CGAP

FOCUS NOTE

Cross-border Funding of Microfinance

As of December 2009, cross-border funders reported commitments to microfinance[1] of US$21.3 billion, reflecting a 17 percent increase (US$3 billion) over 2008 commitments.[2] Although this rate of increase is lower than the prior year's 30 percent growth rate, cross-border funding is expected to continue growing.[3] Of cross-border funders, public funders provide a larger share of commitments, though private funders are growing their commitments at a higher rate, with 2009 commitments one-third higher than 2008 commitments. In some markets, cross-border funding represents the lion's share of microfinance institutions' (MFIs') funding base. Yet, where institutions can mobilize deposits and where local capital markets exist, cross-border flows are likely to represent a small part of the picture (see Box 1).

This Focus Note draws on data from CGAP's annual surveys on cross-border funding (2009, 2010) to provide an overview of the microfinance funding landscape and trends in cross-border funding.

Who is funding microfinance and how?

The US$21.3 billion in commitments to microfinance includes funding from more than 61 funders and 90 microfinance investment intermediaries (MIIs) that reported to the CGAP survey. Funders' commitments represent all active investments and projects supporting microfinance. As the typical project length is around three to five years, commitments include funds already disbursed as well as funds not yet disbursed. While commitments do not tell us how much funding reaches the microfinance sector within a given year, it is currently the most reliable indicator available for analyzing overall trends in microfinance funding.[4]

A broad range of cross-border funders—public (multilateral and bilateral donors, United Nations [UN] agencies, and development finance institutions [DFIs]) and private (foundations and institutional and individual investors)—contribute to microfinance in different ways. Most public funders use microfinance as a tool to achieve development goals, such as poverty reduction, economic and social development, and financial inclusion. In contrast, for private investors, microfinance presents an opportunity to diversify their investment portfolios, while also doing good. Public funders are largely funded by government budgets, though some also raise money in capital markets. Private funders, in contrast, include individual investors, institutional investors, and foundations. With private interests driving their activities, private funders do not have political pressure, nor are they publicly accountable for the uses of their funds.

Although the number of private funders has expanded over the past 20 years, the bulk of cross-border funding today still comes from public donors and investors (see Figure 1). Public funders' commitments totaled US$14.6 billion as of December 2009, representing almost 70 percent of total cross-border funding to microfinance.

Box 1. What about local funding?

- **In countries where MFIs can offer savings services, client deposits can be a major funding source. Other local funding sources include loans from local commercial banks and private investors, funds raised in the local capital markets, and government loans and grants.**
- **Gathering accurate and complete global data on local funding sources is challenging. At the country level, data are available on the funding structures of MFIs through MIX (www.mixmarket.org). For example, the funding structure of Bolivian MFIs in 2009 was made up of 65 percent deposits, while debt represented only 13 percent.**

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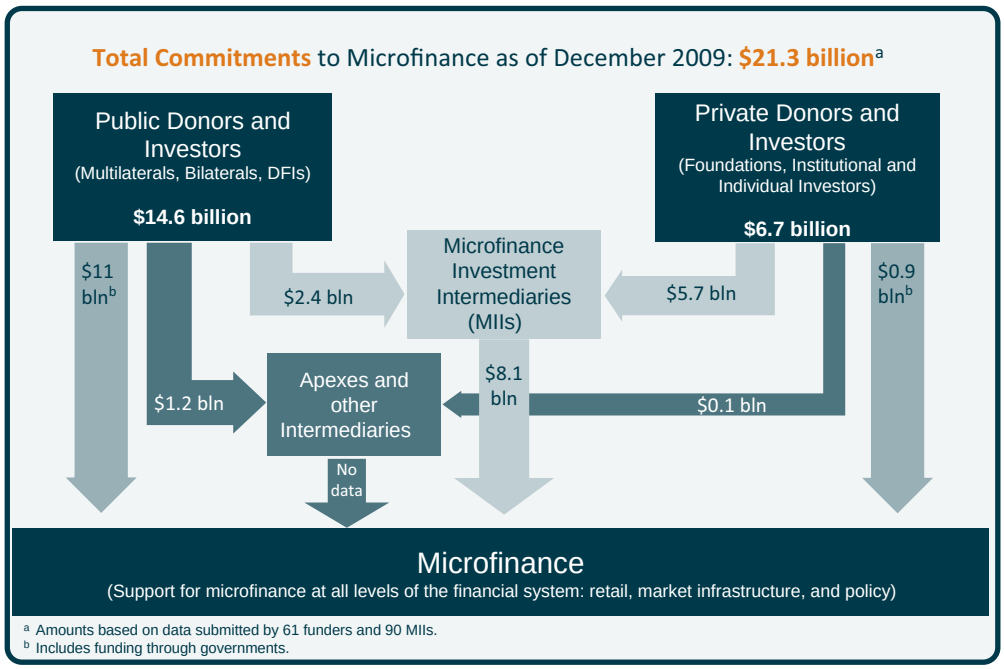
1 For purposes of the CGAP Microfinance Funder Survey and this Focus Note, microfinance is defined as financial services for poor and low-income populations.
2 Data in this Focus Note are based on the 2010 CGAP Microfinance Funder Survey and the 2010 CGAP MIV Survey. These two surveys, which together contain information on 151 institutions and funds representing 85–95 percent of cross-border funding for microfinance, constitute the most comprehensive available dataset on cross-border funding of microfinance. A summary appears in Annex II; further information is available at www.cgap.org/funders.
3 Approximately 70 percent of funders reporting to the CGAP Microfinance Funder Survey expect commitments to stay the same or increase in 2010.
4 Not all funders capture reliable data on annual disbursements. See Annex I for more information on commitments.

Figure 1: Cross-border funding landscape



[a] Amounts based on data submitted by 61 funders and 90 MIIs.
[b] Includes funding through governments.

As of December 2009, private funders had US$6.7 billion committed to microfinance, representing around 30 percent of total commitments to microfinance. Institutional investors, such as commercial banks, pension funds, insurance companies, private equity firms, and other corporate investors, have become a major source of funding. Demand from individual investors—both high-net-worth individuals and retail investors—to invest in microfinance has also significantly increased over the past few years following a general trend toward socially responsible investment (SRI). Sustainable and responsible investments, which combine investors' financial objectives with their concerns about environmental, social, and governance issues, are gaining popularity in the United States and in Europe. Between 2007 and 2009, the European SRI market increased by an annual compound growth rate of 37 percent, and total assets under management reached EUR 5 trillion by the end of 2009. Eurosif, a pan-European network promoting sustainable and responsible investment, forecasts that microfinance will be of significant interest to European investors in the coming years, with growth coming mostly from institutional investors (Eurosif 2010).

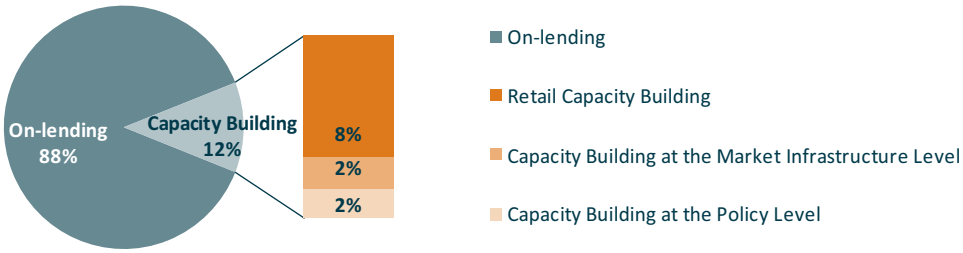
Microfinance also receives funding from private donors, mostly in the form of grants. Commitments from foundations and international nongovermental organizations (NGOs) totaled approximately US$1.1 billion. CGAP has identified over 400 foundations with some activities in microfinance, but only a few reach significant scale. Having increased their commitments to microfinance significantly over the past three years, the Bill & Melinda Gates Foundation is now among the 10 largest cross-border funders.

Intermediaries play a significant role in channeling funding to microfinance

Almost half of total cross-border funding is channeled through MIIs and local wholesale facilities (also called apexes). The other half is provided directly to retail providers, such as MFIs and banks; meso-level actors, such as training centers, rating agencies, and credit bureaus; and government programs and agencies in the policy space.

Growing interest from individual and institutional investors to invest in microfinance has led to the emergence of over 100 intermediaries, including microfinance investment vehicles (MIVs), holding companies (such as ProCredit), and peer-to-peer lending platforms (such as Kiva and Babyloan). These intermediaries combined managed over US$8.1

Figure 2: The purpose of funding (% of total commitments as of December 2009)



billion as of December 2009 (CGAP 2010e). Some MIVs are open to retail investors, including Dexia Microcredit Fund, responsAbility, Microfinanzfonds, and Triodos SICAV. Other funds are open only for private placements by qualified investors; they typically receive a majority of funding from development banks and other DFIs. Some MIVs are set up as cooperatives or NGOs, for example, Incofin, Oikocredit, and Consorzio Etimos.

Another type of intermediary is the local apex. While apexes are funded with public money (often including government funding), they can take various institutional forms, such as development banks, NGOs, or donor or government programs; some are housed *within* private commercial banks. The top 15 apexes in the world had an outstanding portfolio of US$3 billion in 2009.[5]

Majority of money destined to refinance a range of retail providers

Cross-border funders support a diverse range of institutions that provide financial services for poor people, including NGOs, greenfield banks, postal and savings banks, commercial banks, cooperatives, and self-help groups. Many other private firms are also recipients of funding for microfinance, including rating agencies, accounting firms, training centers, telecommunications firms, payment platforms, and others. Cross-border funding also goes to public sector agencies, including government agencies, ministries, state-owned banks, and wholesale entities.

As of December 2009, 88 percent of total commitments for microfinance were intended to finance the loan portfolios of MFIs (see Figure 2). Only 8 percent of funds were used to build the capacity of retail MFIs. A small amount of commitments, 4 percent of the total amount, was used to strengthen the market infrastructure and legal and regulatory environment.

Debt dominates the picture

Cross-border funding for microfinance usually takes the form of debt (whether at market rates or concessional rates). DFIs and MIIs are the main providers of debt funding for financial service providers, which use these funds to finance their loan portfolios. UN agencies and multilateral organizations, such as the World Bank, the Asian Development Bank, and International Fund for Agricultural Development (IFAD), provide loans to governments. Governments then use the funds to on-lend to MFIs and to support capacity-building initiatives at the retail, market infrastructure, and policy levels.

DFIs, and increasingly MIIs, also invest in the equity of financial services providers, which strengthens their capital structure and can help them access additional debt funding. DFIs also use guarantees to help financial service providers access funding from local commercial banks.

Bilateral agencies, foundations, and NGOs predominantly use grants to fund financial service providers so that they can grow and increase the quality and scope of services offered. Grants are also used for capacity building at the market infrastructure level and to strengthen the regulatory environment and build the capacity of policy makers, central banks, and supervisory authorities.

5 This is based on research that CGAP conducted in 2010. For prior CGAP research on apexes see CGAP (2010d).

Figure 3: Funding instruments by type of funder (based on commitments)

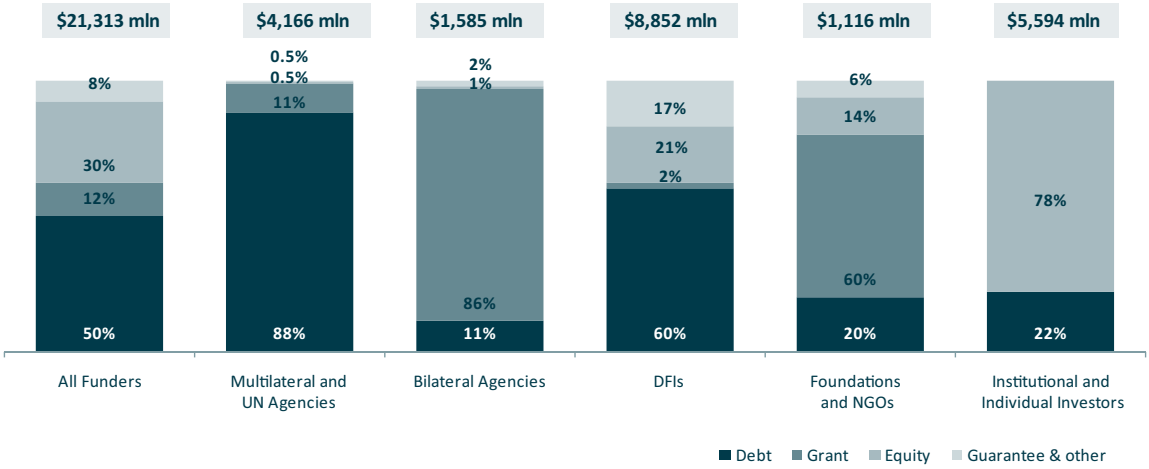


Figure 3 shows the variety of funding instruments used by different types of funders to support microfinance.[6] The US$21.3 billion total committed combines all of these instruments, whether funds have to be repaid or not (loans versus grants), whether they are disbursed or not (e.g., guarantees), and whether they respond to immediate funding needs of MFIs (debt funding) or help build the sector in the long term (e.g., grants for capacity building).

Trends in cross-border funding

Commitments growing; disbursements lower in 2009

Despite fears that funding for financial services for the poor would decline as a result of the 2008–2009 financial crisis and strained national budgets in the developed world, cross-border funding to microfinance has continued to increase, albeit at a slower rate. As noted, total commitments increased by 17 percent from 2008 to 2009, compared to around 30 percent in the previous year. However, at US$3.2 billion, disbursements in 2009 were on average 10 percent lower than in 2008.

DFIs drive growth in commitments

With commitments of more than US$8.8 billion as of December 2009, DFIs accounted for 42 percent of total commitments to microfinance.[7] While other public funders decreased their commitments in 2009 (bilateral agencies by 9 percent and multilateral and UN agencies by 7 percent), DFIs increased their commitments by 28 percent.[8] This growth can also be attributed in part to DFIs' anticipation of liquidity shortages due to the financial crisis. The International Finance Corporation (IFC) and KfW committed US$150 million each to launch the Microfinance Enhancement Facility, which also attracted funding from other DFIs. This facility provided sustainable MFIs with liquidity when commercial lending was scarce. In general, emergency liquidity facilities were used in Europe and Central Asia (ECA) and Central America, the regions most affected by the crisis.

6 The figure shows what funding instruments are used by the primary funder; it does not translate into how funding sources would appear on the balance sheets of recipients. First, funding for infrastructure (credit bureaus, associations) or for enabling environment would not be on the books of MFIs. Second, funding often goes through several channels before it lands on the books of MFIs, depending on the intermediary channels used. A loan to a government, for example, may ultimately result in equity, grants, or debt on the MFI's books. For individual and institutional investors that fund microfinance mostly via intermediaries, equity investments captured in the survey represent the investments in intermediaries (i.e., MIIs) and not in MFIs.

7 Today, DFIs are the main providers of MFIs' loan capital, followed by individual and institutional investors. DFIs (as well as private investors) can fund MFIs either directly or through MIIs.

8 Out of the 18 DFIs that reported portfolio information to CGAP, only three did not show any significant positive growth in 2009.

Private funding is growing faster than public funding

Though from a smaller initial base, private investors increased their commitments by 33 percent to US$5.6 billion as compared to public donors' 11 percent increase in commitments (see Figure 4). Eleven new MIVs were established in 2009, with a large part of their funding coming from private investors, and MIVs' asset under management increased by 25 percent from 2008 to 2009. However, the growth in MIVs' assets under management is much lower than in previous years (86 percent in 2007 and 34 percent in 2008), while MIVs' cash positions reached a record high of 17 percent of assets due to the lack of suitable investment opportunities (CGAP 2010e).

Private giving has also continued to increase. Foundations and international NGOs increased their commitments by 32 percent. Yet they still represent only 5 percent of total cross-border commitments to microfinance.

Equity investments are on the rise

While debt remains the most used instrument to fund microfinance, funders are increasingly investing in equity. Both DFIs and MIIs, the main providers of equity funding for financial services providers, have increased their equity investments. DFIs increased their direct equity investments in financial services providers by 49 percent in 2009 and in MIIs by 24 percent. The share of equity investments as a funding instrument has increased in most regions except in East Asia and the Pacific. The increase in the value of direct equity investments is due to additional funding (70 percent) and to an increase in the appreciation in value of investors' equity in financial services providers (30 percent).

Commitments continue to grow in ECA and Latin America and the Caribbean, the regions receiving the largest shares of funding

Regionally, there is significant variation in growth of commitments and differences in who is driving this growth (see Figure 5). ECA and Latin America and the Caribbean (LAC) receive large shares of funding, both from public and from private funders. LAC is the only region where private funding is similar in scale to public funding. Commitments to sub-Saharan Africa (SSA) increased by 22 percent (or US$441 million) from 2008 to 2009. While public funding accounts for 75 percent of commitments to SSA, private funders increased their commitments to SSA significantly by 63 percent (US$230 million), almost equally driven by foundations/NGOs and private investors. Public funders increased their commitments to SSA by 13 percent (US$211 million), driven by DFIs.

Figure 4: Amount committed by type of funder (million USD)

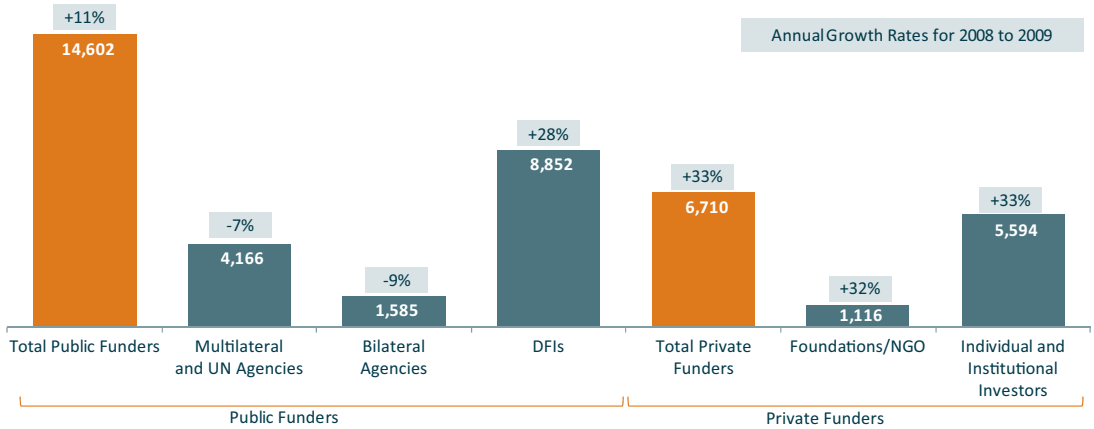
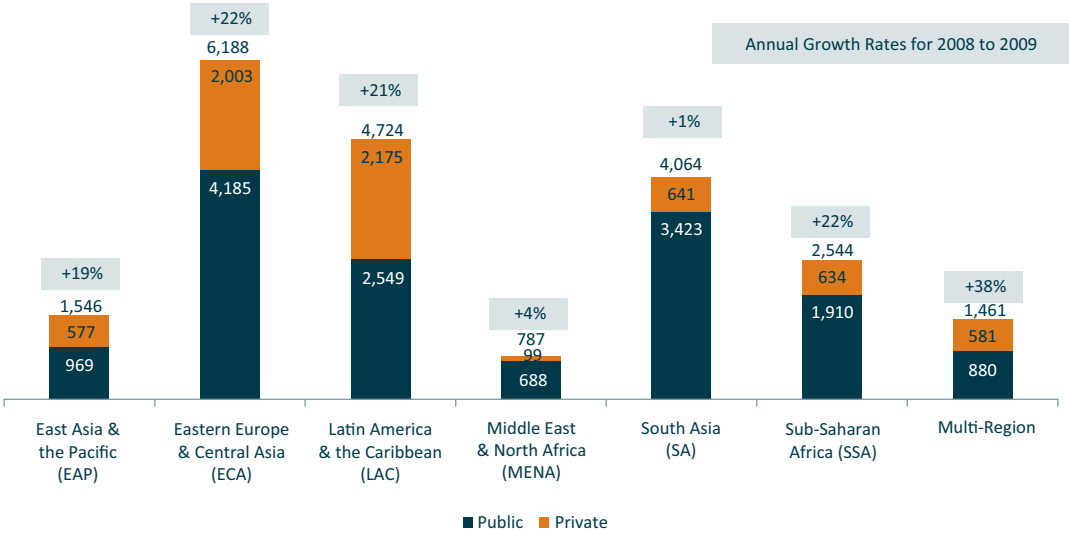


Figure 5: Commitments by region as of December 2009 (in million US$)



High concentration of funding in a few markets

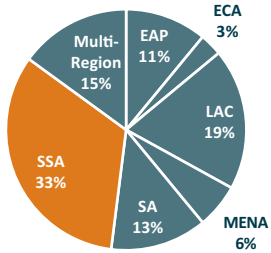
Funders reporting to the CGAP funder survey in 2010 reported microfinance activities in 123 countries. However, commitments are concentrated in a few countries. Ten countries (India, Russia, Peru, Bulgaria, Bangladesh, Mexico, Morocco, China, Pakistan, and Afghanistan) represent close to 50 percent of total cross-border commitments. This has changed only slightly since 2007, with Mexico replacing Egypt among the top 10 receiving countries. On the other hand, the 100 countries at the bottom of the list receive less than 33 percent of total commitments. Countries that saw the largest growth in commitments from 2008 to 2009 are India, Russia, China, Turkey, and Ethiopia. Around 20 countries saw a decrease in commitments from 2008 to 2009. Countries that saw the largest decrease in commitments are Pakistan, Sri Lanka, Afghanistan, Nepal, and Egypt.

Foundations and bilateral agencies lead in funding for capacity building

Commitments for capacity building totaled around US$2.3 billion as of December 2009, 70 percent of which were for the retail level. This reflects a 4 percent increase since 2008. The most common instrument to fund capacity building is grant funding (70 percent of all capacity-building funding). Foundations and bilateral agencies provide over 55 percent of total commitments used for capacity building. Multilateral agencies—such as the World Bank—which provide close to 40 percent of funding for capacity building, fund mostly through loans to governments or through multidonor capacity-building facilities. Many DFIs provide technical assistance along with their investments, but nonetheless, capacity building represents a small part of their funding. Overall, SSA receives the largest share of capacity-building funding with one-third of global commitments (see Figure 6).

The top ten grant funders are the Bill & Melinda Gates Foundation, the U.K. Department for International Development (DFID), the European Commission, the Canadian International Development Agency (CIDA), Gesellschaft für Internationale Zusammenarbeit (GIZ), Millennium Challenge Corporation (MCC), the U.S. Agency for International Development (USAID), Mastercard Foundation, the Swiss Agency for Development and Cooperation (SDC), and the

Figure 6: Commitments for capacity building by region (% of total commitments)



Australian Agency for International Development (AusAID).

Moving Ahead

CGAP's funding surveys show the magnitude of cross-border funding to microfinance worldwide. Transparency around what is being funded and in what amounts is an important first step to better understanding the drivers behind the growth of microfinance markets. However, it does not tell us enough about the role of cross-border funders in advancing financial inclusion or exactly how funding can add most value. The resources required for building market infrastructure vary greatly from what is required for on-lending. Is enough being spent on capacity building or on regulatory reform? There can be "too much" and "not enough" funding at the same time and even in the same market there may be an abundance of one type of funding—debt—but shortage of another type—equity.

Cross-border funding has been a key driver of growth in the microfinance sector, and it continues to be essential in frontier and remote markets where few private funding sources are available. In more developed financial markets, however, the picture becomes more complicated: Is cross-border funding "crowding in" private, local funding? How can cross-border funding be channeled so that it continues to serve development objectives?

Funders are beginning to analyze their added value more deeply, and they are putting in place checks in their due diligence and project approval processes that require them to look at how their programs impact local funding markets. This is an important step forward in making sure that cross-border funding continues to serve its intended purpose as the market context evolves.

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Annex I: Methodology

Both the CGAP Microfinance Funder Survey and the CGAP MIV Survey were conducted in 2009 and 2010, to improve transparency on microfinance funding and to allow data analyses over time. The surveys collect portfolio data directly from major funders as well as MIIs. Thanks to high participation rates, CGAP estimates that the surveys capture 85–95 percent of total cross-border funding for microfinance.

In 2010, 61 funders and 90 MIIs shared information on their microfinance portfolio.

Data from both surveys were consolidated to present a comprehensive picture of cross-border funding to microfinance. Information on MIIs' funding sources combined with data from the Funder Survey were used to estimate funding from individual investors and institutional investors, making it possible to compare public and private funding.

If not specified otherwise, all analyses in this report are based on committed amounts.[9] Commitments represent the total amount of all currently active investments and projects, whether the funds have been disbursed or not. As such, total commitments describe the stock of funds set aside for microfinance at a given time (i.e., December 2009 for the data in this report). When analyzing funders' commitments, one has to take into account that average project lengths and disbursement schedules vary significantly across funders. The average project length is between three and five years, but some funders reschedule projects annually while others have projects that remain active for five years or more. Also, funders do not always disburse everything they committed. Project budgets can change or disbursements are held back if funding conditions are not fulfilled. In our sample, disbursement rates varied from 70 percent to 100 percent, with only six funders reporting a disbursement rate below 90 percent. Finally, commitments are a reliable indicator to analyze overall trends in microfinance funding, but they do not show how much money reaches the sector in a given year.

Table A-1: CGAP Microfinance Funder Survey participants in 2010

Public funders		
Multilateral and UN agencies	N = 8	African Development Bank (AfDB), Asian Development Bank (AsDB), European Commission (EC), International Fund for Agricultural Development (IFAD), International Labour Organization (ILO), Islamic Development Bank (IsDB), United Nations Capital Development Fund (UNCDF), World Bank
Bilateral agencies	N = 15	Australian Agency for International Development (AusAID), Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), UK Department for International Development (DFID), Finland Ministry of Foreign Affairs, Gesellschaft für Internationale Zusammenarbeit (GIZ), Italy Ministry of Foreign Affairs, Japan International Cooperation Agency (JICA), Luxembourg Agency for Development Cooperation (LuxDev), Millennium Challenge Corporation (MCC), Netherlands Ministry of Foreign Affairs, Norwegioan Agency for Development Cooperation (NORAD), Swiss Agency for Development and Cooperation (SDC), Swedish International Development Cooperation Agency (Sida), United States Agency for International Development (USAID)

(continued)

9 Commitments are used to estimate both current and future funding of microfinance (as opposed to including figures for actual investment amounts) due to the relative availability of the data as compared to data on funded amounts. However, it is important to keep in mind the drawbacks of using commitment figures, including the mix of funded and not yet funded amounts; the mix of debt, grants, and equity; and the absence of a minimum or maximum time period for looking backward or forward.

Table A-1: CGAP Microfinance Funder Survey participants in 2010 (concluded)

Public funders		
Development finance institutions (DFIs)	N = 18	Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement (AFD Proparco), Belgian Investment Company for Developing Countries (BIO), Corporación Andina de Fomento (CAF), CDC, US Development Credit Authority (DCA USAID), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Finnfund, FMO, Taiwan International Cooperation and Development Fund (ICDF), International Finance Corporation (IFC), Inter-American Investment Corporation (IIC), KFW Entwicklungsbank (KfW), Multilateral Investment Fund (MIF IADB), Norfund, Overseas Private Investment Corporation, Swiss Investment Fund for Emerging Markets (SIFEM)
Private funders		
Foundations and NGOs	N = 16	Foundations: Citi Foundation, Doen Foundation, Ford Foundation, Bill & Melinda Gates Foundation, Grameen Foundation, Grameen Jameel, Mastercard Foundation, Michael & Susan Dell Foundation, Rabobank Foundation, Stromme Foundation, Whole Planet Foundation NGOs: Cordaid, HIVOS, ICCO, Omidyar Network, Oxfam Novib
Individual investors	n/a	CGAP estimates*
Institutional investors	N = 4 + CGAP estimates*	ABP, ING, PGGM, TIAA Cref, and CGAP estimates

*CGAP estimates are based on data from 90 MIIs. For more information on MIIs, see http://www.cgap.org/p/site/c/template.rc/1.11.142715/

To understand the actual flow of funding to the microfinance sector, it is necessary to look at annual disbursements. Disbursements are the amounts that funders actually transferred to recipients during a given year. Four large funders in our sample did not report disbursements in 2010; it is thus likely that disbursement figures are underestimated. As not all funders have reliable data on disbursements, trend analyses and breakdowns based on disbursements are limited.

All trend analyses and growth rates given in this report are based on a subset of respondents for which data were available for all years covered by the CGAP surveys. Data reported in other currencies was converted to U.S. dollars at the exchange rate as of 31 December 2010. While exchange rate fluctuations have impacted portfolio data of some individual funders, they do not have a significant impact on overall numbers.

Annex II: Data on cross-border funding

CGAP Microfinance Funder Survey

Total Market (CGAP Estimate): 22 to 25 billion USD
Sample: 21.3 billion USD

Peer group table

All currency figures are in million US Dollars as of 2009-12-31.
N indicates the sample size. Growth rates are for 2008/2009

	TOTAL CROSS-BORDER FUNDING TO MICROFINANCE		Public Funders: Total Public		Public Funders: Multilateral & UN Agencies (N=8)		Public Funders: Bilateral Agencies (N=15)		Public Funders: DFIs (N=18)		Private Funders: Total Private		Private Funders: Foundations and NGOs (N=16)		Private Funders: Individual and Institutional Investors (N=4 + CGAP estimates)	
Total Committed Amount*	**21,313**		**14,602**		**4,166**		**1,585**		**8,852**		**6,710**		**1,116**		**5,594**	
Growth 08/09 (%)	*17%*		*11%*		*-7%*		*-9%*		*28%*		*33%*		*32%*		*33%*	
Growth 07/08 (%)	*na*		*24%*		*9%*		*9%*		*42%*		*na*		*73%*		*na*	
Concentration on top 5 funders	*36%*		*52%*		*96%*		*69%*		*71%*		*na*		*71%*		*na*	
Total Disbursed Amount**	**3,176**		**1,603**		**166**		**267**		**1,170**		**1,573**		**266**		**1,306**	
Growth 08/09 (%)	*-10%*		*-32%*		*-73%*		*-4%*		*-20%*		*na*		*3%*		*na*	
Concentration on top 5 funders	*34%*															
Net New Commitments***	**2,956**		**1,442**		**-312**		**-138**		**1,893**		**1,514**		**229**		**1,285**	
Commitments by Region		growth		growth		growth		growth		growth		growth		growth		growth
East Asia & the Pacific (EAP)	1,546	19%	969	7%	355	-3%	143	2%	470	18%	577	47%	88	38%	489	49%
Eastern Europe & Central Asia (ECA)	6,188	22%	4,185	26%	165	10%	72	8%	3,948	28%	2,003	14%	72	0%	1,931	14%
Latin America & the Caribbean (LAC)	4,724	21%	2,549	15%	387	3%	161	-5%	2,001	20%	2,175	28%	161	56%	2,014	27%
Middle East & North Africa (MENA)	787	4%	687	-1%	137	-30%	164	15%	386	9%	99	80%	32	68%	67	83%
South Asia (SA)	4,064	1%	3,423	-7%	2,353	-10%	490	-17%	580	18%	641	129%	153	135%	488	127%
Sub-Saharan Africa (SSA)	2,544	22%	1,909	13%	729	-1%	478	-4%	702	51%	634	63%	291	96%	343	43%
Multi-Region	1,461	38%	880	41%	40	-3%	76	-38%	763	65%	581	34%	319	-11%	262	750%
Commitments by Level of Financial System		growth		growth		growth		growth		growth		growth		growth		growth
Retail	18,827	23%	12,317	19%	2,769	5%	701	-8%	8,847	28%	6,510	33%	916	30%	5,594	33%
Market Infrastructure****	399	11%	259	-3%	80	75%	174	-22%	4		140	48%	140	48%	0	
Policy****	297	9%	237	6%	108	15%	129	-1%	0		60	23%	60	23%	0	
Unspecified	*1,789*	*-23%*	*1,789*	*-23%*	*1,208*	*-29%*	*581*	*-6%*	*0*		*0*		*0*		*0*	
Commitments by Purpose		growth		growth		growth		growth		growth		growth		growth		growth
On-lending	17,206	26%	11,131	23%	2,081	13%	360	-12%	8,689	28%	6,075	33%	480	22%	5,594	33%
Capacity Building	2,317	4%	1,682	-5%	876	-7%	643	-9%	162	23%	635	38%	635	38%		
Unspecified	*1,789*	*-23%*	*1,789*	*-23%*	*1,208*	*-29%*	*581*	*-6%*	*0*		*0*		*0*			
Direct vs. Indirect Funding		growth		growth		growth		growth		growth		growth		growth		growth
Direct (including via governments)	8,842	9%	7,922	6%	2,483	-1%	848	-4%	4,591	12%	920	68%	880	68%		
Indirect (ie via funds, holdings)	10,681	37%	4,891	47%	475	69%	156	-33%	4,260	51%	5,791	29%	236	-32%	5,555	33%
Unspecified	*1,789*	*-23%*	*1,789*	*-23%*	*1,208*	*-29%*	*581*	*-6%*	*0*		*0*		*0*			
Direct Funding by country income group (WB classification)																
Low income countries	na				21.5%		53%		14%				36%		na	
Lower middle income countries	na				69.5%		45%		41%				52%		na	
Upper middle income countries	na				9%		2%		45%				12%		na	
Average project/investment size	na			**7.9**		**7.9**		**4.2**		**9.2**	na		**0.9**		**na**	
Commitments by Instrument - Funders' Perspective		growth		growth		growth		growth		growth		growth		growth		
Debt	10,606	3%	9,149	6%	3,674	-9%	173	-31%	5,302	23%	1,457	na	230	33%	1,228	
Equity	6,383	60%	1,862	58%	13	0%	13	-10%	1,836	59%	4,520	na	154	30%	4,367	
Grant	2,676	7%	2,008	0%	474	13%	1,370	-6%	164	22%	667	na	667	34%		
Guarantee	907	23%	842	24%	0		29	471%	814	21%	65	na	65	0%		
Other	741	14%	740	14%	5		0	2%	736	13%	0	na	0.3			
Unspecified	0		0								0					
Top 5 funders (and % of peer group commitments)		%														
1	KfW	12%	KfW	18%	World Bank	36%	DFID	19%	KfW	29%	na		Gates F.	42%	na	
2	World Bank	7%	World Bank	10%	AsDB	29%	CIDA	18%	EBRD	14%	na		Omidyar N.	8%	na	
3	EBRD	6%	EBRD	9%	IFAD	19%	GTZ	15%	IFC	12%	na		Oxfam Novib	7%	na	
4	AsDB	6%	AsDB	8%	EC	7%	MCC	9%	AECID	10%	na		Mastercard F.	7%	na	
5	IFC	5%	IFC	7%	AfDB	5%	JICA	9%	FMO	6%	na		Cordaid	6%	na	
					AfDB, AsDB, EC, IFAD, ILO, IsDB, UNCDF, World Bank		AusAID, CIDA, DANIDA, DFID, Finland MoFA, GTZ, Italy MoFA, JICA, Lux Dev, MCC, Netherlands MoFA, NORAD, SDC, Sida, USAID		AECID, AFD Proparco, BIO, CAF, CDC, DCA USAID, EBRD, EIB, Finnfund, FMO, ICDF, IFC, IIC, KfW, MIF, Norfund, OPIC, SIFEM				Foundations: Citi, DOEN, Ford, Gates, Grameen, Grameen Jameel, Mastercard, MSDF, Rabobank, Stromme, Whole Planet; NGOs: Cordaid, HIVOS, ICCO, Omidyar Network, Oxfam Novib		ABP, ING, PGGM, TIAA CREF, and CGAP estimates based on data from 90 MIVs	

Methodological Notes: CGAP conducts two regular surveys on funding flows: the CGAP Microfinance Funder Survey and the CGAP MIV Survey. For the first time this year, data from both surveys was consolidated to present a comprehensive picture of cross-border funding for microfinance. The table above is based on data reported by 61 funders and 90 microfinance investment intermediaries. All data is as of December 2009. CGAP used data provided by microfinance investment intermediaries to estimate funding from individual investors and institutional investors. Growth rates are based on a subset of respondents for which data is available for all years covered by the surveys. If not specified otherwise, analysis is based on committed amounts.

*Commitments represent the stock of funds set aside for microfinance at a given time, whether or not disbursed. N = 61 funders + CGAP estimates

**Disbursements are the funds that funders actually transferred to recipients during a given year. N = 57 funders + CGAP estimates.

***Net new commitments represent the change in commitments in the survey year. N = 57 funders + CGAP estimates.

**** DFIs' commtiments at market infrastructure and policy levels are not fully captured by this survey.

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CGAP Microfinance Funder Survey

Total Market (CGAP Estimate): 22 to 25 billion USD
Sample: 21.3 billion USD

Region Table

All currency figures are in million US Dollars as of 2009-12-31.
Growth rates are for 2008/2009

	TOTAL CROSS-BORDER FUNDING TO MICROFINANCE		East Asia & the Pacific (EAP)		Eastern Europe & Central Asia (ECA)		Latin America & the Caribbean (LAC)		Middle East & North Africa (MENA)		South Asia (SA)		Sub-Saharan Africa (SSA)		Multi-Region	
Total Committed Amount*	**21,313**		**1,546**		**6,188**		**4,724**		**787**		**4,064**		**2,544**		**1,461**	
Growth 08/09 (%)	*17%*		*19%*		*22%*		*21%*		*4%*		*1%*		*22%*		*38%*	
Concentration on top 5 funders	*36%*		*37%*		*57%*		*33%*		*46%*		*72%*		*34%*		*0%*	
Net New Commitments**	**2,956**		**230**		**1,099**		**743**		**29**		**33**		**441**		**381**	
Number of Funders Involved																
Multilateral and UN Agencies	8		6		6		3		4		7		7		4	
Bilateral Agencies	15		8		8		12		7		11		15		10	
DFIs	18		13		14		17		10		11		14		12	
Foundations and NGOs	16		12		11		13		8		14		14		13	
Microfinance Investment Intermediaries (MIIs) - *used as a proxy to estimate funding from individual and institutional*	90		42		53		67		16		37		40			
Commitments by Type of Funder		growth		growth		growth		growth		growth		growth		growth		growth
Public	**14,602**	**11%**	**969**	**7%**	**4,185**	**26%**	**2,549**	**15%**	**687**	**-1%**	**3,423**	**-7%**	**1,909**	**13%**	**880**	**41%**
Multilateral and UN Agencies	4,166	-7%	355	-3%	165	10%	387	3%	137	-30%	2,353	-10%	729	-1%	40	-3%
Bilateral Agencies	1,585	-9%	143	2%	72	8%	161	-5%	164	15%	490	-17%	478	-4%	76	-38%
DFIs	8,852	28%	470	18%	3,948	28%	2,001	20%	386	9%	580	18%	702	51%	763	65%
Private	**6,710**	**33%**	**577**	**47%**	**2,003**	**14%**	**2,175**	**28%**	**99**	**80%**	**641**	**129%**	**634**	**63%**	**581**	**34%**
Foundations and NGOs	1,116	32%	88	38%	72	0%	161	56%	32	68%	153	135%	291	96%	319	-11%
Other investors (individual and institutional)	5,594	33%	489	49%	1,931	14%	2,014	27%	67	83%	488	127%	343	43%	262	750%
Commitments by Level of Financial System		growth		growth		growth		growth		growth		growth		growth		growth
Retail	18,827	23%	1,369	25%	6,118	23%	4,620	21%	757	5%	2,569	25%	2,163	26%	1,231	49%
Market Infrastructure	399	11%	42	14%	18	26%	34	5%	12	31%	35	-20%	129	-1%	128	37%
Policy	297	9%	41	39%	13	-9%	51	-1%	13	-26%	32	17%	85	6%	62	18%
Unspecified	*1,789*	*-23%*	*93*	*-28%*	*39*	*-24%*	*18*	*56%*	*5*	*-18%*	*1,428*	*-24%*	*167*	*8%*	*40*	*-51%*
Commitments by Purpose		growth		growth		growth		growth		growth		growth		growth		growth
On-lending	17,206	26%	1,202	26%	6,068	23%	4,274	23%	654	0%	2,331	33%	1,603	28%	1,075	74%
Capacity Building	2,317	4%	251	17%	82	-7%	431	1%	128	36%	305	-18%	774	13%	347	0%
Unspecified	*1,789*	*-23%*	*93*		*39*		*18*		*5*		*1,428*		*167*		*40*	
Direct vs. Indirect Funding		growth		growth		growth		growth		growth		growth		growth		growth
Direct (including via governments)	8,842	9%	595	8%	2,753	20%	1,707	3%	528	-7%	1,583	8%	1,322	3%	354	23%
... debt	5,836	6%	304	-4%	2,060	21%	1,307	4%	306	-19%	1,363	13%	487	-23%	9	-7%
... equity	476	47%	38	-18%	224	54%	90	53%	9	17%	30	45%	82	96%	3	41%
... grants	1,832	18%	223	47%	73	7%	196	1%	150	28%	161	-6%	687	22%	341	23%
... guarantee	381	-2%	30	43%	121	14%	83	-23%	63	-2%	21	-57%	62	29%	1	1386%
... other instruments	318	-3%	0		275	2%	30	0%	0		8	-72%	5		0	
Indirect (ie via funds, holdings)	10,681	37%	857	41%	3,397	11%	2,998	20%	254	39%	1,053	67%	1,055	61%	1,067	87%
Unspecified	*1,789*	*-23%*	*93*		*39*		*18*		*5*		*1,428*		*167*		*40*	
Top 5 funders (and % of total commitments)																
1	KfW	12%	KfW	11%	KfW	21%	KfW	10%	AECID	13%	AsDB	27%	IFAD	11%		
2	World Bank	7%	World Bank	10%	EBRD	20%	AECID	9%	AFD Proparco	11%	World Bank	25%	AfDB	7%		
3	EBRD	6%	AsDB	6%	IFC	9%	World Bank	6%	IFAD	8%	KfW	9%	AFD Proparco	6%		
4	AsDB	6%	IFAD	6%	EIB	4%	IFC	5%	KfW	7%	DFID	6%	Gates F.	5%		
5	IFC	5%	GTZ	5%	FMO	3%	MIF IADB	4%	EC	7%	IFAD	5%	EC	5%		
Top 5 countries (and range of direct commitments) **Direct Funding only**																
Total number of countries receiving direct funding	**123**		**14**		**22**		**26**		**12**		**8**		**41**			
1	India	> $1 bln	China	$300-500 mln	Russia	$300-500 mln	Peru	$300-500 mln	Morocco	$300-500 mln	India	> $1 bln	Ethiopia	$100-300 mln		
2	Russia	$300-500 mln	Indonesia	$100-300 mln	Bulgaria	$300-500 mln	Mexico	$300-500 mln	Egypt	$100-300 mln	Bangladesh	$300-500 mln	Kenya	$100-300 mln		
3	Peru	$300-500 mln	Vietnam	$100-300 mln	BiH	$100-300 mln	Ecuador	$100-300 mln	Jordan	<$50mln	Pakistan	$100-300 mln	Uganda	$100-300 mln		
4	Bulgaria	$300-500 mln	Cambodia	$100-300 mln	Serbia	$100-300 mln	Bolivia	$100-300 mln	Lebanon	<$50mln	Afghanistan	$100-300 mln	Mozambique	$100-300 mln		
5	Bangladesh	$300-500 mln	Philippines	$50-100 mln	Azerbaijan	$100-300 mln	Colombia	$100-300 mln	W.Bank & Gaza	<$50mln	Sri Lanka	$50-100 mln	Mali	$100-300 mln		

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