



CGAP ANNUAL REPORT 2014

Advancing Financial Inclusion to
Improve the Lives of the Poor



OUR VISION . . .

a world where everyone has access to and can use the financial services they need to improve their lives



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LETTER FROM THE CEO



When I joined CGAP in 2010, the narrower field of microfinance was in crisis. A first set of randomized-controlled impact studies focused on microcredit had cast doubt on its effectiveness. Several local market over-indebtedness crises had exposed the downsides of rapid, credit-only expansion.

As a broader field, we have come a long way since then. A new, wider set of **impact evidence** has shown a more nuanced picture and affirmed that inclusive financial systems that reach all citizens in a responsible fashion on balance improve household welfare, support economic growth, and reduce inequality. We have refocused on the central premise that financial inclusion is a means to an end and must help poor people improve their lives. A host of world leaders from the G20 to the **World Bank President** and, most importantly, from a large number of emerging markets and developing countries themselves, have embraced and begun to lead the global financial inclusion agenda. We have seen a number of new, often technology-enabled models at scale reaching poor households in the informal economy with a broader range of services at lower costs.

CGAP played an important and meaningful role in shaping these positive developments. In 2014, CGAP started executing against a new five-year strategy and operationalized our new set of priorities at the frontiers of our field in a portfolio of specific multi-year initiatives—each with an impact thesis and expected market development outcomes. We are grateful for the continued strong support of the CGAP members, partners, and wider set of stakeholders.

This annual report covers the first year of CGAP's new **five-year strategy** and its portfolio of initiatives. To mark this new phase, we have changed the format of this report to be shorter and interactive, with links to various materials from publications to videos to allow the reader to go deeper and explore more detail at their own pace. We hope you enjoy this experience.

Tilman Ehrbeck
CGAP CEO

~50–60%
with informal jobs
(FINSCOPE)

40+%
below \$2 per day
(World Bank)

50+%
without a formal
financial account
(Global FINDEX)

~50%
without any
social security
coverage
(ILO)

POOR PEOPLE AND FINANCIAL SECURITY

As confirmed by a range of research, today, half of the world remains excluded from formal financial security.

Thus, the vast majority of poor families in developing countries have to fend for themselves in the informal economy—not by choice, but by necessity.

And for that, they need financial access because one determining factor of poverty is lack of opportunity.

WHEN GIVEN OPPORTUNITIES . . .

Poor people (like everyone else)
tend to grab them.



THE GRADUATION PROGRAM—

just one example of opportunities spurring change

Earnings four years after program end (IN TAKA)



Control Group

Graduation Program

38%

BRAC and the researchers randomized the roll-out of this program across 1,200 communities in three waves. And the families in the communities reached later served as the control group to those who got access earlier.

On average—after four years—participants had 38 percent higher incomes than the control group, and these higher incomes translated into better health and education indicators for their children.

The underlying household survey data tell the story of what happened to the participants in the **Graduation Program**.

They seized the opportunity to work more

They split their extra income between higher consumption of essentials and savings.

And they started investing—essentially they stopped being dependent, occasional, daily wage laborers, and they started mimicking the occupational choices of the rural middle class.

POLICY MAKERS ARE STEPPING UP

Policy makers know they need to foster formal economic growth in the long term, but they also know that subsistence self-employment and informality will continue to characterize their countries for the foreseeable future. This is why they have embraced financial inclusion as part of a broader, inclusive, domestic growth agenda.

And many are making progress. Here are **Finscope** sample data from Africa.



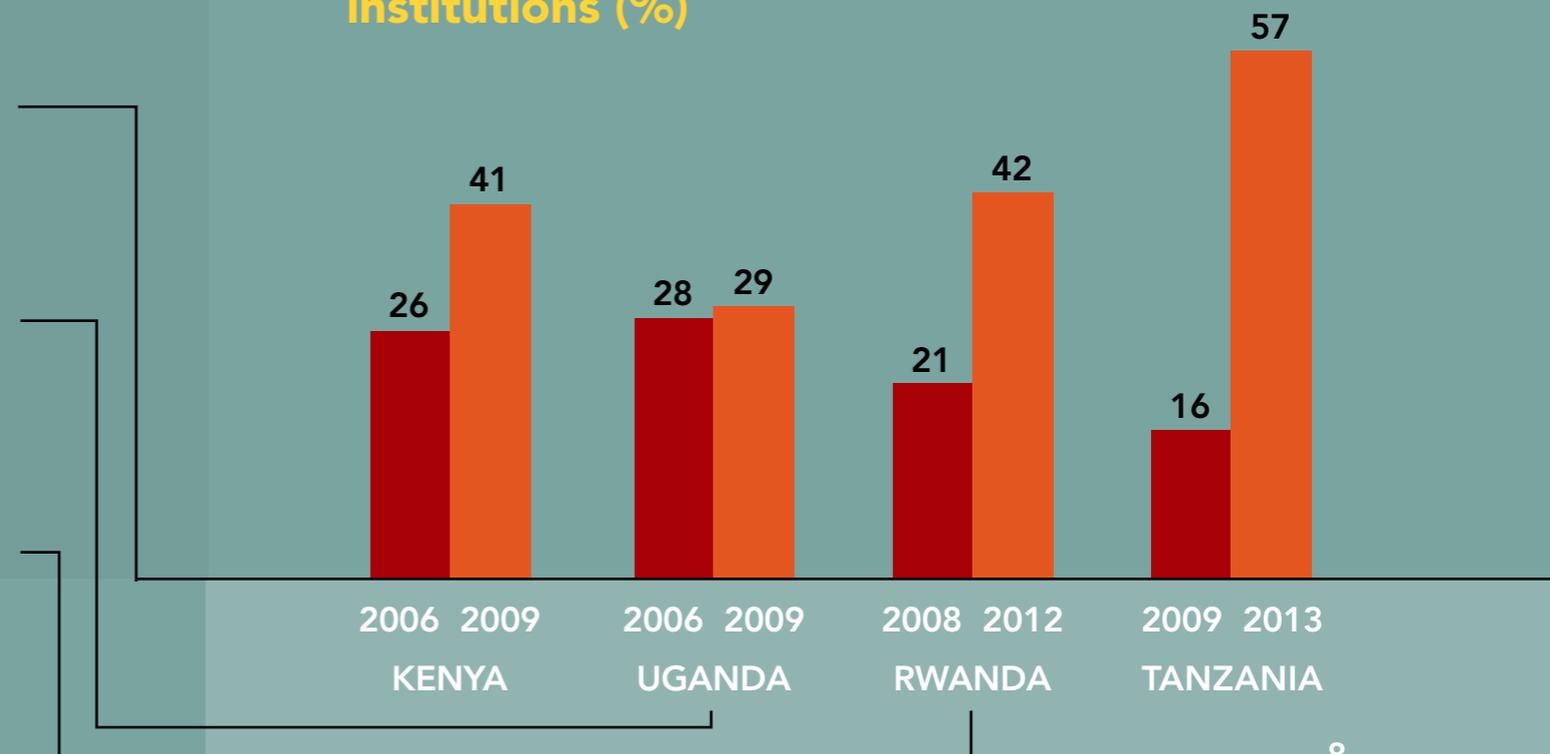
HIGHLIGHTS

Real progress is being made, and southern countries have emerged as leaders in financial inclusion.

The use of informal financial services rose in parallel—particularly in Uganda.

A common trend is a growing importance of nontraditional players; Rwanda, for example, sponsored SACCOs in every district.

Populations served by formal institutions (%)



STRONG GLOBAL TAILWINDS



2011/12

G20

50+
countries

Access by
2020

Post-2015
MDG
Successor

Against the backdrop of strong country and global leadership, the pieces for meaningful acceleration of our market development efforts are coming together.

COMPONENTS OF MARKET ACCELERATION

Four components of market development emerged from CGAP's extensive research and conversations with our stakeholders. The industry needs to focus on these components.

Better
understood
demand

Viable
business
models

Digital
innovation

Policies
and
regulations





CGAP V RECOMMITMENT AND PRIORITIES

In FY2014, CGAP recommitted to our vision and mission, and we identified strategic priority areas that endeavor to explore and shape the four components of market acceleration.

SHARED VISION

A world where everyone can access and effectively use the financial services they need to improve their lives

CGAP's MISSION

To improve the lives of poor people by spurring innovations and advancing knowledge and solutions that promote responsible inclusive financial market



FIVE-YEAR PRIORITIES:

- Understanding demand to effectively deliver for the poor
- Financial innovation for smallholder families
- Developing robust provider ecosystems
- Building and enabling a protective policy environment globally
- Effective and responsible funding for financial inclusion

OUR STRATEGY

Launched in FY2014, CGAP's new **five-year strategy** encompasses 10 initiatives. Each was established based on a clear purpose to detail the barriers that prevent financial inclusion; to articulate an upfront plan to remove barriers to change and to define CGAP's role to bringing about this change; and to be accountable for results by measuring CGAP's contribution against time-bound outcomes. Some of FY2014 was spent conceptualizing these initiatives and establishing goals and outcomes.

OUR INITIATIVES

- 1 CUSTOMERS AT THE CENTER
- 2 GRADUATING THE EXTREME POOR
- 3 INNOVATING FOR SMALLHOLDERS
- 4 INCLUSIVE PAYMENT ECOSYSTEMS
- 5 PRODUCTS BEYOND PAYMENTS
- 6 DIGITAL FINANCE PLUS
- 7 GLOBAL POLICY ARCHITECTURE
- 8 PROTECTING CUSTOMERS
- 9 GUIDANCE FOR FUNDERS
- 10 MEASURING MARKET DEVELOPMENT



1

CUSTOMERS AT THE CENTER

Uptake and repeated use of financial services reflect a perceived and real value of such services for customers and providers. The challenge is to provide services that drive both uptake and use. The current portfolio of services largely does not offer value to clients (with some notable exceptions), and at the same time low usage negatively impacts the business models of providers. The Customers at the Center Initiative aims to improve uptake and usage of financial services by providing guidance for financial institutions. This Initiative builds on the demand-side work begun in FY2014 as part of CGAP's clients-focus work—to better understand the financial needs of poor people and reframe the dialogue on customer-centricity among key providers.

It also draws on customer-centric work executed in **Applied Product Innovation** projects in the technology area, behavioral research conducted in the customer protection area, as well as the customer-specific lessons from the **Graduation** pilots. Insights and lessons learned from CGAP's work on better understanding customers will be embodied in the "Guide to the Customer-Centric Business Model," available in FY2015. The Guide will elaborate on the five pillars of a Customer-Centric Business Model, namely (i) organizational leadership and culture that is customer-centric; (ii) empowered employees; (iii) a customer-focused operating model; (iv) the design and delivery of customer experience based on a granular understanding of the customer; and (v) a focus on value creation, both for the customer and the financial service provider. These pillars must be



embedded in financial service providers to ensure long-term change toward customer-centricity and empowered customers who take up and use financial services. The Guide will go through several iterations during the CGAP V timespan. We also seek to create an approach to empower customers with information and skills that will lead to meaningful selection and use of products and services, including anticipating preferences and behavioral biases that may affect uptake and usage.

Micro and Small Enterprise Finance Working Group. The Micro and Small Enterprise Finance Working Group (MSE WG), created in 2010, is associated with the Customers at the Center Initiative. MSE WG is an informal forum for peer learning and knowledge exchange on micro and small enterprise among CGAP members and other interested organizations. It is member driven and focuses on sharing insights and good practices, with CGAP serving to facilitate a learning agenda with the active participation of WG members. The WG is co-chaired by a Council of Governors member and a member of the CGAP Operational Team. The MSE WG, and the deep focus on smallholder families through the Smallholders Initiative, recognizes the link between improving the economic lives of the poor and access to financial services.

CUSTOMERS AT THE CENTER



2

GRADUATING THE POOR

CGAP's Graduating the Poor Initiative is generating global knowledge on how to help significant numbers make progress out of extreme poverty through its collaboration with selected policy makers, funders, researchers, and other stakeholders. The **approach**, which has been tested over the past 10 years in 10 pilots in eight countries, is based on a carefully sequenced set of building blocks targeted to very poor people, including consumption support, livelihoods assistance, asset transfers, savings services, and coaching.

In February 2014, CGAP and the Ford Foundation organized the Reaching the Poorest Global Learning Event. Attended by over **100 leading policy makers**, practitioners, and development experts, the event was designed to assess lessons learned so far from implementation and research, particularly how the approach can be incorporated into social protection programs to reach the extreme poor at large scale. In addition, CGAP collaborated with IPA to publish an Interim Impact Findings Update for Policymakers.

CGAP's work to generate sustainable livelihoods for the very poor is now evolving from supporting pilot programs to demonstrating that the approach can be implemented effectively at scale. In FY2015 CGAP will work with partners to disseminate actionable



and synthesized research findings to support implementation by countries and major donors such as the World Food Programme and the UN High Commission for Refugees.

The Graduation Initiative will also focus on supporting implementation of graduation scale-ups with relevant guidance, including a comprehensive **Technical Guide** and a Focus Note that compiles and compares evidence on the cost-effectiveness of graduation-type programming with that of livelihoods and cash transfer programs.

3

INNOVATING FOR SMALLHOLDERS

Consistent with strategic outcomes identified under the CGAP V strategy and with the support of an expert Advisory Committee, CGAP's initial priorities for the **Financial Innovation for Smallholder Families Initiative** are to (i) significantly contribute to the demand-side evidence base and (ii) work with branchless banking providers to develop **digital financial services** tailored to smallholder households. With respect to demand-side evidence, CGAP is conducting a **year-long financial diaries** project with approximately 300 smallholder families in three countries to better understand their agricultural and nonagricultural income flows, money management strategies, and financial lives.

To complement the diaries, CGAP will also conduct nationally representative **surveys of smallholder households** to elucidate the heterogeneity of the sector, identify distinct **segments of smallholder households**, and highlight opportunities to add value to each segment's portfolio of informal and formal financial services. On the supply side, CGAP will collaborate with four branchless banking partners working to reach smallholder households with a digital finance product that they develop through a **human-centered design process**.



INNOVATING FOR SMALLHOLDERS



4

INCLUSIVE PAYMENT ECOSYSTEMS

Under this initiative, work is being undertaken in 10 countries to create country success cases where digital payments are provided in a diverse and competitive business ecosystem and are widely used. The key to success will be enabling regulations and government policies and practices that open up pathways to support the widespread use of digital payments. To create country success cases, we will work directly with providers, policy makers, and governments. We will also work closely with a broad cross-section of CGAP members. In FY2015 we will support the launch of new businesses to create a more competitive provider ecosystem in three countries. In at least four countries, our analysis and support could lead to new regulations or changes to regulations to promote the viability and scale of digital payments.





5

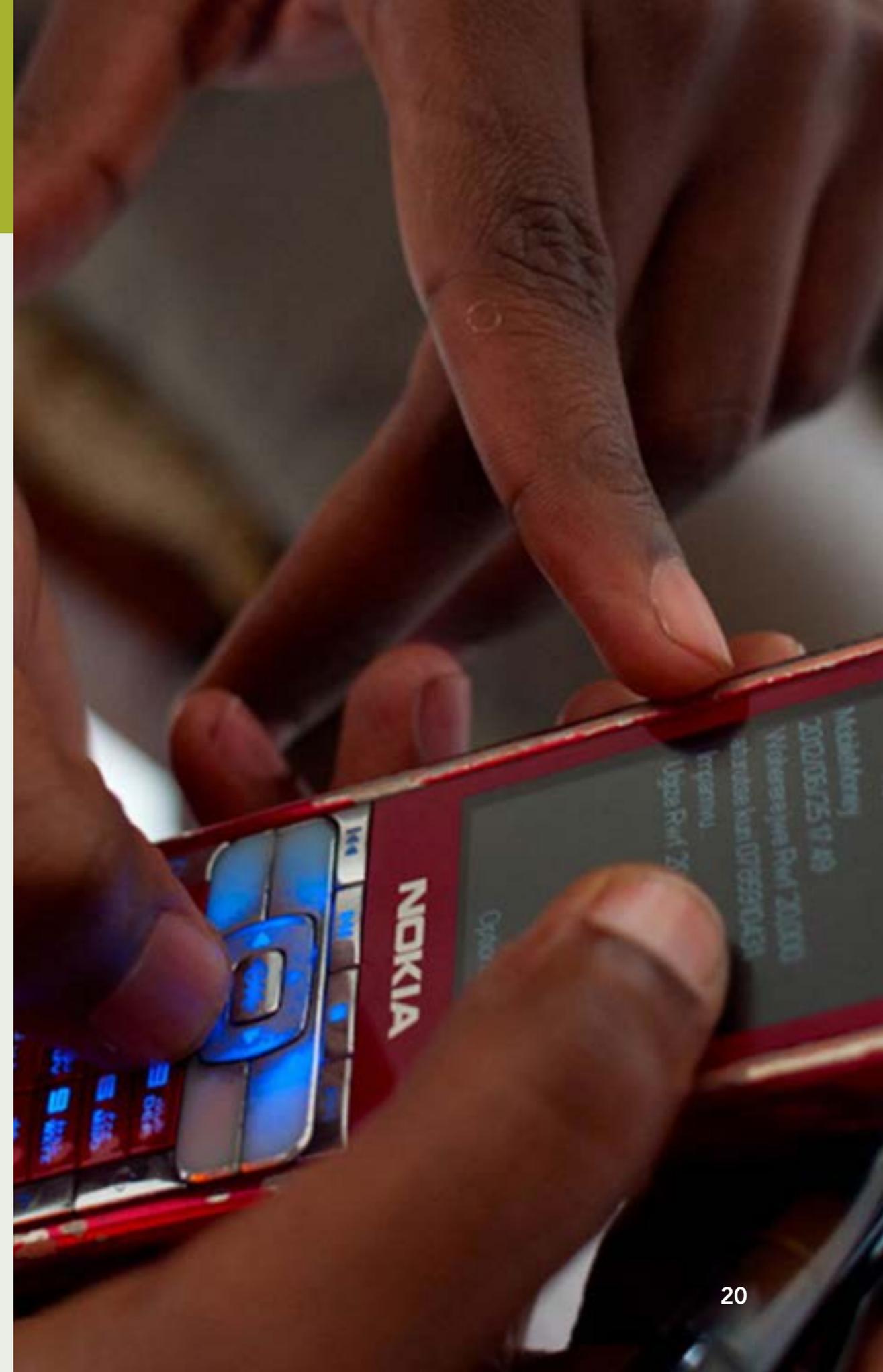
DIGITAL FINANCE FRONTIERS

The Digital Finance Frontiers Initiative aims to demonstrate how digital payments systems expand the range of financial services delivered viably to poor people. Digital channels allow providers to process frequent, low-value transactions at marginal cost. In combination with other attributes of digital channels (e.g., access to transactional data, real-time interactions with customers, location-based intelligence, among others), these capabilities make it possible for providers to deliver useful and meaningful services to poor people on a sustainable basis. Some degree of experimentation is currently under way. A significant focus for FY2015 is on documenting what is being demonstrated and learned, and identifying areas for future innovation.

6

DIGITAL FINANCE PLUS

The **Digital Finance Plus Initiative** seeks to leverage digital payment ecosystems emerging in different markets to open up new solutions to long-standing development challenges. It aims to demonstrate how finance can benefit broader development goals and the linkages between digital finance and sectors such as energy, water, education, health, and agriculture. Efforts under this initiative will create a range of proven solutions that increase access of the most basic services for the poor by leveraging digital finance in multiple market contexts. In FY2014 we launched key projects with providers and plan to share results next year through various channels, including specialized expert gatherings called “Big Think” in various sectors. We expect to make inroads to identify **proven solutions** in the energy sector in the coming year. Also in FY2014, we completed the CGAP-McKinsey Market Readiness study for Digital Finance Plus, which identifies and explains market factors driving the development of area.



DIGITAL FINANCE PLUS





7

GLOBAL POLICY ARCHITECTURE

The Global Policy Architecture Initiative aims to facilitate a fundamentally different perspective on the role of financial inclusion in broader financial sector policy-making. Increased evidence, guidance, and compelling articulation of linkages among financial *inclusion* (I) and the other objectives of policy, regulation, and supervision of the financial sector: stability (S), *integrity* (I), and consumer *protection* (P) (collectively, the I-SIP linkages) are critical to shift the thinking of country-level policy makers, the Standard-Setting Bodies (SSBs), and other global actors.

CGAP's role as lead Implementing Partner for the SSBs work stream of the G20's **Global Partnership for Financial Inclusion** (GPMI) offers the opportunity to leverage the G20's influence. In FY2014, at the recommendation of the GPMI, the G20 leaders called on the SSBs to continue their progress to integrate consideration of financial inclusion in their work, including through engagement with the GPMI on emerging issues in financial inclusion of relevance to multiple SSBs, such as those arising with digital approaches to financial inclusion. In FY2015 we will make use of opportunities to bring the SSBs and other global bodies to deepened understanding of financial inclusion and foster a less siloed approach to standard setting. Through improved understanding of I-SIP linkages in several reference markets, we will continue to foster more proportionate regulation and in turn provide better evidence for SSB standards and guidance.

8

PROTECTING CUSTOMERS

The Protecting Customers Initiative aims to develop effective, behaviorally informed consumer protection strategies that are practical and cost-effective to implement and respond to rapid innovations in financial inclusion products, channels, and business models. In FY2014 we published a Focus Note that illustrated how **consumer and behavioral research insights** could be applied to strengthen consumer protection policy and regulation in key areas such as disclosure, complaints handling, and responsible lending. An important part of the evidence was findings from **“mystery shopping”** of providers’ actual practices through a streamlined and relatively low-cost tool that CGAP developed and is now being used by others. In another Focus Note we offered practical guidance on how to make **recourse systems** more accessible and meaningful for base-of-the-pyramid consumers. In FY2015 we will apply new behavioral research methods, in partnership with policy makers in two to three reference markets, to test and implement more effective approaches to complaints handling and responsible lending.

Increasingly, financial services are delivered to previously underserved consumers through use of digital technologies. A new CGAP work stream seeks to build the evidence base and menu of industry and policy solutions to address evolving consumer risks in markets that are experiencing rapid innovation in ser-



vices, channels, and business models. In FY2015, CGAP’s work in this new area will focus on building a cross-country comparative evidence base through deep dives in four markets, developing a robust framework for analyzing specific risks and solutions that mitigate them, and engaging with key reference firms and forward-looking policy makers to motivate practical action. This will include technical leadership on the first global convening of industry players, policy makers, consumer advocates, and researchers on **responsible digital finance**.

9

GUIDANCE FOR FUNDERS

The Guidance for Funders Initiative focuses on developing concrete operational guidance for funders on how to support financial inclusion using a market development approach. The Initiative builds on the lessons CGAP, its members, and the broader industry have learned in the past years on **funder effectiveness** and funding flows, including the SmartAid Index, the CGAP Funder Survey, and research on the role of funders in market development.

To achieve universal financial inclusion, existing market barriers that prevent the poor from accessing and using financial services need to be addressed. This requires funders to take a systemic market development approach that goes beyond funding financial service providers, and aims to address the root causes of exclusion. There is a growing discourse among funders about the relevance and applicability of a market development approach to financial inclusion; however, implementing such an approach in practice is challenging and often questions existing institutional structures and incentives within funding agencies. **“Facilitating Market Development to Advance Financial Inclusion”** presented the rationale and introduced the ways in which this approach can be applied for financial inclusion. To operationalize these messages further, in FY2015 the Initiative is prioritizing a consultative process for updating the “Good Practice Guidelines for Funders of Microfinance.” Additionally, more detailed guidance on how funders can



facilitate markets for **capacity building** services and how specific funder segments (such as **development finance institutions**) and funding instruments (such as **equity**) can be used to support market development is planned.

Data on **funding flows** remain a priority for our funder-related work as it helps to guide the funding community on where funding is allocated and where there may be potential gaps.



10

MEASURING MARKET DEVELOPMENT

The Measuring Market Development Initiative aims to improve decision-making by funders and market actors to benefit poor customers. A primary audience for the Initiative is the donor community because donors typically **fund data** and impact research and evaluations and are interested in finding and applying innovative ways to measure inclusive market development and their contribution to it.

In FY2015 we will be engaging with donors and industry experts on financial inclusion measurement, evaluation, and research. We will develop an industry-wide learning agenda focusing on evidence knowledge gaps and how to best close the gaps through a combination of consultation, documentation, synthesis of the latest impact, effectiveness literature, and impact learning events.

We will also explore ways to measure inclusive financial market development and donors' contribution to such development through facilitators. The lessons and results of these partnerships are meant to demonstrate success cases on new measurement approaches and tools for replication in other countries by key stakeholders.



REGIONAL REPRESENTATION

With a global learning agenda focused on the highest potential impact areas, CGAP's regional representation work is structured largely thematically to help us remain connected to the ground while also disseminating global evidence. During CGAP V we are expanding our regional presence in particular to focus on building inclusive payment ecosystems: we are focusing on nine countries in Anglophone Africa and South Asia to create country success cases on digital payments. In those countries we will work directly with providers, policy makers and governments as well as a broad cross-section of CGAP members. This work is encompassed in the Inclusive Payment Ecosystems Initiative.

Regional representation helps to advance CGAP Initiatives' learning agendas at a local and regional level. CGAP regional representatives deepen outreach and advocacy efforts, collect on-the-ground market intelligence, and integrate local priorities into CGAP's global agenda. They serve as two-way communications between CGAP and the field and work closely with several Initiatives.

KNOWLEDGE PRODUCTS DISSEMINATION AND COMMUNITY BUILDING

CGAP's communications efforts make full use of a broad spectrum of multimedia and other communications tools to advance knowledge and solutions that promote responsible, sustainable, and inclusive financial markets. This targeted communications work will help shape the financial inclusion landscape in general and influence policy makers and others through consistent, clear messaging across CGAP's Initiatives.





Highlights for FY2014 included the launching the new **Microfinance Gateway** website as well as planning for an online learning platform targeting sub-Saharan Africa. CGAP.org continues to feature high-quality **videos** to communicate our messaging and will continue to explore the use of cutting-edge multimedia tools in support of the **CGAP V strategy**.

The Microfinance Gateway is your global resource on financial inclusion.

[Learn More](#)

BROWSE OUR LIBRARY
8404
papers, case studies, and toolkits updated daily.
[Get Started >](#)

FIND A JOB
93
employment and internship positions currently open.
[Get Started >](#)

ATTEND AN EVENT
28
training and event opportunities are coming up.
[Get Started >](#)

FY 2014 PUBLICATIONS

BRIEFS

- Where Do Impact Investing and Microfinance Meet? (July 2013)
- Lessons Learned from the Moroccan Crisis (Aug 2013)
- Designing Customer-Centric Branchless Banking Offerings (Dec 2013)
- Trends in International Funding for Financial Inclusion (Dec 2013)
- The Emerging Global Landscape of Mobile Microinsurance (Jan 2014)
- Bitcoin vs Electronic Money (Jan 2014)
- Embedding Social Performance Management in Financial Service Delivery (May 2014)
- Customer-Centricity for Financial Inclusion (June 2014)

FOCUS NOTES

- A Microcredit Crisis Averted: The Case of Bangladesh (July 2013)
- Microfinance and Mobile Banking: Blurring the Lines? (Aug 2013)
- Facilitating Market Development to Advance Financial Inclusion (Oct 2013)
- Making Recourse Work for Base-of-the-Pyramid Financial Consumers (Dec 2013)
- Managing Failing Deposit-Taking Institutions (Dec 2013)
- Financial Inclusion and Development: Recent Impact Evidence (Apr 2014)
- Electronic G2P Payments: Evidence from Four Lower-Income Countries (May 2014)
- Applying Behavioral Insights in Consumer Protection Policy (June 2014)
- The Business Case for Youth Savings: A Framework (June 2014)
- Serving Smallholder Farmers: Recent Developments in Digital Finance (June 2014)

FORUMS

- Microcredit Interest Rates and Their Determinants: 2004–2011 (July 2013)
- Financial Access 2012 (July 2013)
- Greenfield MFIs in Sub-Saharan Africa (Feb 2014)
- The Art of the Responsible Exit in Microfinance Equity Sales (Apr 2014)

TECHNICAL GUIDES

- Implementing Consumer Protection (Aug 2013)
- SmartAid Index 2014 (July 2014)



GOVERNANCE STRUCTURE

CGAP has an autonomous governance structure that consists of the **Council of Governors** (CG) of member donors and the **Executive Committee** (Excom). Housed within the World Bank Group, the Operational Team implements CGAP's activities.

The CG is CGAP's highest governing body. It is responsible for setting CGAP's broad policies and strategic directions, approving CGAP's five-years strategic frameworks, providing inputs on and approving CGAP's annual workplan and budget, and determining the extension or disbandment of CGAP. The CG currently has more than 34 **members**; these include bilateral and multilateral development agencies, regional development banks, development finance institutions, and private foundations.

The ExCom functions as CGAP's advisory board. It advises and is accountable to the CG, and serves as a communications link between CG members and the Operational Team. The ExCom provides strategic guidance to CGAP on its five-year strategic framework and associated results framework. It recommends to the CG approval of the CGAP annual workplan and budget, and reviews the implementation of the approved workplan and budget and achievements of results. The ExCom is composed of representatives of the CG and of leading financial inclusion practitioners.

The Operational Team, headed by CGAP's chief executive officer, is responsible for implementing CGAP's activities and programs. CGAP's main offices are in Washington, D.C., and Paris, France.

EXECUTIVE COMMITTEE MEMBERS

Kazuto Tsuji, Chair (JICA)

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Edvardas Bumšteinas (EIB)

Renée Chao-Béroff (PAMIGA)*

Anniken Esbensen (Norway)

Margaret Grosh (World Bank)

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Nick Hughes (M-KOPA)

Ann J. Miles (The MasterCard Foundation)

Daphne Motsepe (Unsecured Lending Absa)

Muna Sukhtian (MicroFund for Women)

Carolina Trivelli (ASBANC [Peruvian Bank Association])

Rodger Voorhies (Bill & Melinda Gates Foundation)*

Tilman Ehrbeck, Ex-officio, CGAP CEO



*Committee appointment ended during FY 2014.

CGAP MEMBER DONORS

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SWITZERLAND
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UNITED STATES
Jennefer Sebstad, Ryder Rogers, Priya Jaisinghani,
and Kathleen McGowan

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WORLD BANK
Klaus Tilmes, Simon Bell, Margaret Grosh,
Douglas Pearce, and Gaiv Tata

CGAP's FINANCIAL POSITION

Housed at the World Bank, CGAP operates within the World Bank's legal, financial, and administrative environments; it follows the World Bank's fiscal year which ends on 30 June. Although CGAP financial reports are unaudited, all CGAP activities and resource use are subject to the World Bank Group's annual single audit exercise. Transactions underlying these reports are reviewed as part of the World Bank Group's ongoing quality assurance mechanisms.

This is a summary of CGAP's high-level financial results for the period 1 July 2013 to 30 June 2014 (FY2014), year one of the CGAP V implementation. Table 1 shows donor contributions by donor for FY2013 and FY2014, and includes a preliminary outlook for donor contributions for FY2015. Table 2 shows CGAP's financial position for the years FY2013 and FY2014. It also shows expenses by category of expense for FY2013 and FY2014 and by area of work for FY2014. Expense by area of work is shown only for FY2014 because that was the first year of CGAP V implementation and marked the start of new strategic priorities and supporting initiative structure.

KEY FINANCIAL RESULTS FOR FISCAL YEAR 2014, ENDING ON 30 JUNE 2014

DONOR CONTRIBUTIONS. CGAP members continued to demonstrate commitment to CGAP's mission and objectives through sustained funding in FY2014. Donor Contributions in FY2014 totaled \$23 million, largely unchanged from FY2013, but up significantly from the preliminary outlook of \$16.5 million presented at the May 2013 Annual Council of Governors Meeting. NB: Donor contributions comprise pledges made by donors for a given fiscal year. They do not necessarily reflect cash received since donors may choose to prepay in one year, multi-year pledges. On the other hand, a donor might pledge a contribution for a given fiscal year, and launch the process for making the cash payment, but payment might be received only after 30 June, the close of the fiscal year.

The increase in contributions from the preliminary outlook was the net result of (a) higher than projected pledges from France, Ford Foundation, Canada, Bill & Melinda Gates Foundation, the MasterCard Foundation, Sweden, and the United States; (b) lower than projected pledges from IADB and Norway, (c) shifting pledge year from FY2014 to FY2015 for the European Commission and DFID, and from FY2013 to FY2014 for the African Development Bank, and (d) the addition of a new partner and associated pledge—MetLife Foundation.

In some FY2014 pledges remained receivable into FY2015 pending finalization of the multidonor trust fund instrument for core contributions. The instrument was finalized and became effective in early FY2015.

EXPENSES. Expenses in FY2014 totaled \$22.4 million compared to \$20.7 million projected at the May 2013 Annual Meeting. The increase in expenses was enabled by the increase in funding available; all activities undertaken were consistent with the agreed work program, which included overlapping efforts of concluding residual CGAP IV activities and start-up of CGAP V activities. Regarding distribution of expenses by area of work—88 percent of total expenses were utilized for program activities, and 12 percent were for corporate and other activities.

CASH BALANCE AT END FY2014: The cash balance across all CGAP trust fund instruments totaled \$29.0 million at end-FY2014, of which \$7.4 million was in commitments not yet paid by 30 June 2014. The FY2014 closing uncommitted cash balance was \$21.6 million. The relatively high cash balance was the result of payment in mid-FY2014 of a contribution amount covering activities expected to be transferred in two years—FY2014 and FY2015.

**DONOR
CONTRIBUTIONS,
FY2013 AND FY2014,
AND FY2015**

(Preliminary Outlook)

TABLE 1	FY2013	FY2014	FY2015
World Bank	2,520	1,600	1,600
France / AFD / Treasury	377	520	520
African Development Bank	—	120	100
Asian Development Bank	—	—	—
Australia	1,041	1,127	1,000
Canada	256	273	272
Citi Foundation	250	250	250
Michael & Susan Dell Foundation	100	100	100
Denmark	575	613	600
EBRD	—	—	—
European Commission	1,000	—	690
European Investment Bank	265	272	272
Finland	190	—	—
Ford Foundation	—	295	200
Bill & Melinda Gates Foundation	500	6,500	4,000
Germany / BMZ	537	544	381
IADB/MIF	100	100	100
IFAD	500	500	500
IFC	450	450	300
ILO	—	—	—
Italy	—	—	—
Japan	300	300	300
Luxembourg	538	532	532
Mastercard Foundation	500	1,000	1,000
MetLife Foundation	—	167	167
Netherlands	400	1,000	1,000
Norway	807	411	411
Omidyar Network	300	300	300
Spain	—	—	—
Sweden	467	770	770
Switzerland	319	330	330
UNCDF	125	125	100
United Kingdom	800	—	3,565
United States	200	400	400
Core	13,417	18,598	19,760
DETAILS : TARGETED CONTRIBUTION			
Australia			200
Bill & Melinda Gates Foundation	1,750		
Germany / GIZ	717	134	
Mastercard Foundation	4,448	2,098	2,029
Mastercard Foundation (Gateway Academy)			1,649
United Kingdom	2,884	2,136	1,003
TOTAL TARGETED CONTRIBUTION	9,798	4,368	4,880
Total	23,215	22,966	24,640

NOTES:

Contributions with donor pledge are italicized.

Contributions with signed administrative agreement but not yet received are italicized and bolded.

Contributions received are shaded (light green) and bolded.

Contributions in "black" are assumed pledge based on historical trend.

CGAP FINANCIAL POSITION (\$000)

Fiscal year ending 30 June 2013 and 30 June 2014

TABLE 2	FY13 Actual July 2012–June 2013	FY14 Actual July 2013–June 2014
AVAILABLE RESOURCES		
Uncommitted cash balance at 1 July 2012	22,294	
Uncommitted cash balance at 1 July 2013		25,275
Commitment Balance at 1 July 2013		4,028
Donor contributions received in FY2014		21,723
Fund received from FPDVP	150	
Reflows from previously committed grants	270	315
Interest Income	149	130
Total Available Resources	22,863	51,471
EXPENSES BY EXPENSE CATEGORY		
Staff Salaries & Benefits	7,301	7,978
Field Assignment Benefits		140
Office occupancy and staff related IT support	1,344	972
Web related IT support	597	826
Consultant fees	2,500	3,200
Travel Expenses	1,964	2,453
Grants	1,788	255
Contractual / Firm services	3,336	5,557
Other operating expenses	418	343
Total Expenses	19,247	21,726
Administrative Fee	845	668
Total Expenses including Administrative Fee	20,093	22,393
Commitment balance at the end of fiscal year		7,437
Cash balance at the end of fiscal year		21,640

CGAP FINANCIAL POSITION (\$000)

Fiscal year ending 30 June 2013 and 30 June 2014

TABLE 2, <i>continued</i>	FY14
EXPENSES BY AREA OF WORK	
Strategic Priorities/Initiatives	
Understanding Demand to Effectively Deliver for the Poor	2,404
Customers at the Center	
Graduating the Poor	
Innovating for Smallholder Families	873
Developing Robust Provider Ecosystems	7,981
Inclusive Payments Ecosystems	
Products beyond Payments	
Digital Finance +	
Building an Enabling and Protective Policy Environment Globally	1,963
Global Policy Architecture	
Protecting Customers	
Promoting Effective and Responsible Funding for Financial Inclusion	1,195
Guidance for Funders	
Measuring Market Development	
Regional Representatives	1,375
Knowledge Product Dissemination & Community Building	3,419
Comms & Publications, incl printing and translation	
Microfinance Gateway	
Information Technology Platform	
Subtotal Strategic Priorities/Initiatives	19,210
CORPORATE & OTHER	
Boulder Scholarships	109
CG/Excom Meeting	309
Staff Training & Retreats	184
Management, Administration, and Monitoring, Learning & Evaluation	1,913
Subtotal Corporate & Other	2,515
Total Program Expenses	21,726
Administrative Fee	668
Grand Total including Administrative Fee	22,393

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