



Advancing financial access for the world's poor

Cross-Border Funding of Microfinance

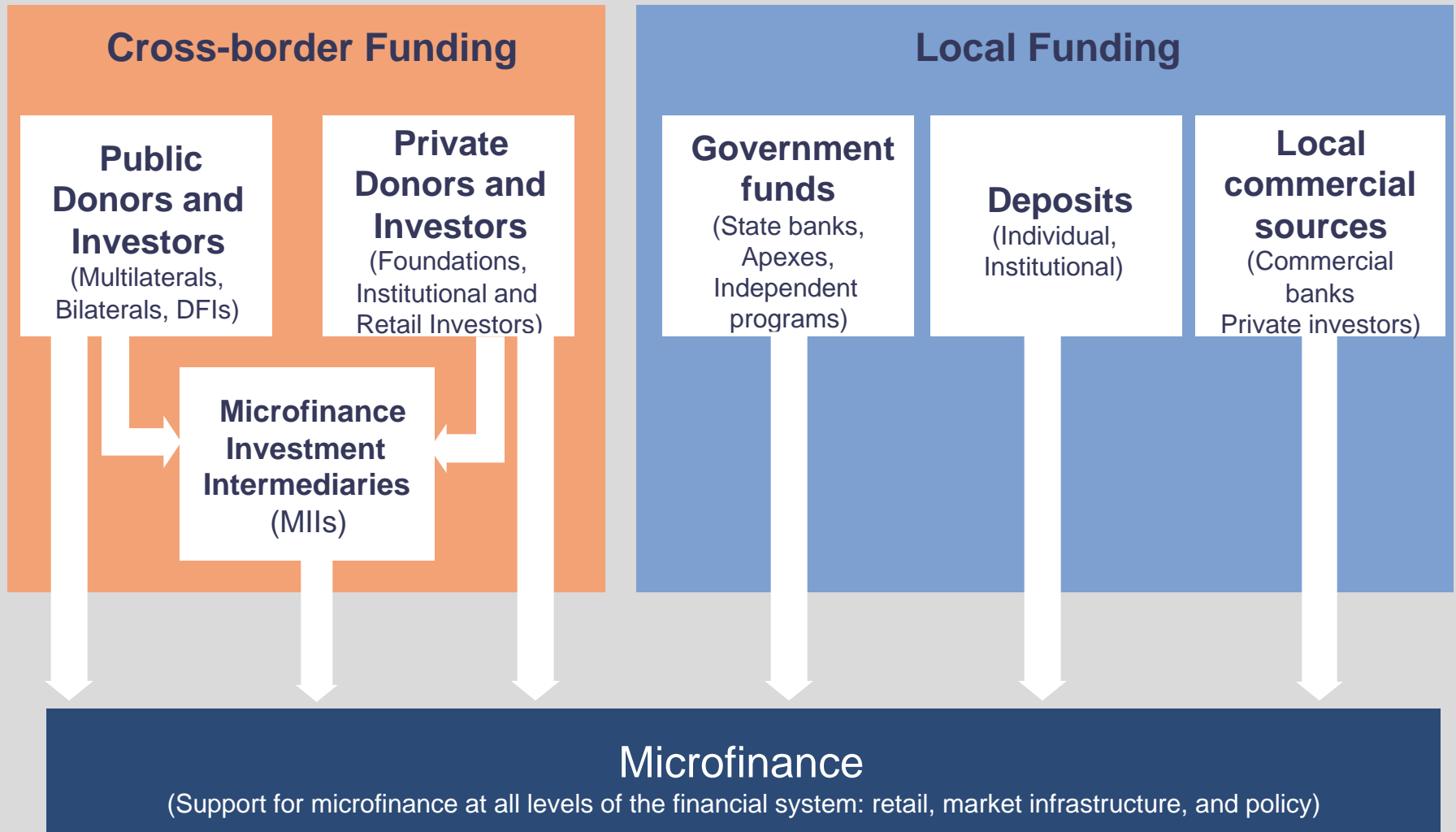
Global trends 2007-2010

December 2011

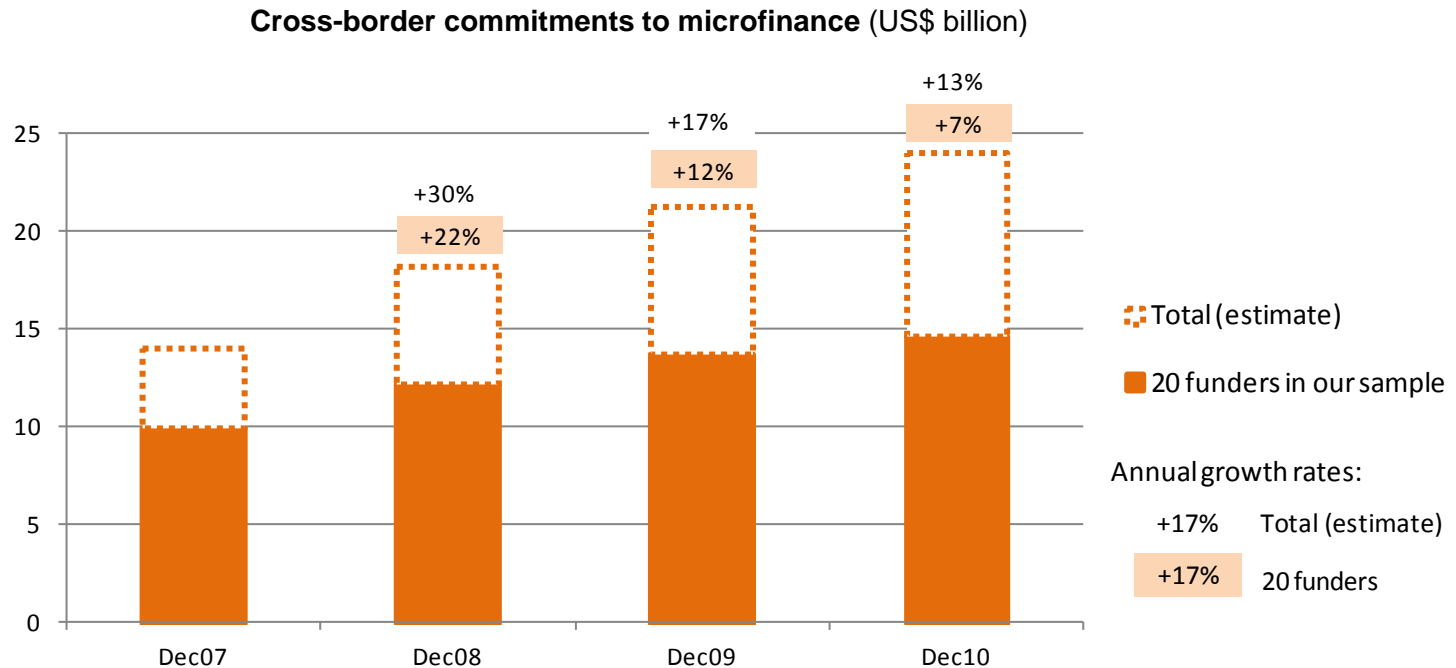
Outline

- What is cross-border funding?
- Global trends in cross-border funding
- Annexes
 - About the data
 - Funders surveyed in 2011

What is cross-border funding?

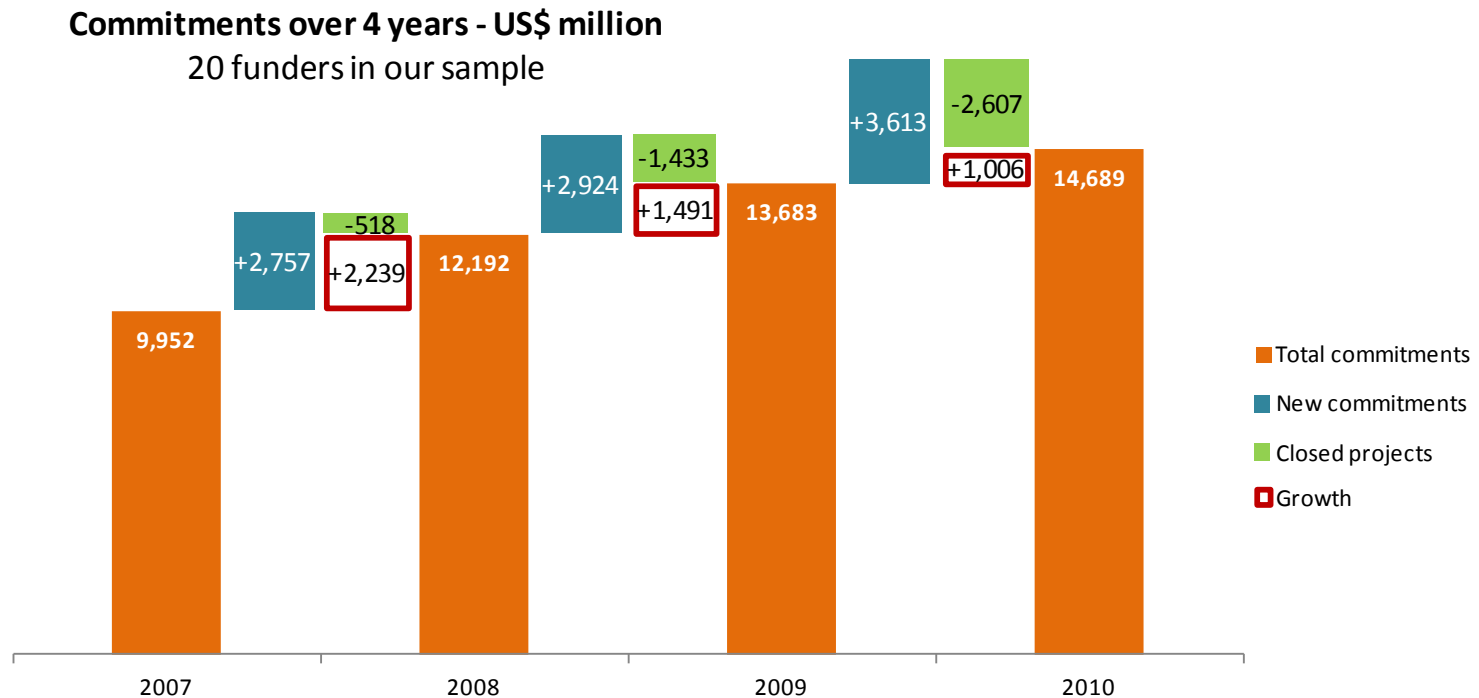


Commitments still growing, but at slower pace



- Commitments increased continuously to reach at least \$24 billion by Dec. 2010.
- Growth rates are diminishing, from around 30% in 2008 to 13% in 2010.
- Around \$3 billion was disbursed in 2010.

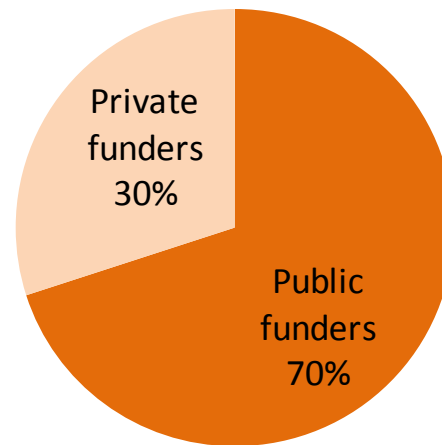
New commitments higher in 2010 than in previous years



- The decline in the growth rate is due to a higher number of microfinance projects coming to an end in 2010 compared to previous years, rather than a slowdown in new commitments.
- The amount of new commitments was higher in 2010 than in the years 2007 to 2009.

Public funders provide 70% of cross-border commitments

Commitments by type of funder
(%, estimate as of Dec. 2010)



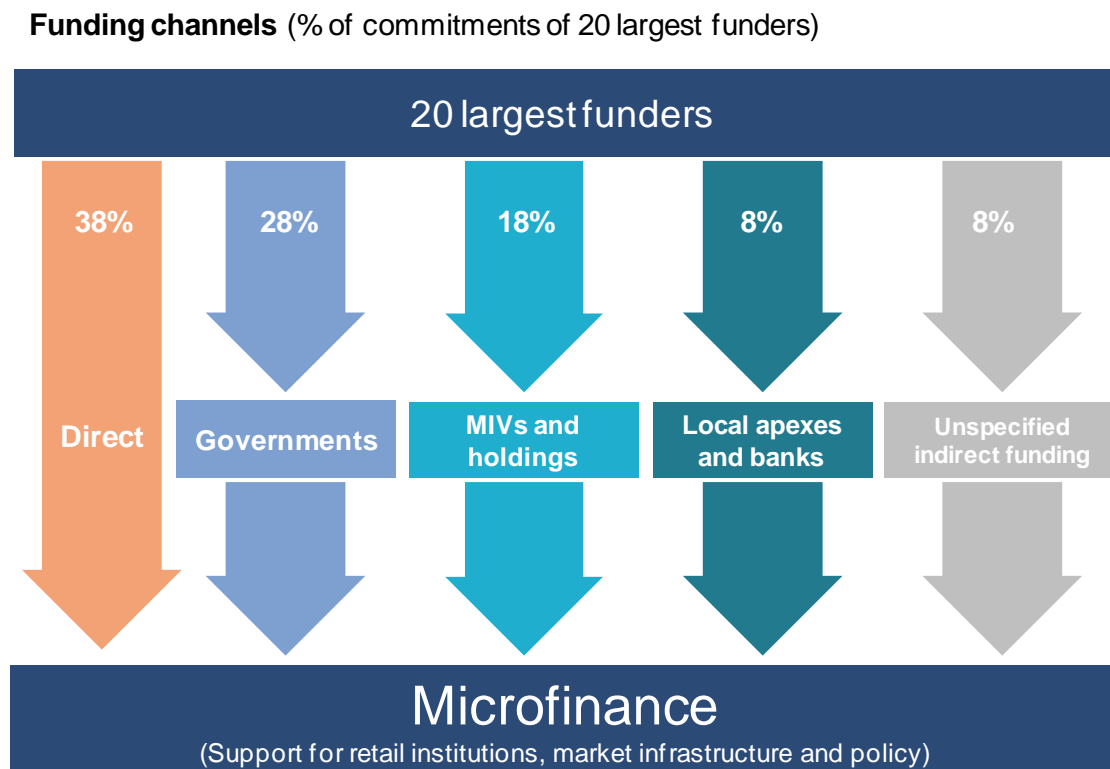
Total commitments: US\$ 24 billion

- No significant difference in the growth of private and public funding from 2009 to 2010. From 2008 to 2009, private funding grew at a much higher rate (33%) than public funding (11%).
- CGAP estimates that public funders provide around 70% of total commitments to microfinance and private funders around 30%.

Largest 5 funders remained the same over last 3 years

Dec. 2010	Type	Funder's commitments in % of the commitments of the 20 funders in our sample
KfW	DFI	18%
World Bank	Multilateral Agency	11%
AsDB	Multilateral Agency	11%
IFC	DFI	9%
EBRD	DFI	7%
All 5		57%

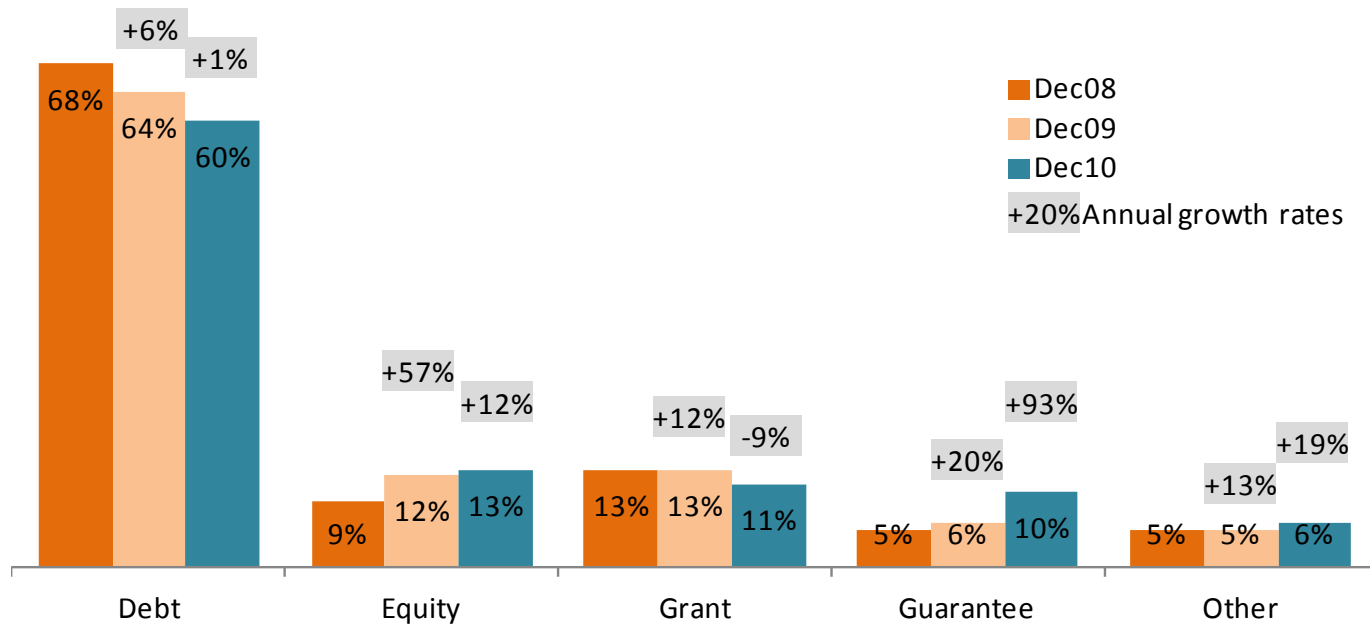
Funders use diverse channels to support microfinance



- In 2010, the 20 largest funders channeled 18% of their funding via MIVs and holdings (up from 13% in 2008).
- Direct funding represented 38% of the 20 largest funders' commitments in 2010.
- Overall, almost half of total cross-border funding is channeled via MIVs, holdings, local apexes, banks and other intermediaries.

Debt is most used instrument; equity and guarantees increasing

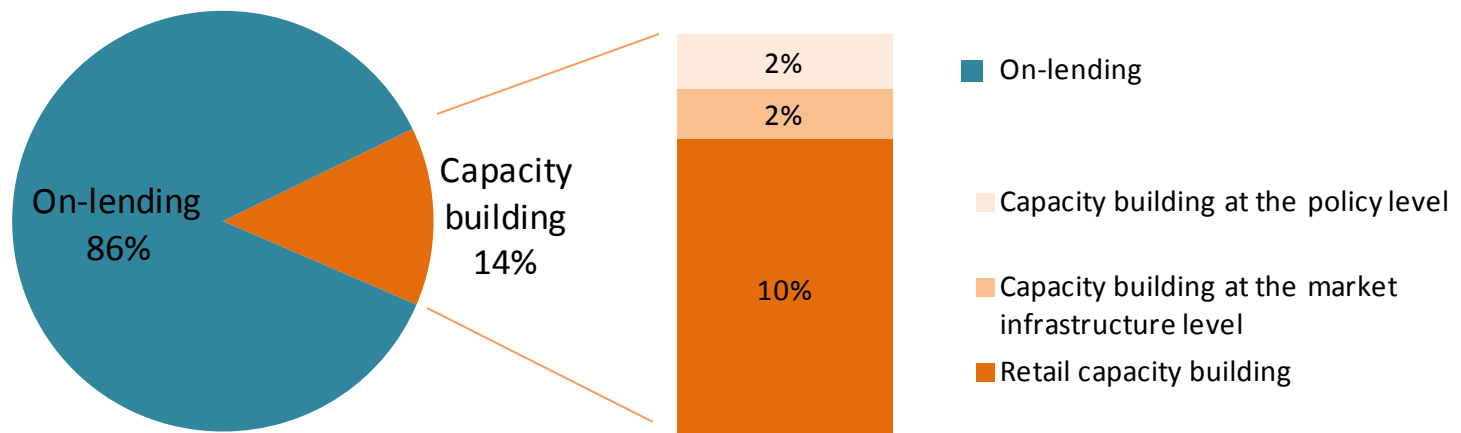
Total commitments by instrument (data from 20 largest funders)



- Debt remains the main financial instrument, but its share is declining.
- Equity investments increased by 12%, compared to 57% in 2009. Guarantees increased by 93%, mostly driven by four large new programs. Grants commitments decreased for the first time in 2010 (-9%), mostly due to projects coming to an end in 2010 and a relative slowdown in new commitments.
- Around 14% of the direct debt is provided in local currency.

Funding for capacity building remains stable

The purpose of funding - % of total commitments
20 funders in our sample - Dec. 2010*

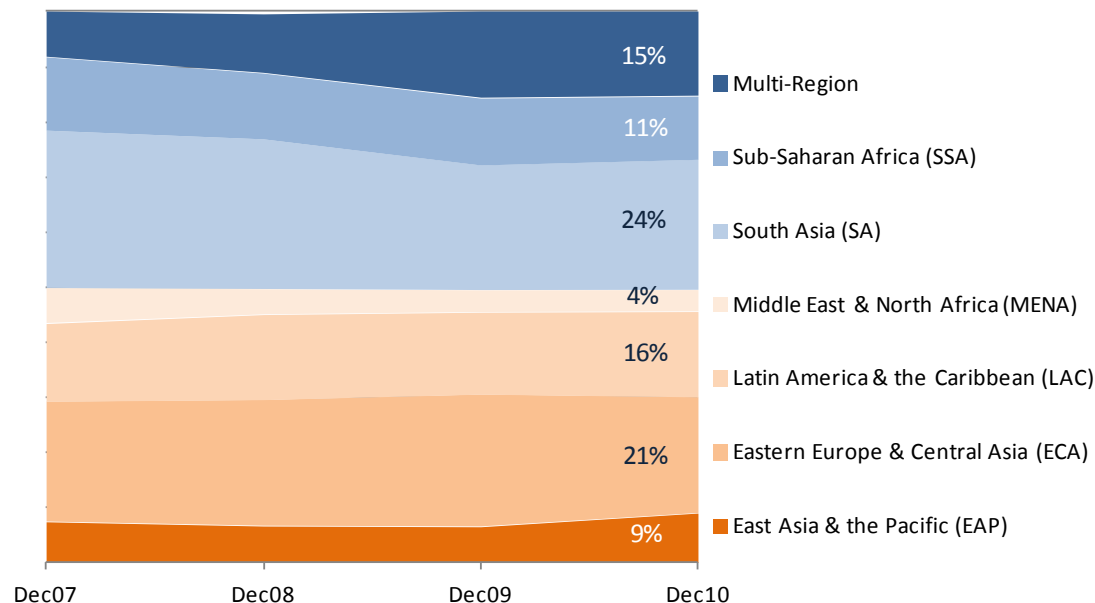


* Missing breakdown for AsDB

- For the 20 funders in our sample, the bulk of cross-border funding (86%) is used for on-lending to retail clients.
- The share of commitments dedicated to capacity building (14%) remained stable over the last four years.

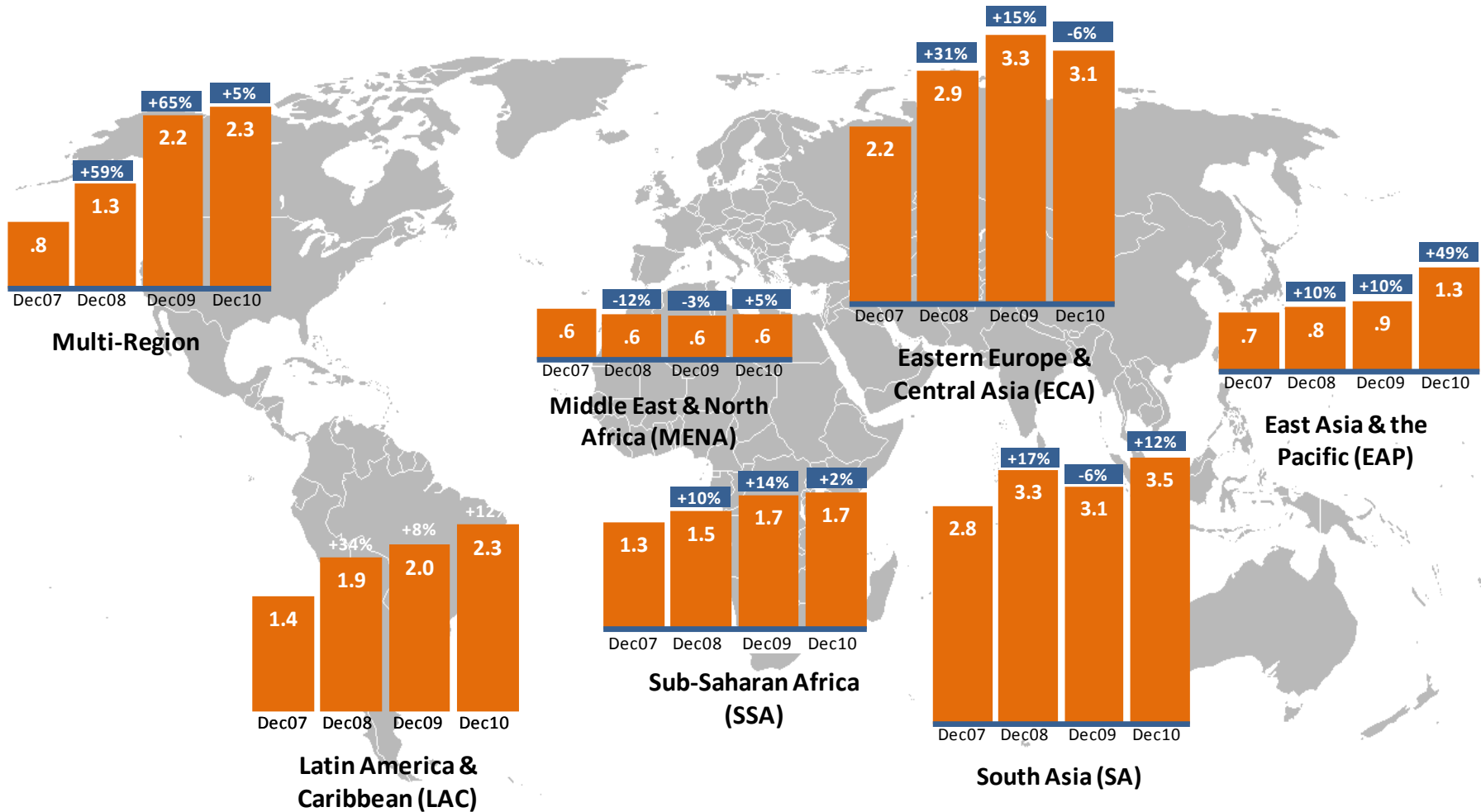
No change in regional allocation of funding over the last four years

Commitments by region (% , data from 20 largest funders)



- SA, ECA and LAC remain the regions receiving most funding.
- Commitments to ECA have decreased for the first time in four years in US\$ terms.
- Commitments to SSA represent 11% and increased steadily albeit at slower growth rates than commitments globally. 5 funders surveyed expect to offer more funding to SSA in 2011.

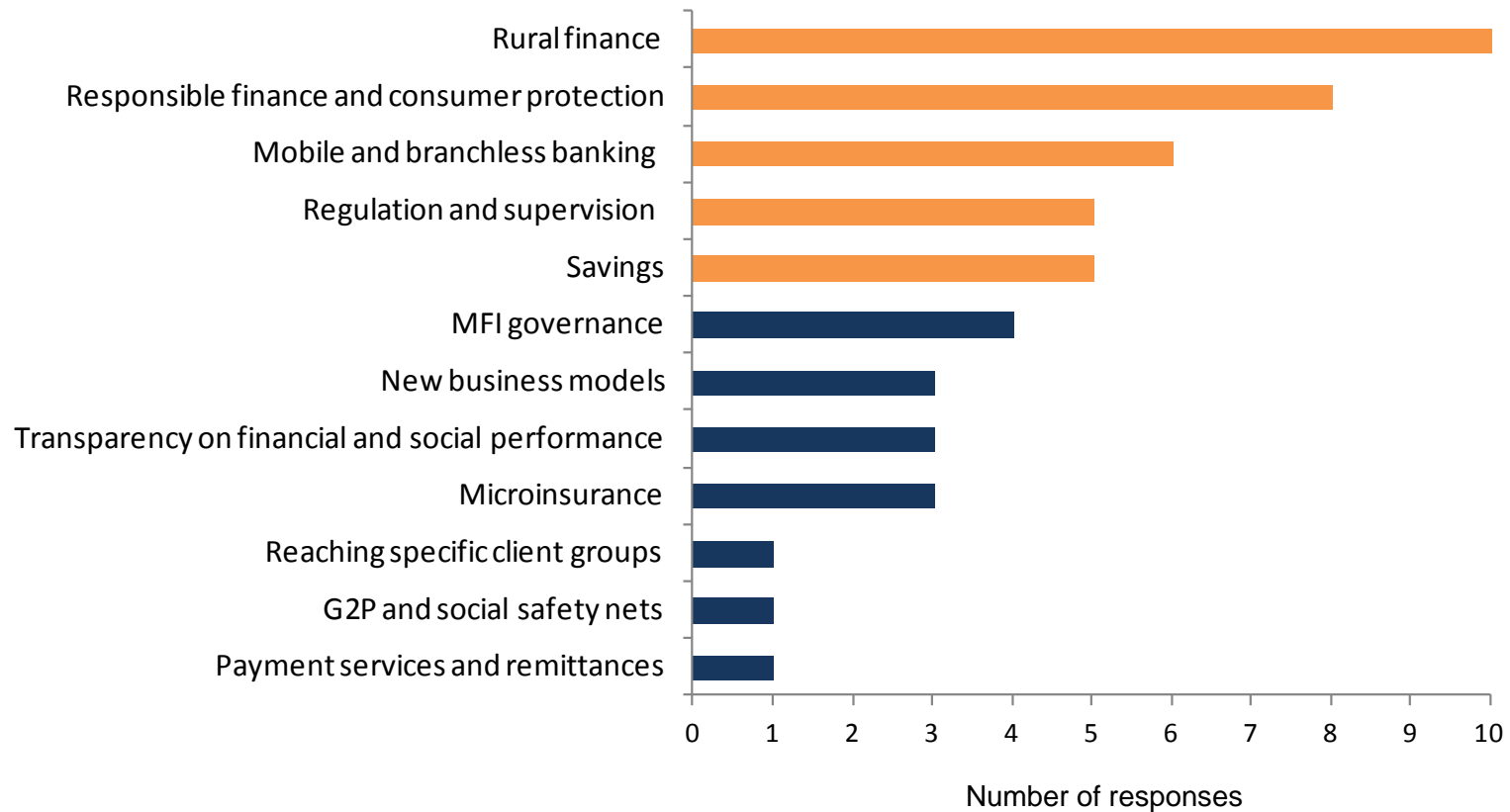
Regional Breakdown



Data for the 20 funders in our sample

- Cross-border commitments to microfinance – US\$ billion
- Annual growth rates

Looking ahead: Issues funders focus on in next five years



- Responsible finance is key focus area for funders.
- Funders go beyond credit-only model and support outreach to still underserved markets (e.g. rural areas).



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ANNEXES

About the data

What data is used in this presentation?

This presentation is based on four years of data from the CGAP microfinance funder survey, complemented with data from Symbiotics' MIV survey.

What is the CGAP funder survey?

The CGAP funder survey collects data from the major cross-border funders of microfinance. The full version of the CGAP survey, conducted every two years, captures data from over 60 funders. In 2011, CGAP surveyed a subset of 20 microfinance funders.

How representative are the data?

The 20 funders surveyed in 2011 represented 85% of commitments reported in the previous survey year and around 65% of total cross-border funding to microfinance.

What are the main indicators?

Commitments: All funds set aside for microfinance, whether or not disbursed → stock of funding at a given moment (December 2010).
Disbursements: All funds disbursed in the survey year → flow of funds in 2010.

Funders surveyed in 2011

Public funders

Development Finance Institutions (DFIs)	AECID, AFD Proparco, DCA USAID, EBRD, EIB, FMO, IFC, KfW, MIF IADB, OPIC
Multilateral and UN agencies	AfDB , AsDB, EC, IFAD, World Bank
Bilateral agencies	CIDA, DFID, GIZ

Private funders

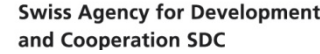
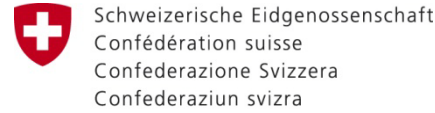
Foundations	Bill & Melinda Gates Foundation
Institutional Investors	ABP

Further resources

Additional data and analyses are available at

www.cgap.org/funders

For questions and feedback please contact
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www.cgap.org

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