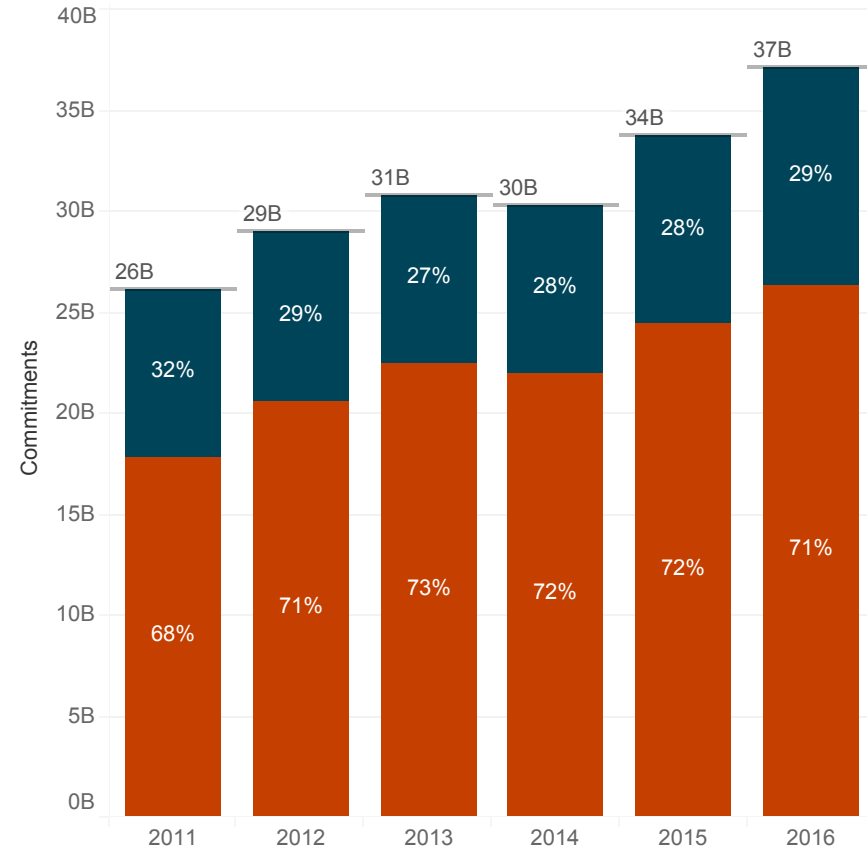


Global Trends

The 2017 edition of CGAP's annual Cross-Border Funder Survey reports funding commitments from the 23 largest international funders of financial inclusion, representing 80 percent of the full set of over 54 international funders and 73 percent of the global estimated funding commitments for financial inclusion in 2016. International funding for financial inclusion reached a historic high of US\$37 billion in 2016, marking a 9 percent growth rate from the previous year. While, in terms of volume, growth stems from public and private funding alike, the latter is growing at a faster pace (more than 16 percent from US\$9.5 to US\$11 billion) than public funding (more than 6 percent from US\$24.5 to US\$26 billion).

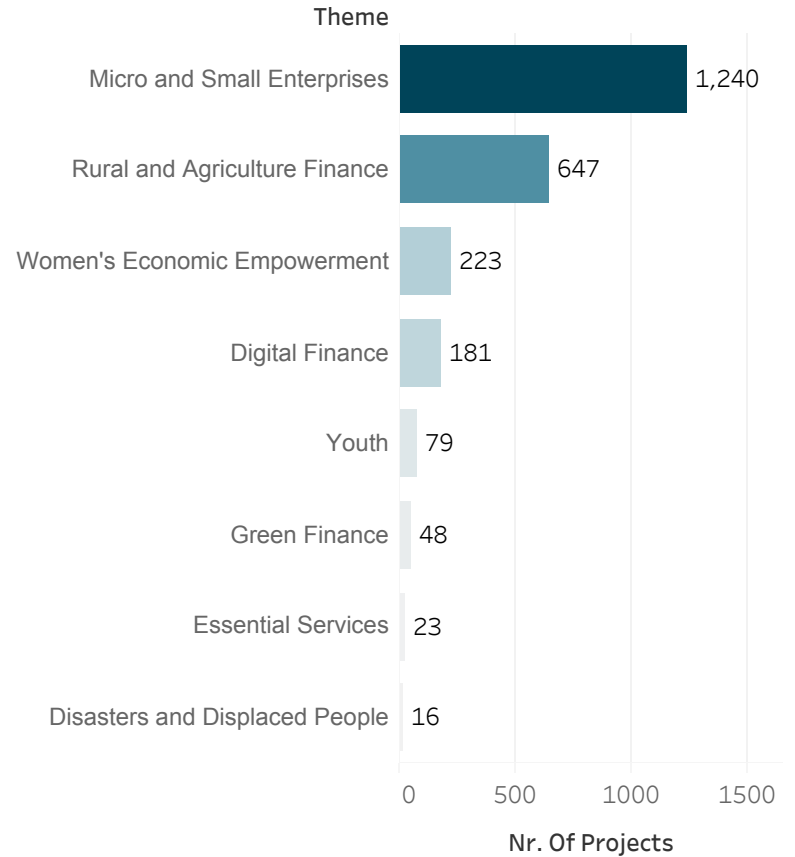
Global Funding Trends for Financial Inclusion



Source: CGAP Cross-Border Funder Survey 2012-2017, Trendable Set N = 19 Funders, Symbiotics MIV Survey 2012 - 2017

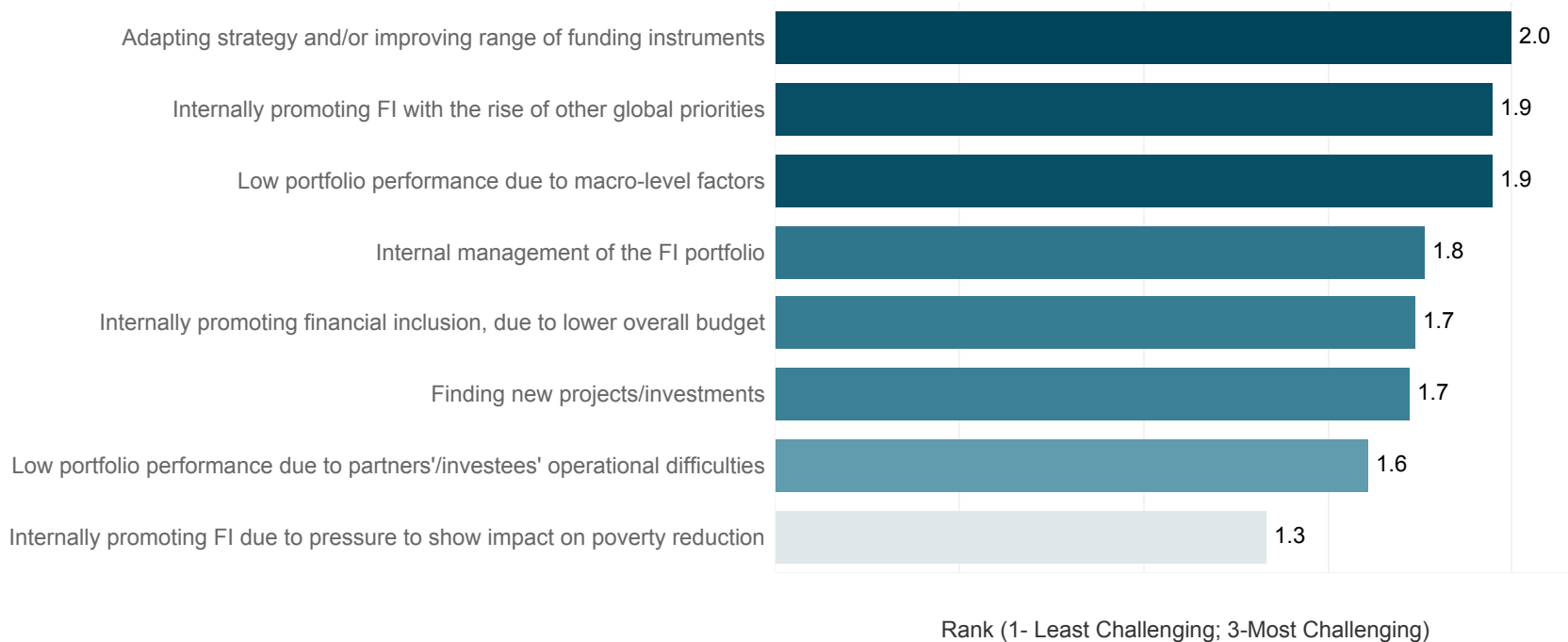
Funding Type
■ Private
■ Public

Major Project Themes in 2016



Source: CGAP Cross-Border Funder Survey 2016, Trendable Set N = 20 Funders

Key Challenges for Funders



Source: CGAP Cross-Border Funder Survey 2016, Trendable Set N = 20 Funders

Geographic Reach

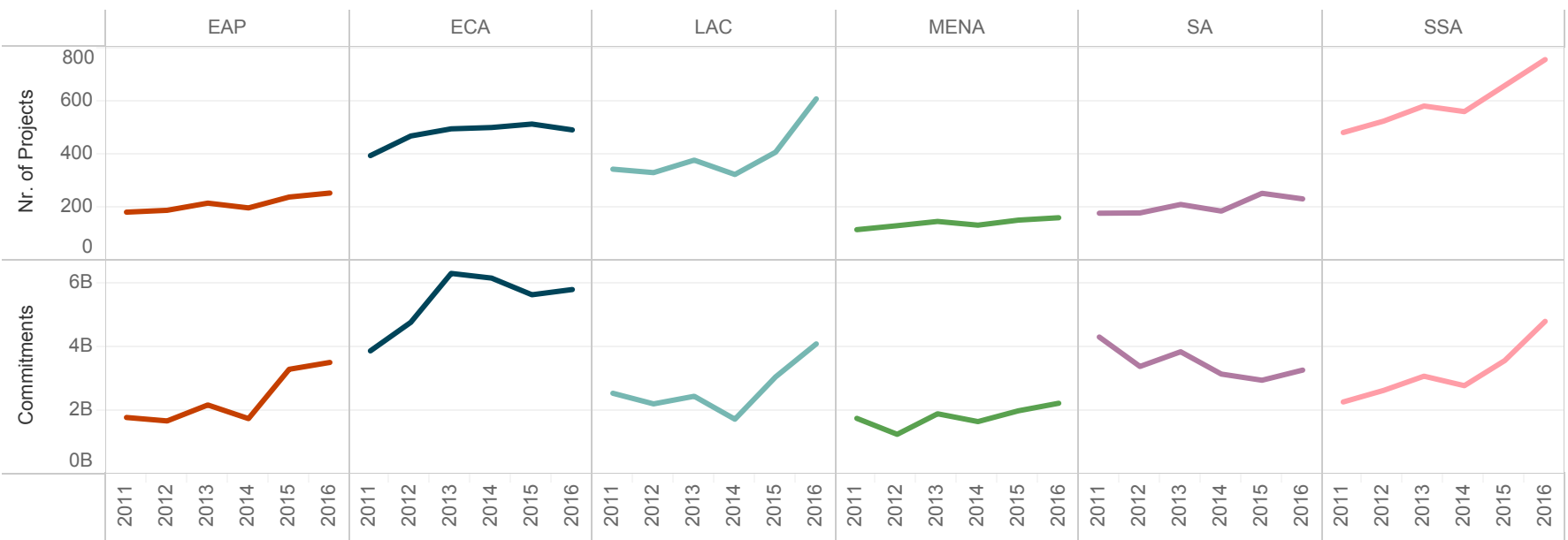
The funding for sub-Saharan Africa (SSA) grew by 30 percent in 2016, reaching US\$3.5 billion in commitments through 611 active projects. Funders have been increasing their active projects steadily in the region for the past five years, but, the growth of commitments was much higher in 2016, indicating a growth in the average project size (from US\$5 million to US\$6 million).

In Eastern Europe and Central Asia (ECA), which traditionally has been the top-funded region, funding has experienced a decline for the second year in a row. The average commitment in ECA per project in 2016 was \$12 million, making ECA the leading region in terms of funding volume but only second in terms of the number of projects (451 projects).

After a continuous decline in both the number of projects and funding commitments, the 2016 funding volume to Latin America and the Caribbean (LAC) stayed at the 2015 level, and the number of projects reached a spike at 388 in 2016 compared to 321 in 2015.

Funding to Middle East and North Africa (MENA) has been steadily growing (more than 12 percent in 2016), while funding to South Asia (SA) and East Asia and the Pacific (EAP) is stable.

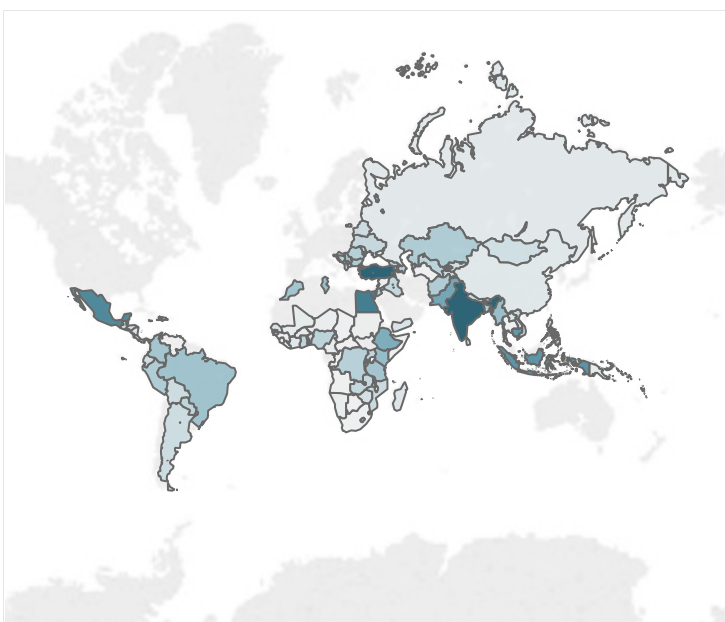
Trends by Region



Source: CGAP Cross-Border Funder Survey 2006-2016, Trendable Set N = 19 Funders

The top five countries receiving the most financial inclusion funding in 2016 are Turkey, India, Egypt, Cambodia, and Indonesia. Together, they account for 25 percent of all single country funding. The countries with the highest number of projects are India (119 projects), Cambodia (74 projects), Kenya (52 projects), Nigeria (49 projects), and Honduras (43 projects).

Funding by Country in 2016



Source: CGAP Cross-Border Funder Survey 2006-2016, Trendable Set N = 19 Funders



Active Funders by Country

Country	Commitments		Active Funders		Active Projects	
	2015	2016	2015	2016	2015	2016
Multicountry/Global	5,665M	6,209M	23	24	532	590
India	1,116M	1,725M	13	15	97	104
Turkey	1,297M	1,311M	3	3	31	30
Egypt, Arab Rep.	462M	778M	6	6	21	24
Mexico	579M	693M	7	7	15	25
Indonesia	838M	605M	11	11	22	20
Cambodia	356M	575M	11	11	48	60
Pakistan	529M	480M	8	9	18	18
Ethiopia	228M	433M	8	9	11	18
Kenya	278M	328M	12	12	47	51
Myanmar	342M	310M	8	10	12	20
Tunisia	298M	306M	7	7	25	32
Serbia	366M	285M	3	3	24	22
Brazil	110M	283M	4	4	8	40
Morocco	323M	268M	8	9	24	22
Tanzania	278M	267M	10	9	34	37
Colombia	175M	265M	5	6	20	33
Bulgaria	27M	227M	2	3	6	10

Source: CGAP Cross-Border Funder Survey 2006-2016, Trendable Set N = 19 Funders

Funding Channels and Instruments

Funding of loan portfolios continued to represent three quarters of the overall funding volume in 2016, but it is no longer exclusive to financial services providers (FSPs) and intermediaries: mobile money operators and other digital services providers are now also a focus for financial and technical assistance at the retail level. At least one-third of the projects target capacity building across the various levels of the financial sector and half have a capacity building component for FSPs. Despite relatively small funding amounts, improving the financial ecosystem to enable financial inclusion is an important focus for funders. Capacity building of providers represents 7 percent of the overall funding volume. In addition, payments infrastructure has grown to be an important focus for funders and represents one-third of overall funding for financial sector infrastructure (2 percent of overall funding). Capacity building for end clients (individuals, households, and enterprises), policy, and regulation for financial inclusion collectively account for 5 percent of overall funding.

Funding Purpose in 2016



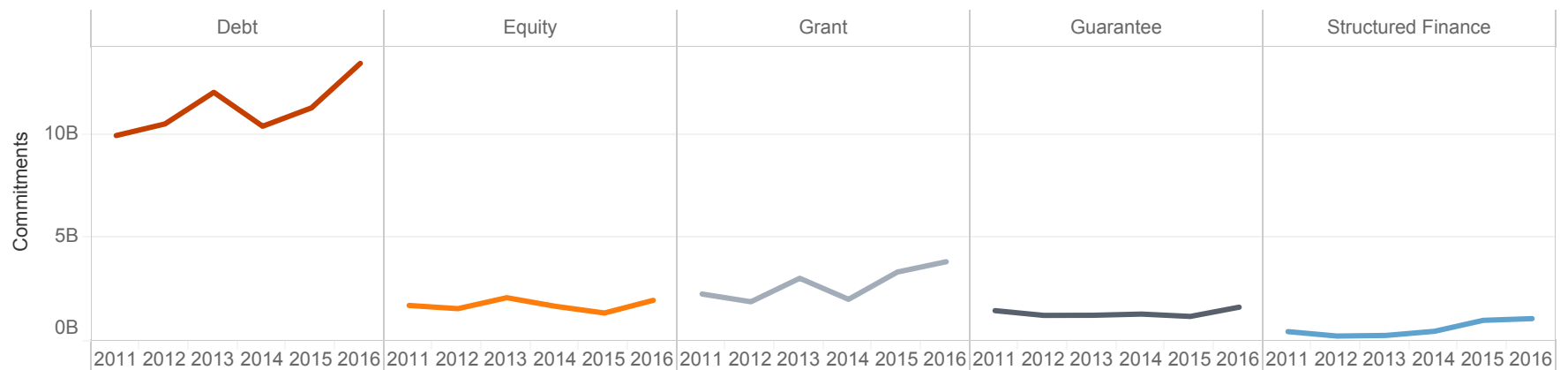
Source: CGAP Cross-Border Funder Survey 2017, Set N=20 respondents

Funding Purpose

■ Unspecified
 ■ Capacity Building - End Clients
 ■ Capacity Building - Providers
 ■ Infrastructure
 ■ Loan Portfolio Funding
 ■ Policy and regulation

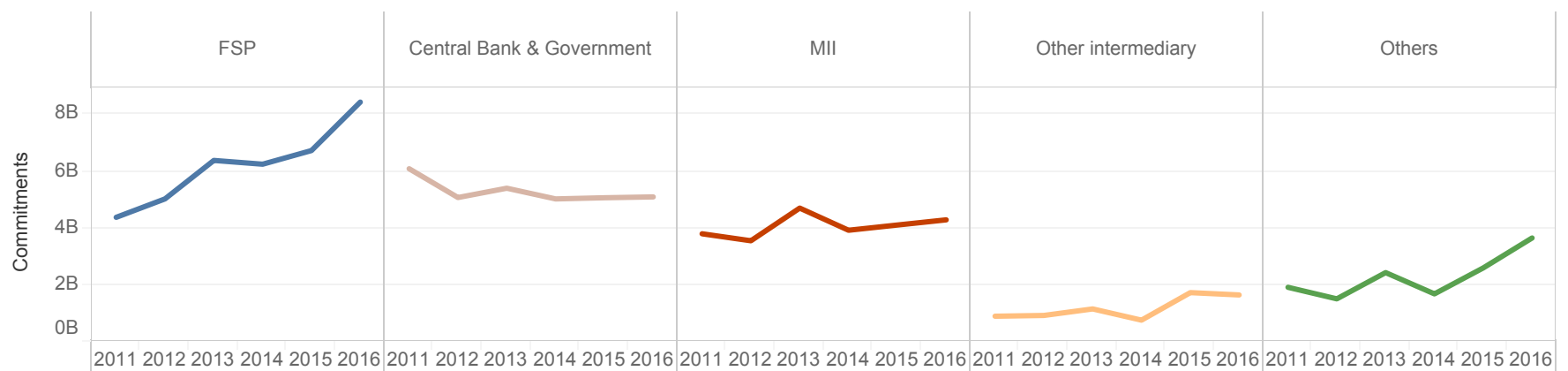
Following a decline in the previous year, debt funding (over 50 percent of overall commitments) increased by 5 percent in 2016. Almost half of overall debt went to ECA, while the rest was relatively evenly distributed across the other regions. Both grants and equity, which accounted for 21 and 7 percent of total funding respectively, increased by 18 and 5 percent, respectively, in 2016.

Trends by Instrument



Source: CGAP Cross-Border Funder Survey 2012-2017, Trendable Set N = 19 Funders

Trends by Recipient

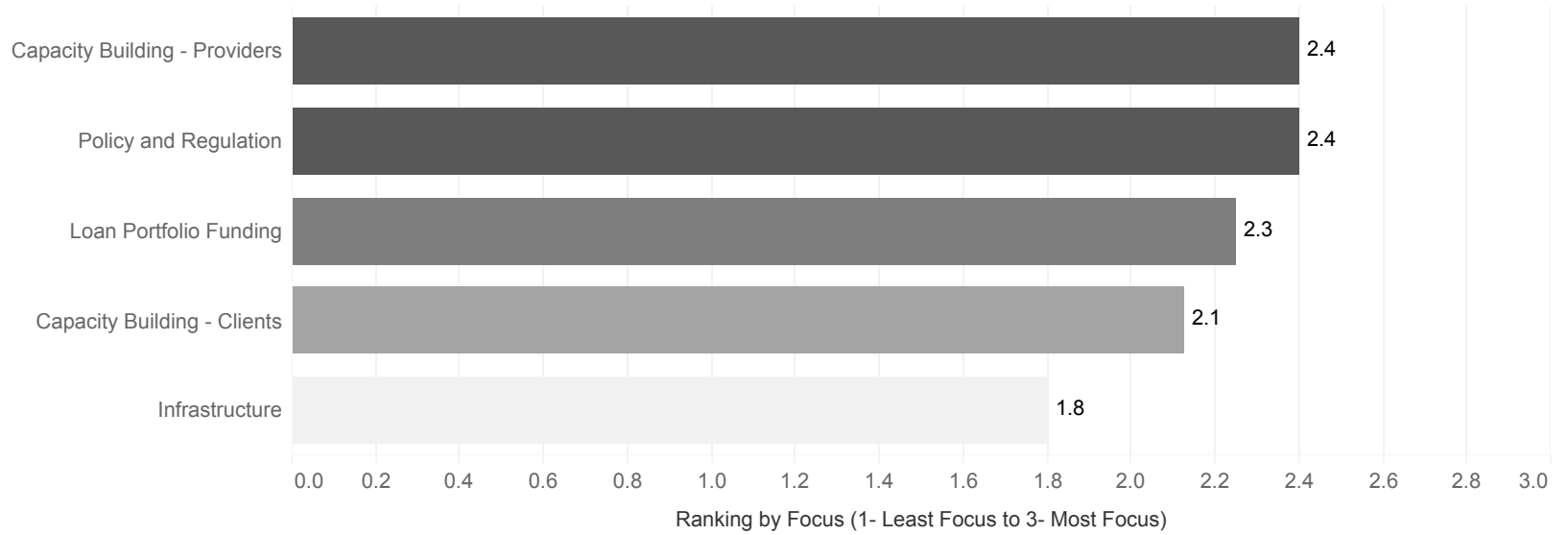


Source: CGAP Cross-Border Funder Survey 2012-2017, Trendable Set N = 19 Funders

Looking Ahead

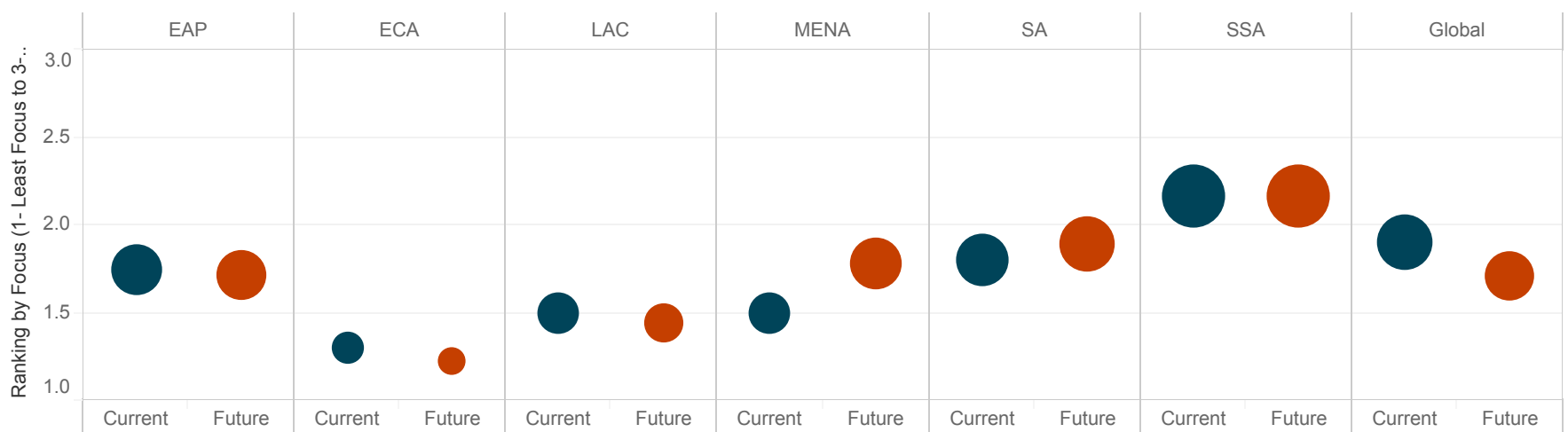
Funders will likely prioritize capacity building for FSPs and the development of enabling policy and regulation for financial inclusion. In terms of geographical focus, it seems that SSA will continue to be the priority followed by SA and MENA—regions where funders plan to increase their focus significantly. Conversely, ECA and LAC are likely to receive less funding in the next three years.

Projected funding purpose in the next 3 years



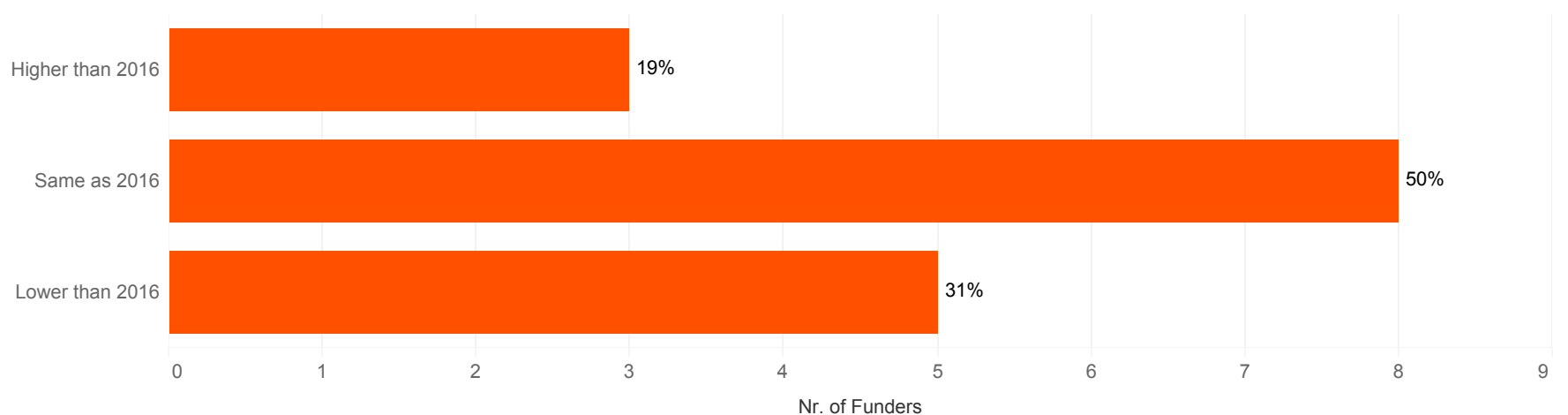
Source: CGAP Cross-Border Funder Survey 2017, N = 20 Funders

Regional Shifts



Source: CGAP Cross-Border Funder Survey 2017, N = 20 Funders

Projected financial inclusion portfolio size in the next three years



Source: CGAP Cross-Border Funder Survey 2017, N = 16 Funders

Methodology

CGAP surveys the full set of more than 54 funders biannually. In 2016, the CGAP Funder Survey was implemented for the full set of international funders. In 2017, a sample consisting of the top 23 funders was surveyed. CGAP has conducted the survey since 2008, and since 2012, in partnership with MIX. Public funding includes commitments of development finance institutions and bilateral and multilateral development/aid agencies. Private funding includes commitments from foundations, private donors and investors, and microfinance investment vehicles' assets originating from high net worth individuals and other institutional investors.

List of Participants

Bilateral	DFAT DFID GIZ JICA USAID
DFI	AECID AFD Proparco CDC DCA USAID EBRD EIB FMO IFC IIC KfW MIF IADB Obviam OPIC
Foundation	Gates foundation The MasterCard Foundation
Multilateral	AsDB EC IFAD World Bank
Other donor	Omidyar Network

· Apart from the funding volume, the analytical framework also **captures qualitative information at the project level** to allow for more granular analysis and better understanding of the funding purpose which cannot be easily deduced from data on commitments.

· Funders may tag a project with one or more themes that their project supports. Even though we were not able to tag 100 percent of projects, the themes provided us with useful information. Below you can find a list of the themes and definitions.

Digital Finance	Encouraging the delivery of financial services through technological platforms, including mobile money and branchless banking.
Disasters and Conflicts	Supporting stability-building efforts in post-conflict or post-disaster contexts through financial inclusion.
Essential Services	Expanding access to essential services for the poor in energy, water, education, and health through financial inclusion.
Financial Capability	Supporting consumers so that they develop knowledge, skills, attitudes and ultimately behaviors to make sound financial decisions and appropriate use of financial services.
Gender Equality	Encouraging and supporting the financial inclusion of women
Housing Microfinance	Expanding access to housing for the poor through financial inclusion.
Informal Finance	Supporting products and services delivered outside of the formal, regulated financial sector
Islamic Microfinance	Increasing financial inclusion of poor Muslim populations through products and services that adhere to certain Islamic principles.
Micro and Small Enterprises	Encouraging and supporting the financial inclusion of micro and small enterprises (MSEs).
Responsible Finance	Promoting and developing regulations and business standards to ensure that financial services are transparent, fair, safe, and likely to generate benefits for poor clients. These efforts include: client protection and social performance.
Rural and Agriculture Finance	Encouraging and supporting the financial inclusion of smallholders and agricultural MSEs.
Youth	Encouraging and supporting the financial inclusion of young people.