

## 2 Development of Microfinance

### 2.1 Economic and Social Conditions in the Asia-Pacific Region

The twelve countries in the study are extremely diverse:

- (i) South Asian countries — Bangladesh, India, Nepal, Pakistan, and Sri Lanka;
- (ii) East Asian market economies — Indonesia and the Philippines;
- (iii) East Asian economies in transition — PRC and Viet Nam;
- (iv) Pacific Island countries — PNG and Vanuatu; and
- (v) a Central Asian economy in transition — the Kyrgyz Republic.

#### Selection of Countries for the Study

The countries chosen for this study represent:

- major South Asian nations
- both the market and transitional economies in East Asia
- small states in the Pacific region
- a transitional economy in Central Asia.

**Population densities range from almost 1,000 people per square kilometer in Bangladesh to 10 people per square kilometer in PNG**

**Population density is an important variable affecting the viability of microfinance, with denser populations generally more favorable to sustainability**

Some basic indicators for the twelve countries are provided in Table 1 (see Section 2.4). The countries had a combined population of some 2.9 billion in 1998 (World Bank 2000). They include the two most populous countries in the world, PRC (1.24 billion) and India (0.98 billion), and another five countries with populations between 75 and 205 million — Bangladesh, Indonesia, Pakistan, Philippines, and Viet Nam. At the other end of the spectrum they include three countries with populations of less than five million — Kyrgyz Republic, PNG, and Vanuatu.

Indicators of population density and urbanization differ markedly between the countries. In Bangladesh the population density was 965 people per square kilometer in 1998, nearly three times that of India, the second highest. In most countries, population density was between 100 and 300 people per square kilometer. At the other end of the scale, PNG, Vanuatu, and Kyrgyz Republic had population densities of 10, 15, and 24 people per square kilometer, respectively. Population density has implications for microfinance because it affects the scope for off-farm income-generating activities and for the capacity of MFIs to achieve sustainability. Table 1 also includes data on population growth and the size of the labor force.

In terms of gross national product (GNP) per capita, the countries ranged in 1998 from lows of \$210 in Nepal and \$350 in Bangladesh and Viet Nam to highs of \$1,260 in Vanuatu and \$1,050 in the Philippines. Vanuatu, Philippines, PNG, and Sri Lanka are classified as lower middle income countries by the World Bank, while the other eight are classified as low income countries.

Long-run economic growth has differed markedly between the countries. Over the period 1965 to 1998, PRC (and, to a lesser extent, Indonesia) recorded very rapid annual growth rates in per capita income of 6.8 percent and 4.7 percent, respectively. The other countries recorded growth rates in per capita income of 3 percent or less, with PNG (0.5 percent) and the Philippines (0.9 percent) having the lowest growth rates among the countries for which data are available. While most countries have experienced growth in per capita incomes in recent years, Indonesia

has suffered a large decline following the East Asian financial crisis which began in 1997, and the Philippines has experienced a small decline. In all countries the shares of industry and services in gross domestic product (GDP) have increased while the share of agriculture has declined. In the Kyrgyz Republic and Nepal the share of agriculture remains at least 40 percent, while in all other countries it has fallen to below 30 percent.

In most countries, consumer price inflation has been moderate in recent years. This has contributed significantly to economic stability and has been important for the development of the microfinance sector. There are, however, some exceptions. While consumer price inflation in Indonesia has generally been moderate, it reached 77.6 percent in 1998 during the East Asian financial crisis. It has now returned to pre-crisis levels. In the Kyrgyz Republic inflation reached 1,366 percent in 1993, but has declined to more moderate levels of 14.7 percent in 1997 and 18.3 percent in 1998.

The United Nations Development Programme (UNDP) Human Development Index (UNDP 2000) combines information on expectation of life at birth, adult literacy, enrollment in education, and income per capita adjusted for purchasing power parity. As such, it encompasses a broader definition of development than the GNP per capita measure. According to the index for 1998, the countries with the highest levels of human development are PRC, Kyrgyz Republic, Philippines, and Sri Lanka, while those with the lowest are Bangladesh, Nepal, Pakistan, and PNG. Bangladesh and Nepal are two of only six non-African countries to be classified as having low human development, while the other ten countries in our study are classified as having medium human development.

Estimates of poverty vary between countries, in part because of different definitions. Nevertheless, national calculations suggest that, in most of the countries, between one third and one half of the population is below the poverty line. Other methods produce results broadly consistent with this picture. Thus, estimates based on the international benchmark of US\$1 per day suggest a slightly lower incidence of poverty compared with national estimates in most countries, with the incidence of poverty on this measure varying from 7 percent in Sri Lanka to 44 percent in India. Based on this international benchmark, ADB (2000b) estimates that there are around 900 million poor people in the Asia-Pacific region, twice as many as in the rest of the developing world combined. More than 800 million of these are in the countries in this study. While most countries in East Asia have recorded impressive reductions in the incidence of poverty over the last twenty years, poverty rates have fallen more slowly in South Asia. More worrying, ADB also notes that there are signs that progress in reducing poverty has stalled in recent years, and in some countries has even been reversed.

ADB (2000b) notes that a broad definition of the quality of human life must also include other aspects of human deprivation, such as illiteracy, malnutrition, bad health, poor access to water and sanitation, vulnerability to economic shocks, and lack of political freedom. While many of these are difficult to measure, the UNDP

***Annual income per capita ranged from \$210 in Nepal and \$350 in Bangladesh to \$1,260 in Vanuatu***

***The Human Development Index includes measures of health, literacy, and education as well as per capita income to give a broader vision of development***

***Using these broader measures shows Nepal and Bangladesh as having "low" levels of human development while the remainder are in the "medium" category***

### **How Should We Measure Poverty?**

- On the basis of income per capita, in most countries between a third and one half of people are below the poverty line.
- However, broader definitions may encompass factors such as illiteracy, malnutrition, health, access to water supply and sanitation, economic vulnerability, and political freedom.
- A Human Poverty Index incorporating such considerations shows Philippines, Sri Lanka, and Viet Nam performing much better than their income figures would suggest.

Human Poverty Index (UNDP 2000) combines information on the probability of not surviving to age 40, adult illiteracy, and deprivation in economic provisioning (for example, access to safe water and health services). Based on this measure, poverty rates in 1998 in those countries for which data are available range from 16 percent in the Philippines, 19 percent in PRC, and 20 percent in Sri Lanka to 51 percent in Nepal, 44 percent in Bangladesh, and 40 percent in Pakistan. Table 1 also provides estimates of income or consumption inequality, based on the Gini coefficient.<sup>5</sup>

These data show that governments in the region face an enormous challenge to reduce poverty. This suggests a role for microfinance as one element in a comprehensive set of policies for that purpose. This is the approach of ADB (2000b), which notes that an anti-poverty strategy should include a policy regime that promotes inclusive economic growth; investments in human capital, infrastructure, and microfinance; improved governance and civil society participation in decision making; effective social safety nets; and targeted redistribution policies.

### Key Components of a Strategy for Reducing Poverty

A policy regime for reducing poverty would promote:

- inclusive economic growth
- investments in human capital and infrastructure
- good governance and civil society participation
- effective social safety nets and targeted redistribution.

Microfinance could make its most effective contribution in such a policy environment.

## 2.2 Introduction to Microfinance

While definitions differ, microfinance is generally taken to refer to the provision of financial services, primarily savings and credit but also other financial services, to poor and low income households that do not have access to formal financial institutions. Thus, ADB's microfinance development strategy (2000a, 1) states that:

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their micro-enterprises.

### Microfinance — Much More Than Simply Credit

ADB's microfinance development strategy defines microfinance as providing a broad range of financial services such as:

- deposits
- loans
- payment services
- money transfers
- insurance to poor and low income households and their micro-enterprises.

5 The Gini index appears in the literature — for example, World Bank (1999) and UNDP (1999) — with a value between 0 and 100. This indicator is essentially the same as the Gini coefficient, with a value between 0 and 1.

The formal financial system rarely provides access to financial services for poor households in developing economies. Thus, Women's World Banking (1995) estimated that in most developing countries, the formal financial system reaches at a maximum the top 25 percent of the economically active population. This leaves the bottom 75 percent without access to financial services apart from those provided by moneylenders and family.

The ADB definition of microfinance includes low income households as well as those below the poverty line. There are a significant number of low income households that are not below the poverty line, but which nevertheless have limited access to financial services. This is especially true in rural areas. There is a need to develop financial systems that can reach this target group, as well as the poor. In some cases, serving low income clients as well as the poor can improve the financial viability of MFIs, thereby making it easier to reach poor clients as well. Serving low income clients may also provide indirect benefits to the poor, through greater employment opportunities, and lower cost and more accessible goods and services.

While these poor and low income households do not have access to financial services, they have considerable effective demand (in an economic sense) for such services. ADB (2000a) notes that:

- (i) There is a demand for safe and convenient deposit services. Contrary to some preconceptions, there is much evidence that the poor have the capacity and willingness to save. They need to save for emergencies, investment, consumption, social obligations, the education of their children, and many other purposes.
- (ii) There is also a demand for credit, both from households and micro-enterprises. Poor households require credit to finance livelihood activities, for consumption smoothing, and to finance large expenses for purposes such as education, housing improvements, and migration.
- (iii) Poor and low income households also have a demand for other financial services, such as insurance. Migration, whether international or internal, also tends to create a demand for funds transfer services.

Since the late 1970s, there has been an emphasis on establishing financial systems able to reach poor clients on a more sustainable basis, both in the Asia-Pacific region and elsewhere. An effective set of techniques has been developed and applied by institutions such as Grameen Bank in Bangladesh and Bank Rakyat Indonesia. While these techniques differ between institutions, a number of key principles underlie them:

- (i) Successful MFIs know their market. Lending outlets are located near the client, application procedures are simple, and loans are disbursed quickly.
- (ii) They charge market-oriented interest rates to cover both their operational and financial costs, knowing that the poor are willing to pay for access and convenience.

***ADB's definition of microfinance is not restricted to the poor; it includes low income households***

### **Demand for Microfinance Services**

Poor and low income households have effective demand for a range of microfinance services including:

- safe and convenient deposit services — so they can save for emergencies, investment, consumption, social obligations, and the education of their children
- credit services — for consumption smoothing, and to finance livelihood activities and large expenses for education, housing improvements, migration, etc.
- other financial services — such as insurance and funds transfer services.

***Certain key principles of operation assure the sustainability of microfinance***

- (iii) Successful MFIs use special techniques to slash administrative costs. Simple procedures are used and approvals are decentralized. Borrower groups often handle much of the loan-processing burden.
- (iv) They use special techniques to ensure high repayment rates. These include the use of self-selected groups in which members guarantee each other's loans, intensive motivation and supervision of borrowers, incentives for borrowers, progressive lending, and compulsory savings requirements (adapted from Rhyne and Otero, 1994).

It is now recognized that providing efficient microfinance services to poor and low income households is important for a variety of reasons. For instance, ADB (2000a) notes that:

- (i) Microfinance can be a critical element of an effective poverty reduction strategy by enabling the poor to smooth their consumption, manage risks better, build their assets gradually, develop their micro-enterprises, enhance their income-earning capacity, and enjoy an improved quality of life.
- (ii) Microfinance can provide an effective way to assist and empower poor women.
- (iii) Microfinance can contribute to the development of the overall financial system through integration of financial markets.

**Effectiveness of Microfinance**

It is now recognized that microfinance can:

- help the poor to smooth their consumption spending, manage financial risk, earn more, and build assets
- empower women, in particular
- build more integrated (that is, more inclusive) financial systems.

## 2.3 Microfinance Models

There are a number of distinctive models of microfinance, reflecting the fact that microfinance has evolved differently in different environments. Some countries tend to rely on one particular model or method, while others exhibit considerable diversity in the range of models used.

In a number of countries, including Bangladesh (and, to a lesser extent, Nepal and the Philippines), the great majority of MFIs use one or another variant of the Grameen model of microfinance and in most if not all countries, there are at least some MFIs using the Grameen model. This model, developed in Bangladesh, has thrived in a variety of physical, cultural, and institutional settings and has a number of distinctive features. These include careful targeting of the poor through a means test; the use of self-selected groups of borrowers, generally consisting of five members, who guarantee each other's loans; compulsory savings mobilization, with generally little or no emphasis on voluntary savings; intensive motivation and supervision of borrowers (including the use of weekly meetings); and decentralized operations.

Nevertheless, the model is not static. In Bangladesh, in particular, some MFIs are modifying it significantly. For instance, a number of MFIs have introduced voluntary savings schemes, and one leading institution, the Association for Social Advancement (ASA), has dispensed with the group guarantee. This and other modifications suggest that ASA is developing a set of procedures sufficiently differentiated from those of Grameen Bank as to constitute a new model.

***Microfinance has evolved in a range of environments and in a variety of forms***

### Leading Models of Microfinance

Leading models of microfinance include:

- Grameen banking, perhaps the most widespread, with characteristic forms of small group organization and strict procedures
- self-help groups, with larger and more autonomous groups and a mixture of social and financial intermediation
- regulated financial institutions, usually small and operating in favorable regulatory environments
- credit cooperatives, some of which, as in Sri Lanka, have made an effort to include the poor.

In India, a range of microfinance models exists. An important model is self-help groups (SHGs). These are larger (around 20 members) and much more autonomous than borrower groups in the Grameen model. SHGs are based primarily on the principle of lending their members' savings but they also seek external funding to augment these resources. A number of nongovernment organizations (NGOs) specialize in promoting and motivating SHGs, with an important distinction between NGOs which operate as *financial* intermediaries and those which confine themselves to *social* intermediation. Variants of these approaches also exist in a number of other countries, including Indonesia, Nepal, Pakistan, and Sri Lanka.

In Indonesia the approach to microfinance is different again, with relatively few specialist MFIs that specifically target poor households. However, a range of regulated financial institutions provides financial services in the rural areas. By far the largest is Bank Rakyat Indonesia (BRI), which has established a network of village units to provide financial services in the rural areas. The units provide basic deposit and loan facilities on a commercial basis through the use of highly decentralized and cost-effective operations. They are particularly successful in mobilizing savings, and this success contributes substantially to their profitability. In addition to BRI, there is a large network of rural banks (BPR) and other small financial institutions operating at the local level. While BRI and these small banks or quasi-banks do not target the poor explicitly, their clients include many poor and near-poor households, the equivalents of which in most other countries would not have access to the formal financial system. In the Philippines also, smaller regulated financial institutions are an important part of the microfinance sector.

In Sri Lanka, thrift and credit cooperative societies are an important element in the microfinance sector. Primary societies operate at the village or local level, and provide savings and loan facilities to members. The primary societies receive training from and are monitored by district unions, which in turn come under the umbrella of the Federation of Thrift and Credit Cooperative Societies. The credit cooperative movement in Sri Lanka has made a conscious effort to incorporate a significant proportion of poor people into its membership. But while all other countries have cooperative and/or credit union movements, these have generally not been successful in extending financial services to poor and low income households.

These examples serve to illustrate the diversity of models of microfinance, both within and between Asian countries. This diversity is to be encouraged. It is clear that no one model is suitable for all situations. As noted by Von Pischke et al. (1997, 36):

Retaining and even supporting diversity is important. Successful models cannot simply be replicated in social and economic environments that may differ greatly. Thus, no single model offers a panacea.

***In Indonesia, regulated financial institutions are more significant for microfinance than MFIs originating in the voluntary sector***

***Diversity is necessary — no one model answers all needs and situations***

Moreover, these models are not static. Leading MFIs tend to be innovative and to adopt a client focus. They monitor the economic, social, technological, and other environments to improve existing products and develop new products that serve the poor better.

***Outreach of microfinance to poor households remains small in Asia Pacific***

## 2.4 Outreach and Sustainability

Despite the rapid growth of MFIs in recent years, their outreach remains very small compared with the potential demand. The Consultative Group to Assist the Poorest (CGAP) suggests that they reach fewer than 2 percent of microentrepreneurs (1998a). This is as true in the Asia-Pacific region as it is in other regions, even though many of the largest MFIs in the world are in Asia. The BankPoor '96 Regional Workshop on Microfinance for the Poor in the Asia-Pacific found that:

Essentially, the task of outreach remains to be done. Of the target poor households in Asia-Pacific, less than 5 percent have access to financial services. If we exclude Bangladesh — the only country where truly large numbers have been reached — the numbers to whom microfinance services have been extended falls to less than 1 percent of the target group (Getubig et al. 1997, 10).

Similarly, ADB (2000a) notes that about 95 percent of the 180 million poor households in the Asia-Pacific region still have little access to institutional financial services. It also notes that, with few exceptions, MFIs have concentrated mostly on providing credit facilities. Savings mobilization has yet to receive adequate attention, while other financial services such as insurance and money transfers have received even less attention. Hence, the potential demand for microfinance remains very large. Increasing the outreach of the microfinance sector would appear to require both increased microfinance activity by formal sector financial institutions, and increased outreach by specialist MFIs.

### Limited Range in Current Microfinance Services

Microfinance is defined as including a range of financial services, yet:

- only microcredit has received much attention to date
- savings mobilization is relatively neglected
- services such as insurance and funds transfer for the poor are scarcely provided.

It is now widely accepted that, if the number of microfinance clients is to grow significantly, MFIs need to become self-sufficient. CGAP (1997) and *The MicroBanking Bulletin* (2000) have clarified definitions for two degrees of self-sufficiency for MFIs:

- (i) “Operational self-sufficiency” requires MFIs to cover all administrative costs and loan losses from operating income. This is calculated by dividing operating income by operating expenses.
- (ii) “Financial self-sufficiency” requires microfinance programs to cover all administrative costs, loan losses, and financing costs from operating income, after adjusting for inflation and subsidies and treating all funding as if it had a commercial cost.

In practice few MFIs in Asia have yet attained financial self-sufficiency. Most rely on subsidies from government or donor agencies. Of the 49 MFIs in the Asia-Pacific

region that were studied for BankPoor '96, including virtually all the largest and most successful MFIs in the region, only six were financially self-sufficient. Only two of these, ASA in Bangladesh and SEWA Bank in India, were reaching substantial numbers of poor clients.

These findings are broadly consistent with findings published in *The MicroBanking Bulletin* (2000). The bulletin records that, of 104 leading MFIs worldwide which submitted data, 60 were financially self-sufficient. However, it would appear that few of these were in Asia. While the data for individual MFIs are not published, only 18 of the 104 MFIs were in Asia, and they had generally lower levels of self-sufficiency than the Latin American MFIs included in the study. Moreover, not all of the institutions included in the bulletin's sample target poor clients.

Interestingly, the bulletin found that most of the Asian MFIs in the sample were significantly more cost efficient than programs elsewhere, with lower wages, greater staff productivity, and a focus on poorer clients. However, the Asian programs did not perform as well financially as programs in Latin America, primarily because of the relatively low interest rates they charged, particularly in South Asia.

The general conclusions on outreach and sustainability which have been outlined are consistent with the findings from our country studies. In a number of countries, including PRC, India, Indonesia, Sri Lanka, and Viet Nam, there has been large-scale delivery of subsidized credit, intended for poor households, by the government directly and through government-owned banks. In some countries these programs have reached large numbers of households. However, in most cases they have not been well targeted to the poor, with most of the benefits going to non-poor households. Moreover, these programs are clearly not sustainable. They are likely to result in one-off loans, rather than a sustained flow of financial services to poor households. If such programs are excluded, only in Bangladesh and possibly Indonesia has microfinance reached a significant proportion of poor households.

In Bangladesh, MFIs serve around 9 million clients, and over 80 percent of poor households are reached by microfinance services. Estimates of the number of MFIs in the country range from 500 to over 1,000, although the twenty largest institutions account for around 85 percent of all clients. In some of the more densely populated areas there is intense competition amongst MFIs, with beneficial effects for clients, although there remain pockets of the country where coverage is relatively low. Even in Bangladesh, the three largest MFIs (Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and Proshika) and an overwhelming majority of the hundreds of small MFIs are not self-sufficient. However, ASA, the fourth largest MFI, and some smaller MFIs are reported to be self-sufficient.

In Indonesia, a range of regulated financial institutions provides financial services in the rural areas. These have extensive outreach, and most operate on a sustainable basis. BRI units, rural banks, and other small financial institutions serve around 30 million clients and all engage in microfinance to some extent. However, a large majority of the clients of these institutions are not poor. In addition, it is estimated that around 400 NGOs are engaged in microfinance, with perhaps 200,000 clients.

***Few MFIs have achieved self-sufficiency, as defined by CGAP***

***While the best Asian MFIs are cost effective, interest rates are often kept too low***

### **Outreach of Microfinance in Bangladesh**

- Over 80 percent of poor households, some 9 million clients, are reached.
- Intense competition exists between microfinance service providers, with benefit to clients.
- The top twenty MFIs account for around 85 percent of outreach.
- Of these MFIs, only a few are financially self-sufficient.

***Apart from Bangladesh, outreach in South Asia remains low compared with potential demand***

While the microfinance sector taken as a whole has considerable outreach, there are still many poor and low income households that do not have access to financial services.

In the other ten countries, outreach and sustainability of microfinance are much lower. In the Philippines the outreach of microfinance NGOs was estimated at around 100,000 in 1995, although the number is likely to have increased since that time. Moreover, a number of other institutions such as rural banks and cooperatives also engage in microfinance to some extent. Nevertheless, outreach remains low compared with potential demand, and very few MFIs have attained operational self-sufficiency.

In the South Asian countries apart from Bangladesh, outreach of genuine microfinance programs remains low compared with potential demand:

- (i) In India an estimated 400 to 500 NGOs are engaged in microfinance but total outreach is estimated at fewer than 1.5 million households, very small in relation to the number of poor households in the country. While some NGOs emphasize sustainability, in many cases interest margins are far too low for this to be achieved and the institutions remain heavily dependent on donor assistance.
- (ii) In Nepal, microfinance programs operated by the regional rural development banks (RRDBs) and NGOs are estimated to have around 70,000 clients. Sustainability levels are generally low.
- (iii) In Pakistan it is estimated that NGOs working in microfinance may reach around 800,000 clients. However, the largest NGOs operate by establishing village- or community-based organizations that are distribution channels for a wide range of economic and social development programs. The number of clients receiving comprehensive microfinance services is likely to be only a fraction of the total number of clients of these NGOs. Only a small number of MFIs in Pakistan are committed to building financially viable institutions.
- (iv) In Sri Lanka, the thrift and credit cooperative societies have a total membership of nearly 800,000, including many poor households. Numerous NGOs are also engaged in microfinance: some are substantial and well performing and others are supply driven.

***In PRC and Viet Nam, international lessons in microfinance are generally applied by external agencies***

In PRC and Viet Nam, the main emphasis is on mass delivery of subsidized credit through government programs. A number of small projects attempt to apply international lessons in microfinance, most of which are supported by international NGOs. These projects have minimal outreach in relation to the potential market demand for sustainable microfinance services. New institutions emerging from the collapse of the credit cooperatives are beginning to adopt more sustainable principles, where the political and regulatory environment permits.

In PNG and Vanuatu only a small number of microfinance programs have been established (indeed, only one in the case of Vanuatu). All programs have low levels of self-sufficiency, reflecting low population densities, small scale of operations, and high cost structures. In these countries demand for credit is constrained by the subsistence nature of production and a lack of opportunity for income-generating activities in the market sector of the economy. In the Kyrgyz Republic as well, only a small number of NGOs are engaged in microfinance.

Table 1: Basic Indicators, 1998

	Bangladesh	PRC	India	Indonesia	Kyrgyz Republic	Nepal	Pakistan	PNG	Philippines	Sri Lanka	Vanuatu	Viet Nam
<b>Population</b>												
Population (millions), 1998	125.6	1,238.6	979.7	203.7	4.7	22.9	131.6	4.6	75.2	18.8	0.2	76.5
Area (000 km <sup>2</sup> ), 1998	144	9,597	3,288	1,905	199	147	796	463	300	66	12	332
Population density (persons per km <sup>2</sup> ), 1998	965	133	330	112	24	160	171	10	252	291	15	235
Population, % growth p.a. 1980–1998	2.1	1.3	2.0	1.8	1.4	2.5	2.6	2.2	2.5	1.3	2.6	2.0
Total fertility rate, births per woman, 1998	3.1	1.9	3.2	2.7	2.8	4.4	4.9	4.2	3.6	2.1	4.7	2.3
Labor force (millions), 1998	64	743	431	98	2	11	49	2	32	8	—	39
Urban population (% total), 1998	23	31	28	39	34	11	36	17	57	23	20	20
<b>Economy</b>												
GNP per capita (US\$), 1998	350	750	440	640	380	210	470	890	1,050	810	1,260	350
GNP per capita at PPP (US\$), 1998	1,407	3,051	2,060	2,407	2,247	1,181	1,652	2,205	3,725	2,945	2,892	1,689
GNP per capita, % growth p.a. 1965–1998	1.4	6.8	2.7	4.7	—	1.1	2.7	0.5	0.9	3.0	—	—
GNP per capita, % growth p.a. 1997–1998	4.2	6.4	4.3	-18.0	2.8	0.3	0.5	0.0	-2.1	3.3	-0.9	4.3
Sectoral allocation of GDP, 1998												
Agriculture	22	18	29	20	46	40	26	24	17	21	25	26
Industry	28	49	25	45	24	22	25	42	32	28	12	33
Services	50	33	46	35	30	37	49	33	51	51	63	42
Consumer price inflation (%), 1990–1998	5.4	11.3	9.7	11.2	—	9.3	10.8	8.1	8.7	10.7	3.2	—
Exchange rate (units per US\$), 1998	46.9	8.3	41.3	10,013.6	20.8	66	44.5	2.1	40.9	64.6	127.5	11,359.4
<b>Human development</b>												
Life expectancy at birth (years), 1998	59	70	63	65	67	58	62	58	69	73	65	68
Infant mortality rate (per 1,000 live births), 1998	73	31	70	43	26	77	91	59	32	16	36	34
Adult male illiteracy rate (%), 1998	49	9	33	9	—	43	42	29	5	6	—	5
Adult female illiteracy rate (%), 1998	71	25	57	20	—	78	71	45	5	12	—	9
UNDP Human Development Index, 1998	0.461	0.706	0.563	0.670	0.706	0.474	0.522	0.542	0.744	0.733	0.623	0.671
<b>Poverty and inequality</b>												
Below national poverty line (%), latest	35.6	4.6	35.0	20.3	51.0	42.0	34.0	—	40.6	35.3	—	50.9
Below US\$1 per day (%), latest	29.1	18.5	44.2	15.2	—	37.7	31.0	—	—	6.6	—	—
Human Poverty Index, 1998	43.6	19.0	34.6	27.7	—	51.3	40.1	—	16.1	20.3	—	28.2
Gini coefficient, latest	33.6	40.3	37.8	36.5	40.5	36.7	31.2	50.9	46.2	34.4	—	36.1

“—” = not available or not calculated; PPP = purchasing power parity.

Sources: World Bank (2000), UNDP (2000).