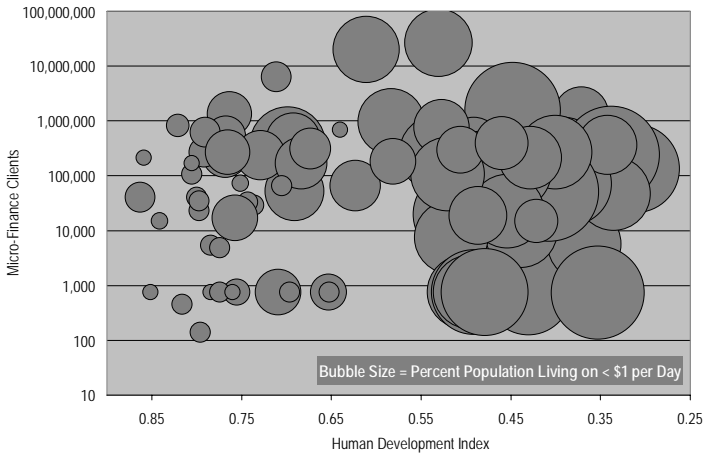
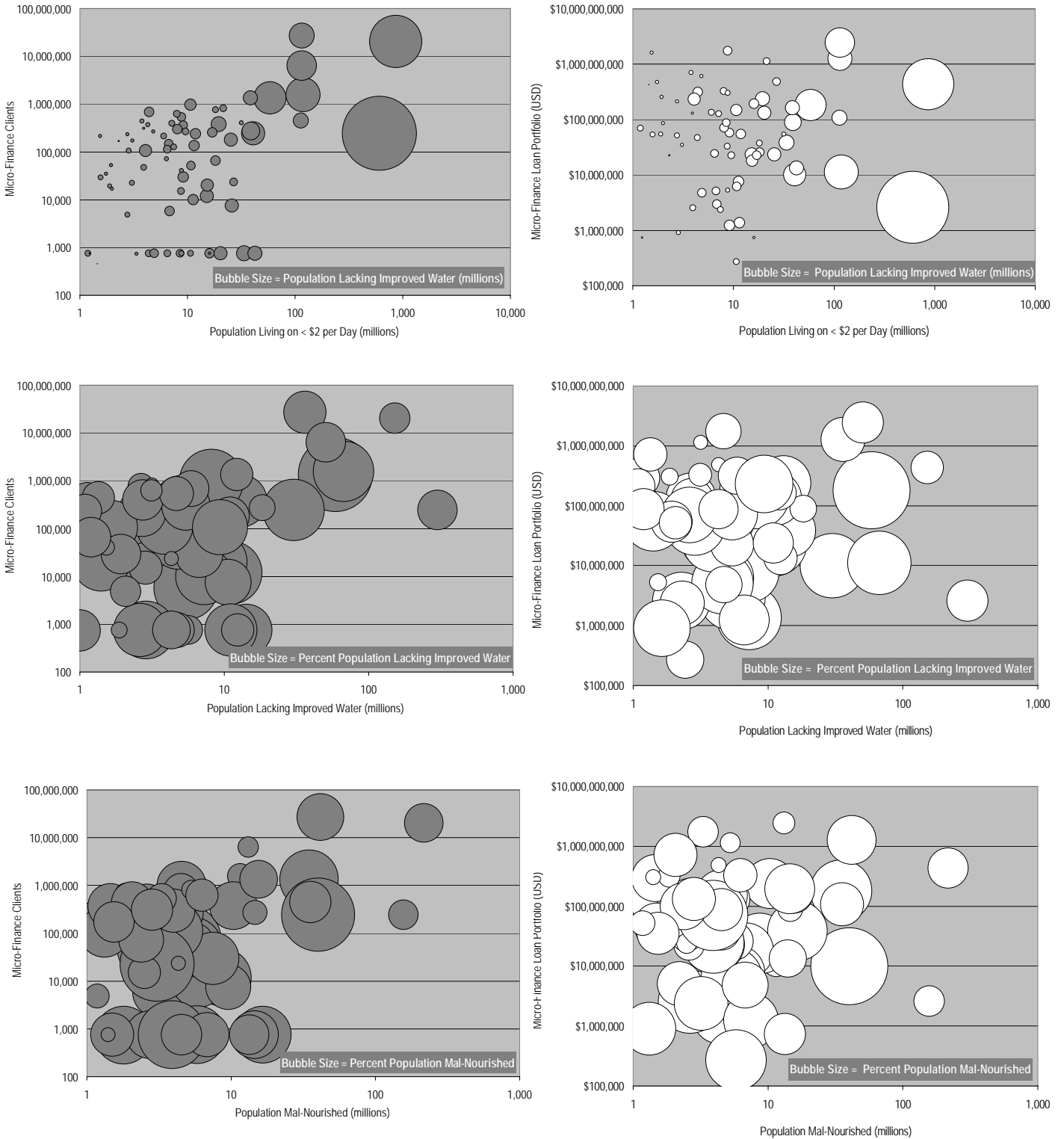


Figure 8 (cont.)



The charts in Figure 8 reinforce the same pattern seen regionally – namely, a few large and poor countries in South Asia (and to some extent East Asia & the Pacific) also happen to boast strong micro-finance coverage, as measured by number of clients. These countries help to boost the correlation between micro-finance coverage and poverty in several of the above charts. However, overall correlation between micro-finance coverage and poverty is somewhat weak, as a majority of charts exhibit a concentration of bubbles in the upper-left quadrant, which indicates strong micro-finance coverage without extreme poverty.

A smaller number of charts display a concentration of bubbles in the lower right quadrant, as well. This observation suggests that the main source of non-correlation between poverty and micro-finance incidence in this dataset is not so much that very poor countries aren't being targeted with micro-finance; it's more that that countries that *aren't* severely poor are.

VI. The 'Sophisticated' Future of Micro-Finance

Over the past 30 years, micro-finance has proven its utility as a method of combating poverty. So its use and popularity will only intensify in the years and decades to come. And this is a good thing – not just for people in the least developed world, but for everyone.

But as micro-finance continues to attract the support of humanitarian investors looking to make a positive and profound social impact, the sophistication of both the measures used to assess progress and the indicators used to predict program effectiveness will inevitably increase. The poverty / micro-finance incidence map represents an effort to expedite that sophistication process. While there is little doubt that micro-finance investments – regardless of where they are directed – likely generate some positive social impact, the objective of any investor, whether traditional or social, is to maximize return. The map provides a basic idea of where in the world social investors should look to put their money – all other factors being equal – in order to get the most bang for their buck – i.e., in order to target the poorest people and, hence, generate the greatest magnitude of poverty reduction.

It is hoped that the map will engender enough utility in this realm that it spurs several improvements in the micro-finance industry as a whole:

- Better and more thorough use of scorecards to enable accurate, quantifiable reporting on the progress of poverty reduction.
- Better and more consistent data collection, both on the poverty (country-by-country indicators) and micro-finance (MFIs and micro-finance coverage databases) sides.
- More sophisticated application of this data in assessing the social impact ROI of a micro-finance investment opportunity.

As all three of the above trends become more widely practiced, this will enable the more prevalent, thorough, accurate, and sophisticated production of poverty / micro-finance incidence maps in the future, with the ability to do things such as:

- Break-down poverty incidence *within* countries (i.e. which states, provinces, departments and/or counties of a given country are poorest, and which are being most effectively targeted with micro-finance),
- Discern and track foreign investment in MFIs (i.e., break-down the levels of funding investors in the developed world are providing MFIs in the developing world), and
- Determine which micro-finance borrowers belong in which poverty strata (i.e., \$1 per day, \$2 per day, access to sanitation and clean water, etc.).

All of these activities will, in turn, serve to make micro-finance more even more effective, prevalent, and significant to a world ever-more committed to eradicating poverty.