FOCUS NOTE

CGAP Funder Survey 2022

Trends in International Funding for Financial Inclusion

March 2024 • **Molly Tolzmann**

CGAP

Acknowledgments

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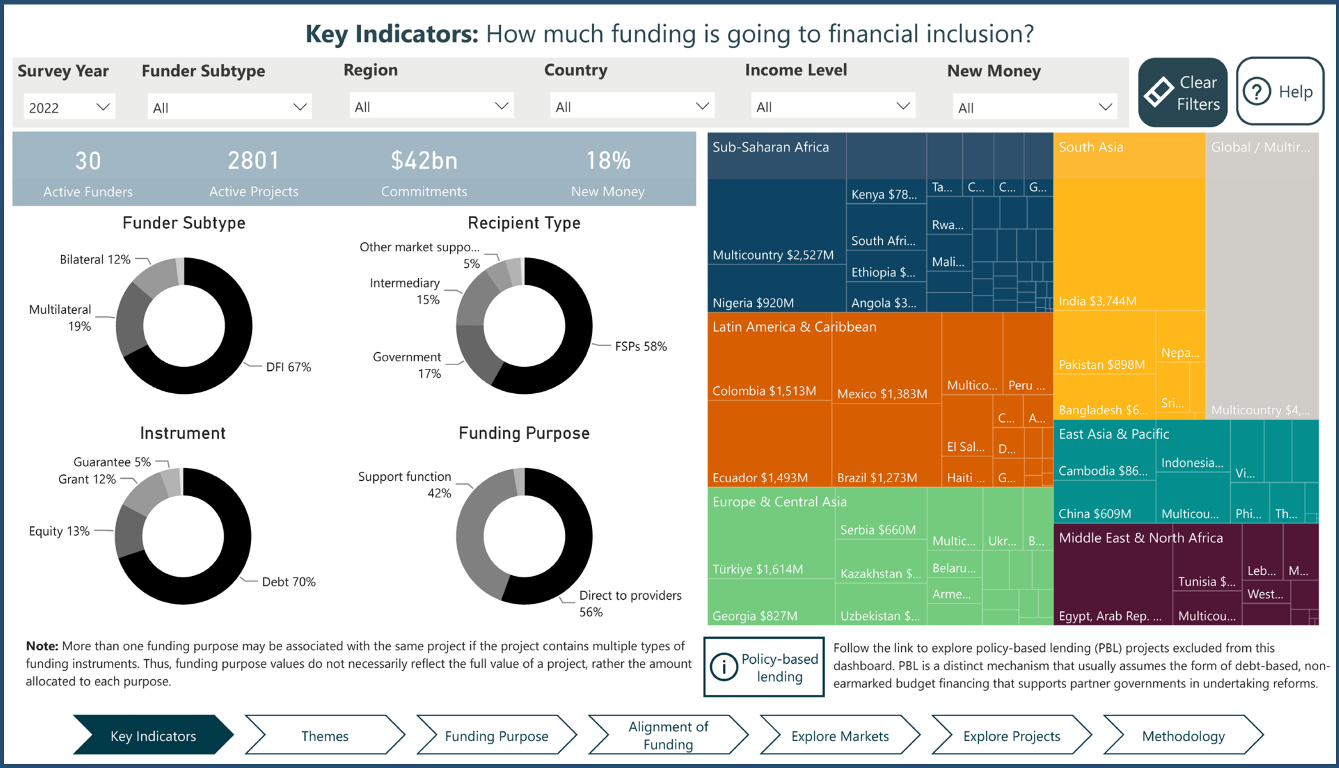
Cover photo by Ana Caroline de Lima.

Learn more and use the CGAP Funder Survey data

CGAP's interactive Funding Explorer and shareable Data Snapshots allow deeper exploration of the following questions:

- How much international funding is going to support financial inclusion?
- What do funders fund? (themes, funding purpose)
- Who do they fund? (recipients)
- How do they fund? (funding instruments)
- Where do they fund? (geographic allocation of funding)

View and explore the data at cgap.org/fundersurvey.



Contents

Acronyms list

AUM	assets under management
CAGR	compound annual growth rate
DAC	Development Assistance Committee
DFC	Development Finance Corporation
DFI	development finance institution
DFS	digital financial services
DPO	development policy operations
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
FI	financial inclusion
FSP	financial services provider
IATI	International Aid Transparency Initiative
IDB	Inter-American Development Bank
JICA	Japan International Cooperation Agency
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
MIV	microfinance investment vehicle
MSEs	micro and small enterprises
NGO	nongovernmental organization
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PAIF	private asset impact fund
PBL	policy-based lending
SSA	Sub-Saharan Africa
SA	South Asia
WEE	women’s economic empowerment
WFI	women’s financial inclusion

Executive Summary

INTERNATIONAL FUNDERS COMMITTED AN estimated US$74 billion for financial inclusion in 2022 (+8 percent over 2021 figures), with steady growth from both private and public funders after two years of fluctuations in the context of the COVID-19 pandemic.

In 2022, development finance institutions (DFIs) showed the strongest growth (+14 percent over 2021) and continue to dominate the public funding landscape. As DFIs provide most of their funding as debt, they helped to drive the overall debt share of financial inclusion funding to an all-time high. For the first time, in 2022, half of all public funding for financial inclusion took the form of debt to financial services providers (FSPs). This indicates that public funders—especially DFIs—are finding more investable opportunities, although public funders need to monitor the additionality of their funding and ensure they are not crowding out potential commercial financing.

While Sub-Saharan Africa (SSA) continues to receive more funding than any other region, in 2022, funding to Latin America and the Caribbean (LAC) grew substantially (+49 percent over 2021) to nearly match SSA in share of total commitments. Growth was again driven by DFIs. Many of the largest projects in the region made specific reference to supporting continued economic recovery in the wake of the pandemic.

Funders are showing growing interest in how they can support climate objectives within their financial inclusion programming. Fourteen percent of financial inclusion projects were tagged to a green/climate thematic objective in 2022, more than twice the number and proportion of financial inclusion projects tagged as recently as 2020. Additionally, for the first time, more than a third of projects were tagged to women's financial inclusion (WFI). Funders' continued focus on women is all the more important in the context of the climate crisis, given that women are particularly vulnerable.

Given the dramatic changes in the sector and the funding landscape in recent years, there is high interest from many stakeholders in mapping financial inclusion funding flows in new ways. Further investigations by CGAP and others are underway to understand what transparency for impact could look like in the years ahead.

Public and private funding for financial inclusion grew steadily in 2022

TOTAL INTERNATIONAL COMMITMENTS for financial inclusion reached US$74 billion in 2022, according to the CGAP Cross-Border Funder Survey—an 8 percent increase from the prior year.[1] Public funders accounted for $49 billion in commitments and private funders $25 billion (see Figure 1).[2]

Both public and private funding trends appear to have stabilized after two years of growth swings in the context of the pandemic. Private funding for financial inclusion grew by 7 percent between 2021 and 2022, driven by growth among private impact investors and signaling their continued interest in the sector. This followed stronger levels of growth recorded in 2021, which likely reflected a rebound of investment activities that had been paused early in the pandemic. Flat growth in private funding in 2020 was previously attributed to pandemic effects. Trends in private funding for financial inclusion in 2022 aligned with those more broadly seen in the impact fund space, with Tameo Impact Fund Solutions reporting approximately 6 percent growth in emerging-market-oriented private asset impact funds (PAIFs) across all sectors in 2022 (Estoppey and Narayanan 2024). Private investment in financial inclusion continues to diversify, with microfinance exposures increasingly found in other sectoral funds. At the same time, funds with a microfinance focus are increasingly allocating assets to other sectors as well.

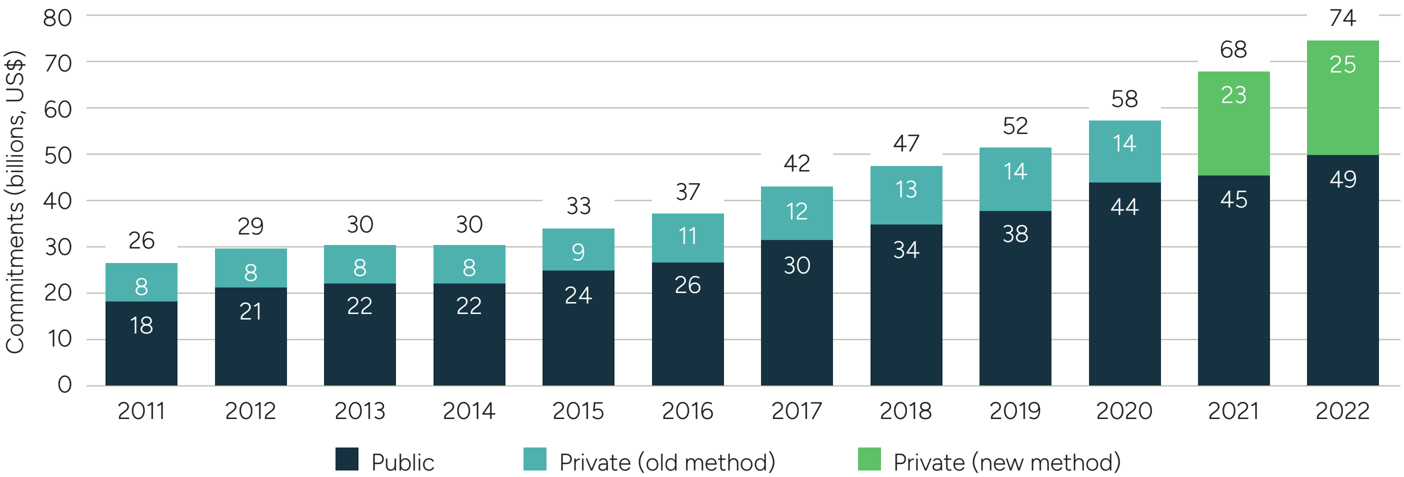
Public funding for financial inclusion grew by almost 10 percent between 2021 and 2022, with particularly strong growth from development finance institutions (DFIs).[3] In the past few years, public funders modeled an inverse trajectory to private funders, recording high growth in 2020 in the context of immediate pandemic response which was then counterbalanced by nearly flat growth in 2021. On balance, 2022 represented a return to public funding growth patterns on par with the recent pre-pandemic past.

1 Unless otherwise noted, all figures in this paper are provided in U.S. dollars (US$). Figures have been converted from their original funding currency to US$ using end-of-year exchange rates. Unless otherwise noted, figures refer to the total value of commitments (assets under management [AUM] for private investors) across all projects and investments active at any point between January 1 and December 31 in the survey year, based on approval/signing and closure dates. Figures do not only reflect new money in a given year and cannot be interpreted as additive. For information on the CGAP Funder Survey and global estimate methodology, please see the Methodology Note on page 17 or refer to the CGAP Cross-Border Funder Survey Methodology at https://www.cgap.org/sites/default/files/2024-02/CGAP_Funder_Survey_2023_Methodology.pdf.

2 Public funders include DFIs and bilateral and multilateral development agencies. Private funders include foundations and other private institutional investors, retail investors, and high-net-worth individuals. The private estimate is largely based on microfinance exposures within impact investment vehicles (i.e., funds) in emerging markets. For additional information on the size of the private asset impact fund universe within the broader universe of sustainable finance, see Estoppey and Narayanan (2024).

3 See Box 2 for insights on policy-based lending, which is excluded from the global estimate.

FIGURE 1. **Global estimate of international commitments for financial inclusion, 2011–2022 (billions, US$)**



Note: Changes to the methodology for estimating private funding for financial inclusion in 2021 means that numbers for 2021–2022 are not directly comparable to previous years. Policy-based lending is excluded from the global estimate.

Sources: CGAP Funder Survey 2011–2022 (see http://cgap.org/fundersurvey to explore data in greater detail); Symbiotics MIV Survey 2011–2019, Symbiotics PAIF Report 2020, and Tameo Impact Fund Solutions PAIF Report 2021–2023 (see Estoppey and Narayanan 2024).

BOX 1. **Exchange rate impacts**

The British Pound fell approximately 10 percent against the U.S. dollar in 2022, and most other major currencies also recorded a relative decline in that year. This depreciation complicates analysis of CGAP Funder Survey data, which uses year-end exchange rates to convert commitments from their original currencies to report trends in U.S. dollars. Many projects are multi-year and exchange rate effects may average out over their lifetime. Funders may also adjust commitments in response. Single-year exchange impacts may be relatively insignificant in the long run but still require attention in annual trend analysis.

Overall exchange rate impacts on the 2022 Funder Survey sample were slightly milder than those seen in 2021, although still notable. Across the dataset, exchange rate impacts were calculated at -2.5 percent for public funders in 2022, meaning the 9.5 percent public growth reported in U.S. dollars would have been 2.5 percentage points higher absent currency fluctuations. Bilateral funders were especially affected, given that most bilateral funders in CGAP's sample make some or all of their commitments in a non-dollar currency.

Note: All figures in this paper are based on end-of-year exchange rates.

Funding from DFIs increased substantially in 2022 and DFIs continue to dominate the public financial inclusion funding landscape. DFIs accounted for over $28 billion of commitments in 2022, a 14 percent increase over 2021 (17 percent in nominal terms when accounting for a -3 percent exchange rate impact; see Box 1).[4] Bilateral funders recorded 4 percent growth in financial inclusion funding between 2021 and 2022 (12 percent in nominal terms). Multilateral funding declined by 1 percent between 2021 and 2022.

4 Beyond the top-line global estimate, unless otherwise noted the data presented in this paper is based on the core set of projects captured by the 2022 CGAP Funder Survey and calibrated to the n=30 set of funder respondents that offer the highest level of accuracy in time series analysis. For 2022, this was a denominator of $41.6 billion in commitments contributed across 2,801 projects out of $46.2 billion, and 3,377 projects in CGAP's broader n=47 set, plus the 44 additional policy-based lending projects discussed in Box 2. See the Methodology Note on page 17 for additional information.

BOX 2. **The use of policy-based lending in financial inclusion**

As detailed in previous editions of the CGAP Funder Survey (e.g., Tolzmann 2023), some public funders—most frequently multilateral funders—employ a funding mechanism known as policy-based lending (PBL) as a means to support partner governments to achieve sustainable development outcomes. Such funding may also be referred to as development policy operations (DPO), budget support, and other related terms.

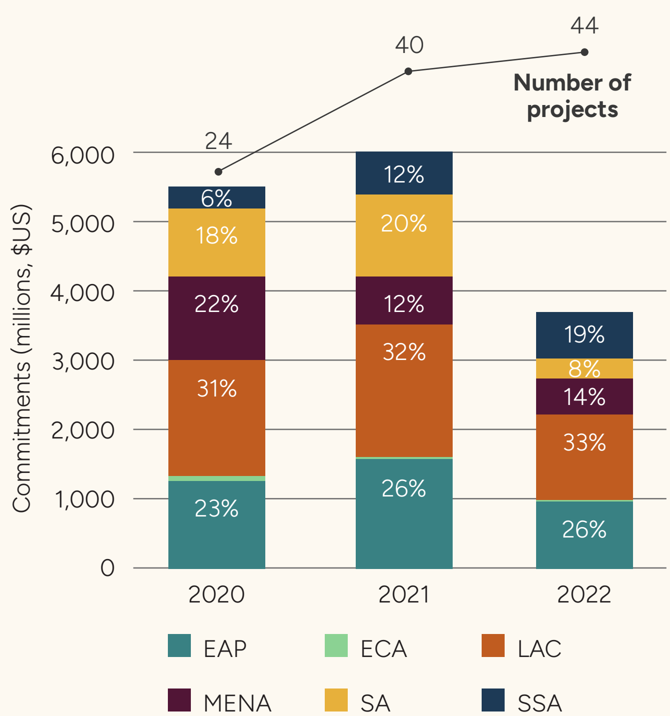
PBL is a distinct mechanism that usually assumes the form of debt-based, non-earmarked budget financing that supports partner governments in undertaking reforms. Because it represents fungible (albeit conditional) liquidity for the recipient rather than defined project activities, values identified as PBL are currently excluded from the global estimate of financial inclusion funding per the CGAP Funder Survey methodology.

Nevertheless, this type of programming plays an important role in advancing financial inclusion and is a crucial component of many funder portfolios. The World Bank alone committed nearly $12 billion to financial inclusion via PBL activities from 2014 to mid-2022, virtually equivalent to its non-PBL commitments during the same period. A recent evaluation of World Bank financial inclusion activities noted that PBL was heavily used to support payments, insurance, savings, policy reform, and reform of upstream institutions. Approximately 70 percent of World Bank funding for digital financial services (DFS) during the evaluation period was delivered via PBL. Overall, the evaluation found that PBL has proven effective in a number of different deployments, although not universally so nor significantly more so than other types of activities and funding mechanisms (World Bank 2023).

The 2022 CGAP Funder Survey uncovered 44 active PBL projects with some connection to financial inclusion objectives, totaling approximately $4 billion in identifiable financial inclusion components. While this is a lower volume of PBL funding for financial inclusion compared to 2021, its spread across a growing number of individual projects (see Figure 2) indicates PBL's continued deployment in new and different contexts. For the third straight year, multilateral funders approved a greater amount of new PBL commitments connected to financial inclusion than non-PBL commitments. Based on a preliminary scan of 2023 data, the CGAP Funder Survey forecasts that the trend will continue.

In this context, it is even more important to track these projects to get a full picture of the diversity and depth of financial inclusion operations around the world. However, comparing them directly to the other types of programming included in the CGAP Funder Survey is complicated. First, for the reasons outlined above, they comprise a fundamentally different type of programming and logically need to remain differentiated from other public flows (e.g., the separate treatment given in the World Bank evaluation highlighted above).

FIGURE 2. **Trends in policy-based lending in financial inclusion, 2020–2022**



Notes: Percentages may not sum to 100 percent due to rounding. n=5 funders with applicable projects.

Source: CGAP Funder Survey 2020–2022. To explore data in greater detail, please see http://cgap.org/fundersurvey.

BOX 2. **The use of policy-based lending in financial inclusion** (continued)

Second, tracking PBL in a way that would facilitate its inclusion as a distinct third category of funding within CGAP's global estimate is complicated by other issues in the current data landscape, including:

- Different funders deploy different terminologies and varied ways of signaling PBL activities in project documentation, which can make them difficult to identify. Funders that use obvious keywords in project titles or include relevant, filterable fields in project databases to sort by funding mechanism can facilitate efficient and comprehensive PBL tracking.
- The departments responsible for allocating PBL within a given funder's wider development budget may be entirely separate from those that handle standard financial inclusion programming. Knowing who is the primary provider/owner of a given funder's PBL data is critically important to gauging the full size of the funding universe.
- Once relevant projects are identified, it is not always possible to precisely segment their financial inclusion component(s) in order to count only the relevant portion of a broader PBL activity. Funders that provide sectoral breakdowns of PBL projects or give detailed budget breakdowns per project objective can make market sizing possible and more efficient—although precise budget breakdowns may be malleable and may not even exist for all PBL projects, given their typically fungible nature.

Combined, these factors currently make it difficult to project an "estimate" for a global universe of PBL funding for financial inclusion beyond that which can be directly captured in the CGAP Funder Survey. CGAP and other aid transparency actors are working to enhance approaches to measuring PBL and may have new ways to approach such analysis in future work on funding flows.

As to public development financing writ large, the Organisation for Economic Co-operation and Development (OECD) reported that total official development assistance (ODA) rose by 13.6 percent in real terms in 2022 compared to 2021, although growth measured only 4.6 percent when in-donor refugee costs were excluded (OECD 2023). ODA is not directly comparable to the public flows captured in the CGAP Funder Survey, although it offers a rough benchmark, and the comparative growth rates suggest that financial inclusion remains a relative priority for funders at a moment with many competing international development imperatives. A qualitative supplement to the CGAP Funder Survey confirmed this, with most public funders saying that financial inclusion remains a strategic priority at least on par with other sectors.

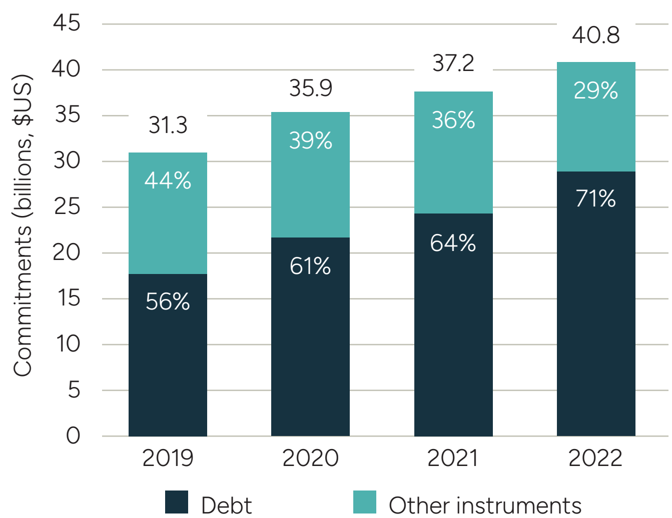
Public funders increasingly use debt to support financial inclusion

IN 2022, 71 PERCENT OF ALL PUBLIC funding was comprised of debt—the first time the debt share of public commitments surpassed 70 percent. Debt funding notably grew by 21 percent in 2022, surpassing $29 billion (see Figure 3). Of new commitments approved in 2022, 88 percent was given as debt. Debt has been the only funding instrument to consistently increase in recent years.

Among public funders, multilateral funders typically give the highest share of funding as debt (in 2022, 82 percent of multilateral commitments were debt). However, multilateral volumes ($7.8 billion in 2022) were lower than DFI volumes, so their activities did not influence 2022 debt growth to nearly the same degree as DFIs. In 2022, 76 percent of DFI commitments were given as debt.

The nature of multilateral debt is very different from DFI debt (see Table 1). Most debt given by multilaterals takes the form of loans to governments, which accounted for 58 percent of their debt funding and 48 percent of all multilateral funding in 2022. These loans, which typically have longer maturity, can be used for purposes including on-lending to retail providers through apexes and other intermediaries and strengthening the market infrastructure and policy environment. While such funding can contribute to key market development objectives, direct lending to governments risks subsidizing functions the local government or the market could provide on their own. External funding may also decrease incentives for the sustainable provision of these supporting functions.

FIGURE 3. **Public commitments for financial inclusion by funding instrument, 2019–2022**



Source: CGAP Funder Survey 2019–2022, n=26 funders. To explore data in greater detail, please see http://cgap.org/fundersurvey.

For the first time, in 2022, half of all public funding for financial inclusion took the form of debt given directly to financial services providers (FSPs)—a major milestone. DFIs give most of their debt to FSPs, accounting for 62 percent of all DFI funding in 2022. DFIs gave $17.3 billion as debt to FSPs in 2022, more than double the total amount of multilateral funding. Debt is often used to finance the growth of retail providers and is repaid to the funder within a predetermined time frame at concessional or market-rate terms. Loans can help build a repayment track record for future funding from international and

TABLE 1. **Public funding for financial inclusion in 2022 by funder subtype and instrument (billions, US$)**

Funder subtype	2022 commitments	Debt funding	Debt to FSPs	Debt to government	Debt to other recipients*	Non-debt commitments
DFI	28.1	21.4	17.3	2.1	2.0	6.7
Multilateral	7.8	6.4	2.3	3.7	0.4	1.4
Bilateral	5.0	1.2	0.9	0.0	0.3	3.8
Total	**40.9**	**29.0**	**20.5**	**5.8**	**2.7**	**11.9**
Percentage of total public funding		71%	50%	14%	7%	29%

* Other recipients include intermediaries, multilateral and bilateral development programs, other market support actors like NGOs and market facilitators, and others not captured by one of these categories. To explore recipient breakdowns in greater detail, please see http://cgap.org/fundersurvey.

Source: CGAP Funder Survey 2022, n=26 funders.

local commercial sources. However, subsidized loans risk crowding out the development of commercial sources, and public funders need to make sure their funding is additional.

It appears that many funders are conscious of these risks. In a qualitative supplement to the 2022 CGAP Funder Survey, financial inclusion funders rated the de-risking of lending (to facilitate increased investment, especially from private actors) as the most important funding priority for the next five years. Furthermore, 23 of 25 organizations surveyed said they are currently working to identify the development additionality and/or the financial additionality of their interventions.[5] One DFI reporting to the 2022 CGAP Funder Survey noted: **"We expect our microfinance lending portfolio to decrease, which is perfectly in line with our strategic views. As there are so many new players in this arena, particularly private sector actors, we feel that our mission as a DFI has to change. Financial inclusion still plays an important role in our portfolio, but we look to shift our portfolio focus more to outreach to specific target groups (particularly women) and connected topics (climate risks, energy efficiency, food security, and the like)."**[6]

Impactful decisions about funding allocations and innovation in the use of different instruments will require continued and deeper insights into financial sector development needs, the activities of other funders, and private sector appetite in emerging markets.

5 In alignment with the OECD Development Assistance Committee (DAC) Blended Finance Principles, development additionality refers to the development impact of an investment that would not have occurred without the funder's intervention. Financial additionality refers to activities that could not be financed from private capital markets with similar terms or quantities and for similar developmental purposes without the funder's support, or mobilizing investment from the private sector that otherwise would not have invested. See https://www.oecd.org/dac/financing-sustainable-development/blended-finance-principles/ for more information.

6 Quote has been edited for readability and to maintain confidentiality.

Funding in Latin America and the Caribbean dramatically expanded in 2022

SINCE 2019, SUB-SAHARAN AFRICA (SSA) has received more funding for financial inclusion than any other region. It retained that top spot in 2022, accounting for 21 percent ($8.6 billion) of commitments. Funding to SSA grew by 9 percent over 2021, on par with total funding growth. Russia's invasion of Ukraine had no clear effects on financial inclusion funding in 2022.

The most notable regional trend in 2022 was the rise of Latin America and the Caribbean (LAC), which surpassed Europe and Central Asia (ECA) in funding for the first time and nearly equaled that of SSA, accounting for 20 percent of total commitments ($8.4 billion; see Figure 4). This represents an astonishing 49 percent growth in funding to LAC between 2021 and 2022. Overall, funding to the region has more than tripled since 2015. LAC has outpaced the growth rate of all other regions and growth in total funding for financial inclusion, which did not quite double during the same period (see Table 2). Five markets accounted for over 90 percent of new LAC commitments in 2022: Colombia (30 percent), Ecuador (27 percent), Mexico (16 percent), Brazil (14 percent), and Peru (6 percent).

While some of the growth in funding to LAC can be attributed to funders with a specific regional mandate, such as IDB Invest, many funders with a broader global portfolio also increased their LAC activities in 2022, including the U.S. International Development Finance Corporation (DFC) and the Japan International Cooperation Agency (JICA).

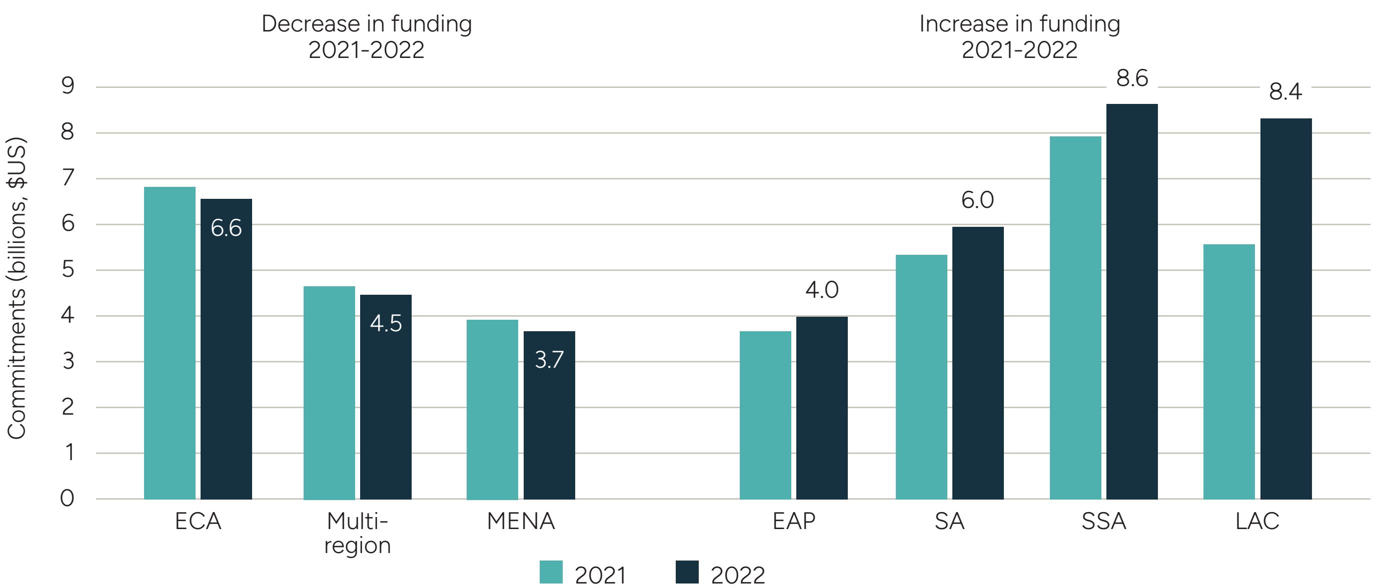
The state of financial inclusion in LAC has evolved over time, along with the state of funding. Progress has been made in access to financial accounts, with 73 percent of adults having an account in 2021 compared to 52 percent in 2014 (Demirgüç-Kunt et al. 2022). At least some of the account increase is attributed to accounts opened for the purposes of receiving government social payments in the context of the pandemic (Mejía and Saavedra 2022). This may provide an on-ramp for providers to deliver more services to more customers.

The DFI growth story was especially strong in LAC, with DFIs increasing their regional commitments by $2.4 billion in 2022. DFIs accounted for 88 percent of all funding in the region in 2022, substantially higher than their 67 percent share of total funding. The amount of debt in the region more than quadrupled between 2015 and 2022, from $1.7 billion to $7.4 billion. Debt represented 88 percent of funding in the region in 2022, its highest share to date and tying ECA for the highest share of debt funding in 2022. Sixty-five percent of all funding in the region was given as debt to FSPs. Many of the largest projects made specific reference to supporting continued economic recovery in the wake of the pandemic, especially for micro and small enterprises (MSEs), presumably in the form of on-lending.

Among PAIFs, vehicles highly focused on serving the microfinance sector ("microfinance funds") allocate a significant proportion of their portfolio toward the LAC region (25 percent). LAC has historically and consistently been a lead geographical target for these types of impact funds, which typically have a multiregional investment strategy. However, among PAIFs that only invest in LAC—especially those run by investment managers located in the region—the preferred thematic objectives shift to climate and energy and food and agriculture, among other areas (Estoppey and Narayanan 2024). It remains to be seen whether the recent influx of public debt in the region will stimulate more private investment in financial inclusion, especially among local investors.

Very little funding was allocated to financial sector policies in LAC in 2022—so little that it rounds down to zero percent of the regional funding makeup

FIGURE 4. **Funding for financial inclusion by region, 2021–2022**



Source: CGAP Funder Survey 2021–2022, n=30 funders. To explore data in greater detail, please see http://cgap.org/fundersurvey.

TABLE 2. **Financial inclusion funding growth by region, 2015–2022**

Region	2015 commitments (billions, US$)	2022 commitments (billions, US$)	Compound annual growth rate (CAGR)
EAP	3.0	3.8	3%
ECA	4.7	6.6	4%
LAC	2.7	8.4	15%
MENA	1.9	3.7	9%
SA	2.8	6.0	10%
SSA	4.3	8.6	8%
Multi-region	3.0	4.5	5%
Total	22.4	41.6	8%

Note: Numbers may not sum to total due to rounding.

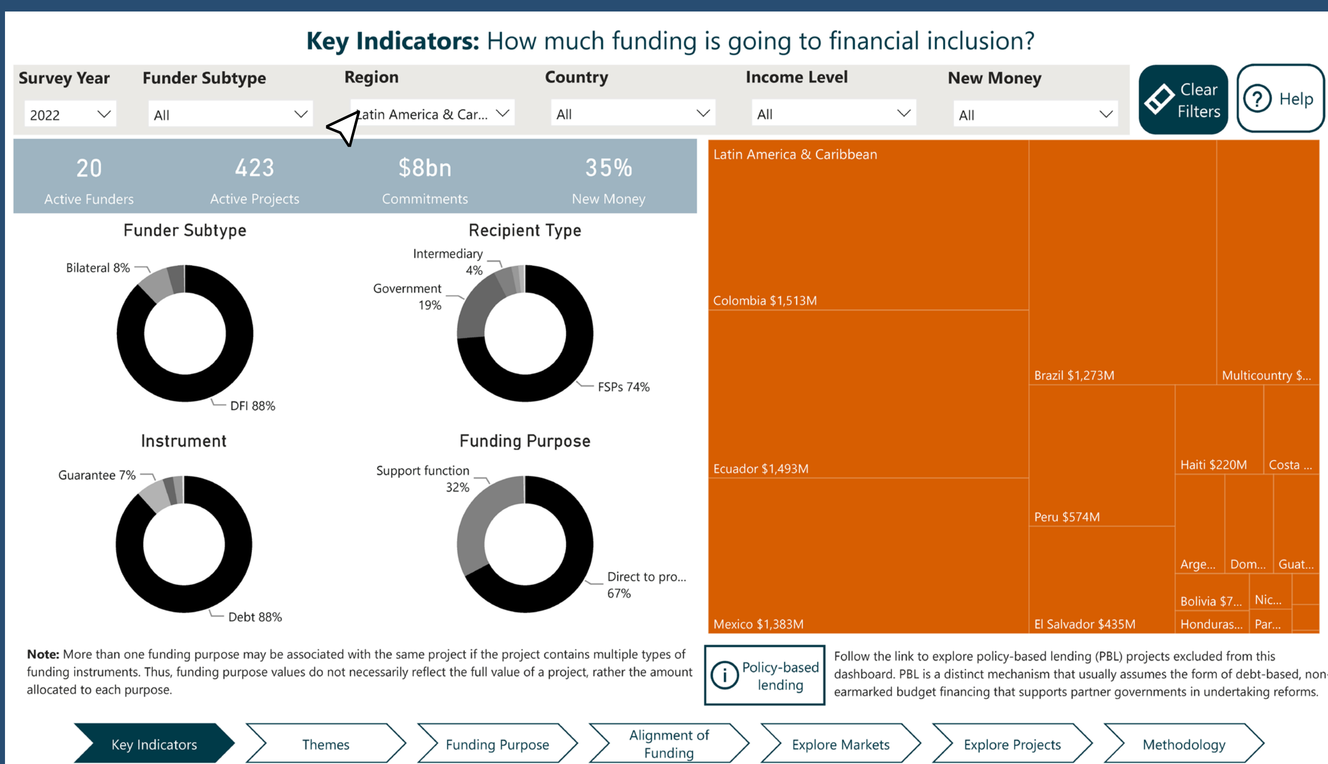
Source: CGAP Funder Survey 2015–2022, n=30 funders. To explore data in greater detail, please see http://cgap.org/fundersurvey.

compared to 3 percent of total funding.[7] Given that researchers have identified lingering regulatory barriers to inclusion despite promising advances in recent years (Gershenson et al. 2021), funders must remain attentive to the root causes of exclusion in the region and ensure that fundamental barriers are addressed so new capital influxes can achieve their intended objectives. Growing funder interest in the region has the potential to advance inclusive solutions, if, as everywhere, funders have the right information and incentives.

Learn more about regional funding trends

CGAP's interactive Funding Explorer and shareable Data Snapshots offer a deeper look at regional trends.

View and explore at cgap.org/fundersurvey.



7 Some policy objectives may be pursued separately via PBL programming, which, per Box 2, is not included in this analysis.

Funders continue to prioritize women's financial inclusion

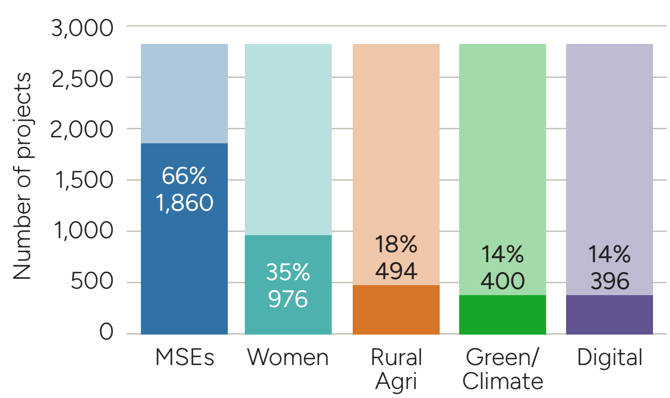
DESPITE PROGRESS IN SOME AREAS, women remain disproportionately excluded from meaningful financial services and access to digital technologies. Across developing markets, there was a 6 percentage point gap between the share of women and the share of men who had access to a financial account in 2021. When it came to making or receiving a digital payment, at 9 percentage points the gap was even wider (Demirgüç-Kunt et al. 2022). Gender gaps are also evident in financial knowledge, skills, attitudes, and behaviors, resulting in lower levels of financial well-being for women (Mejía and Saavedra 2022). Specific segments of women are affected by different types of exclusion to varying degrees.

In recognition of these enduring inequalities, many of which have been exacerbated by recent crises around the world, advancing gender equality and women's economic empowerment has become a critical priority on the development funder agenda, including in financial inclusion. In a qualitative supplement to the 2022 CGAP Funder Survey, 24 of 25 respondents indicated that they seek to contribute to gender equality or empowerment through their financial inclusion programming—the most frequently selected facet of development impact. Their actions match their intentions, at least to some extent: 97 percent of funders had at least one women's financial inclusion (WFI)-tagged project in their 2022 portfolio, indicating funders' continued commitment to this theme.

Thirty-five percent of financial inclusion projects were tagged to WFI in 2022, marking the first time more than a third of financial inclusion activities had an identifiable WFI aspect (see Figure 5). Multilateral funders were the most likely to have WFI-tagged projects, with 57 percent of multilateral projects in 2022 carrying a WFI tag.

Women in different regions deal with different financial exclusion challenges and to different degrees. In 2021, there was a 12 percentage point gender gap in account access in both MENA and SSA compared to a gap of only 3 percentage points in EAP (see Table 3). While SA had a relatively small gap in account access, there

FIGURE 5. **Top five themes tagged in financial inclusion projects, 2022**



Note: Projects may be tagged to more than one theme.

Source: CGAP Funder Survey 2022, n=30 funders and 2,801 projects. To explore data in greater detail, please see http://cgap.org/fundersurvey.

TABLE 3. **Regional perspective on financial inclusion and women's financial inclusion**

Region	Share of total FI commitments, 2022	Share of all WFI-tagged FI projects, 2022	Share of region's projects carrying a WFI tag, 2022	Financial account access gender gap, 2021	Made or received digital payments gap, 2021
EAP	9%	9%	46%	3 pp	3 pp
ECA	16%	3%	23%	6 pp	4 pp
LAC	20%	15%	33%	8 pp	8 pp
MENA	9%	6%	32%	12 pp	14 pp
SA	14%	8%	42%	4 pp	14 pp
SSA	21%	42%	41%	12 pp	12 pp
Multi-region	11%	17%	33%	n/a	n/a

Notes: Percentages may not sum to 100 percent due to rounding. pp = percentage point; FI = financial inclusion; WFI = women's financial inclusion.

Sources: CGAP Funder Survey 2022, n=30 funders (see http://cgap.org/fundersurvey to explore data in greater detail); World Bank Global Findex (see Demirgüç-Kunt et al. 2022).

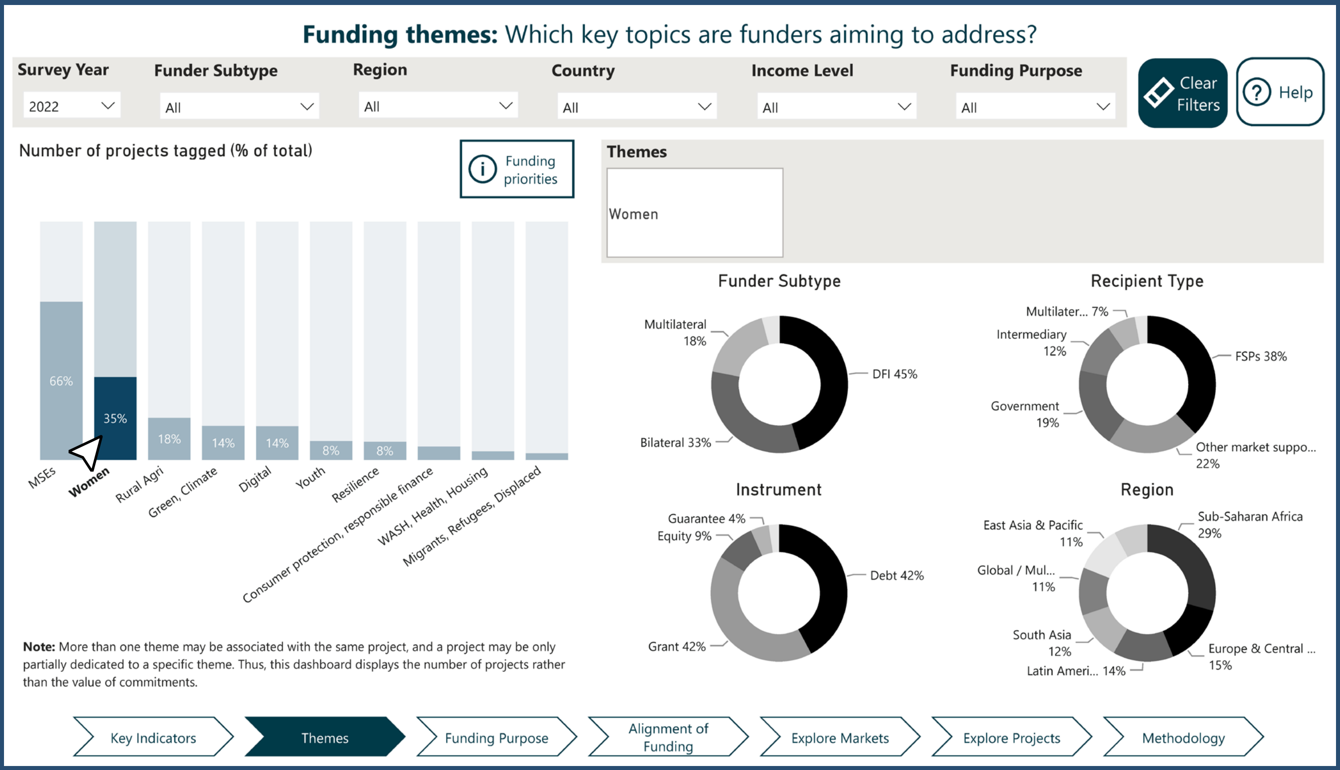
was a 14 percentage point gap in account usage. LAC's access and usage gaps, both 8 percentage points, were higher than those in EAP and ECA (Demirgüç-Kunt et al. 2022). Although these high-level measures of exclusion mask important nuances, they can serve as a benchmark for understanding whether funder programming is targeting areas where needs are the greatest. More than 40 percent of 2022 projects in EAP, SA, and SSA were tagged to WFI. SSA also took the greatest share of WFI-tagged projects (42 percent), double the share of 2022 commitments allocated to SSA. Given that women remain more highly excluded by various measures in SSA, this is an encouraging sign of alignment between market needs and funder priorities. To what extent this focus results in improved outcomes for women remains to be seen.

Different types of funders can continue to support WFI and contribute to women's economic empowerment in ways that specifically align with their operations. Investors can embed gender into investment approaches, manage investments in customer-centric FSPs, and integrate gender outcomes into deal structuring (Lahaye and Turner 2023). ODA funders can improve consistency in reporting of gender tags in project documentation, using known standards like the OECD DAC gender equality policy marker. Crucially, funders also need to publish more information on *why* a gender marker has been assigned to a project (Loveder et al. 2022). All funders can also work to establish, measure, and publicly report on gender outcomes to facilitate an understanding of what works and where additional efforts are still needed.

Learn more about thematic funding trends

CGAP's interactive Funding Explorer and shareable Data Snapshots offer a deeper look at thematic trends.

View and explore at cgap.org/fundersurvey.



Financial inclusion funders are increasingly focused on climate objectives

LOW-INCOME AND VULNERABLE PEOPLE in emerging markets suffer disproportionate effects of the widening climate crisis, with women especially affected. Financial services are an important component of empowering people to build resilience and helping them to prepare for and adapt to climate change. The funder community has a key role to play in helping to make financial offerings more relevant in this context, as well as in protecting and sustaining progress on financial inclusion in the face of climate risk (Zetterli 2023).

Funders are exhibiting growing interest in how they can support climate objectives within their financial inclusion programming. In 2022, 14 percent of financial inclusion projects were tagged to a green/climate thematic objective (see Figure 5). While still only a total of 400 projects, this represents huge proportional growth given it is more than twice the number and proportion of financial inclusion projects tagged as recently as 2020. Climate-tagged projects were proportionally more common among bilateral funders, accounting for 30 percent of tagged projects in 2022—more than their 21 percent share of all projects. While the observed increase may to some extent reflect better tagging of relevant objectives as the climate agenda rather than more programming has risen in priority, it provides a clear signal that funders are increasingly making climate aspects visible within their financial inclusion portfolios.

The ECA region had the most climate-tagged projects in 2022. Thirty-three percent of all climate-tagged projects were in ECA and 22 percent of all ECA projects carried the climate tag—proportionally more than the share across the entire global sample. Although the climate crisis is global and affects all regions, some areas are more vulnerable than others. ECA is generally rated as one of the least vulnerable regions. Some of the regions currently underrepresented in climate tagging relative to their share of total commitments for financial inclusion (e.g., SA) are expected to suffer the most extreme climate effects and still experience high levels of financial exclusion on multiple fronts (see Table 4). Continued availability of data on the landscape of climate-related financial inclusion activities is important so funders and the broader development community can coordinate and ensure sufficient coverage to meet diverse needs around the world.

Fifty-three percent of the financial inclusion projects tagged to climate objectives in 2022 were also tagged to WFI objectives, a higher proportion than the 35 percent of all projects tagged to women. According to Zetterli (2023): **"Women and girls are often more exposed and vulnerable to climate risk. For example, women disproportionately work in heavily climate-exposed livelihoods such as agriculture; girls are often the first to be taken out of school during times of economic hardship; and women and girls typically**

TABLE 4. **Regional perspective on financial inclusion and climate, 2021–2022**

Region	Share of total FI commitments, 2022	Share of all climate-tagged FI projects, 2022	Median climate vulnerability score, 2021	Financial account access (adults 15+), 2021	Made or received digital payments gap, 2021
EAP	9%	6%	0.49	81%	3 pp
ECA	16%	33%	0.37	78%	4 pp
LAC	20%	12%	0.42	73%	8 pp
MENA	9%	8%	0.4	48%	14 pp
SA	14%	5%	0.52	68%	14 pp
SSA	21%	26%	0.52	55%	12 pp
Multi-region	11%	10%	n/a	n/a	n/a

Notes: Percentages may not sum to 100 percent due to rounding. Higher climate vulnerability scores (closer to 1.0) indicate greater vulnerability. The Notre Dame Global Adaptation Initiative provided individual country scores. Regional scores were estimated by taking the median among all countries in a region. pp = percentage point; FI = financial inclusion.

Sources: CGAP Funder Survey 2022, n=30 funders (see http://cgap.org/fundersurvey to explore data in greater detail); World Bank Global Findex (see Demirgüç-Kunt et al. 2022); Notre Dame Global Adaptation Initiative (accessed January 2024).

have less access to financial accounts, loans, and insurance products. At the same time, social norms and societal structures often result in women having less access to the tools they need to manage climate change, including financial services. As climate change worsens, it could also undermine the considerable progress made on women's financial inclusion, women's economic empowerment, and, by extension, the achievement of wider global development goals. This underscores the importance of applying a gender lens to work on climate adaptation, resilience, and financial inclusion."

Although dual women- and climate-themed projects remain a small proportion of all financial inclusion projects (8 percent), it is an encouraging sign that financial inclusion funders are aware and interested in supporting the unique needs of women in the context of climate change.

Most financial inclusion funders say they have financial inclusion efforts that focus on climate adaptation and resilience. This claim is supported by 2022 portfolio analysis and the observation that 83 percent of funders had at least one climate-tagged financial inclusion project in 2022. Funders say that their efforts most commonly target providers and climate-focused funds, with government and development partners being lower priority recipients. Indeed, 48 percent of climate-tagged financial inclusion projects targeted FSPs as primary recipients in 2022—the highest recipient share among tagged projects. When more broadly asked about their thematic priorities for financial inclusion funding in the next five years, funders for the first time selected climate as most important, followed closely by women.

The most commonly reported funder challenges in supporting climate adaptation and resilience outcomes were lack of frameworks and experience measuring impact, followed by lack of data for program development. Lack of strategic direction or internal prioritization were not reported as significant barriers. Many funders have adopted broader climate strategies that reference financial inclusion or have integrated climate aspects into their financial sector policies. There is still much to learn and to be done concerning how funders can make financial inclusion a more effective enabler of climate adaptation and resilience. However, the topic is already quickly rising on the agenda.

The financial inclusion landscape continues to complexify, posing new questions for tracking funding flows

IN THE FIFTEEN YEARS CGAP HAS BEEN analyzing financial inclusion funding flows, the sector and the funding landscape have dramatically changed. What was once a relatively limited set of traditional development funders supporting microfinance has evolved into a multiplicity of actors engaged in various facets of financial sector development and otherwise leveraging the financial sector in emerging markets to support other objectives. CGAP has continually updated the Funder Survey methodology, balancing changes that enable analysis of the latest emerging trends with the desire for time series analysis that requires consistency over multiple years of data. In parallel, significant progress has been made in broader development transparency efforts, leading to improvements in the quantity and quality, including granularity and consistency, of funding data (Tolzmann and Lahaye 2023).

Many stakeholders are highly interested in mapping financial inclusion funding flows in new ways that can tell different stories about the current state of support for the sector and potentially expanding the types of funding included in CGAP's global estimate. For example, the view of development funding as something done by global north funders is increasingly challenged, with funders like China and Brazil becoming important sources of bilateral and multilateral South-South cooperation; with the rise of private domestic philanthropy in markets such as India; and with the rise of impact and fully commercial investors in countries such as Kenya and South Africa. However, some essential inquiries depend on data sources that are currently nonexistent, inaccessible, or incompatible with the type of project-level analysis that historically has been at the CGAP Funder Survey's core. Further investigation and collaborative conversations are underway to understand what kind of financial inclusion funding flows analysis is both meaningful and realistic as the community moves into the final years of the 2030 Sustainable Development Agenda and during a time of plural crises. The hope is that continued visibility into funder activities can result in greater impact for underserved communities.

Methodology Note

THE TOTAL GLOBAL ESTIMATE OF international funding for financial inclusion is calculated based on: (i) the CGAP Funder Survey data, plus (ii) microfinance exposures data in the Tameo Impact Fund Solutions PAIF Report, minus (iii) duplicate funding captured in both datasets, and incorporating (iv) appropriate market adjustments. The global estimate excludes policy-based lending activities.

The 2023 Tameo Impact Fund Solutions PAIF Report is an analysis of investment funds targeting emerging and frontier markets with a development impact focus. Its primary function is to allow impact investors and fund managers to benchmark themselves and improve their knowledge of the industry.

How the CGAP Funder Survey is compiled

The CGAP Funder Survey is conducted annually. For 2022, CGAP collected data from n=47 funders comprising a total denominator of $46.2 billion in commitments. To enable comparability of data over time, year-over-year analysis outside the global estimate is based on a subset of the n=30 funders that have consistently participated in the survey and accounted for $41.6 billion of 2022 commitments.

For the 2022 edition of the survey, funders were invited to participate in a supplemental qualitative survey. Twenty-five responses were received.

For further details, please refer to the CGAP Funder Survey methodology at https://www.cgap.org/sites/default/files/2024-02/CGAP_Funder_Survey_2023_Methodology.pdf.

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African Development Bank / African Development Fund

AFD

Bill & Melinda Gates foundation

British International Investment

Udenrigsministeriet
Ministry of Foreign Affairs of Denmark

European Investment Bank

Federal Ministry for Economic Cooperation and Development

giz

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IDB | LAB

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IFC International Finance Corporation

IFAD
Investing in rural people

AGENZIA ITALIANA PER LA COOPERAZIONE ALLO SVILUPPO

JOA
JERSEY OVERSEAS AID

KFW

KOICA Korea International Cooperation Agency

THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG

center for inclusive growth

mastercard foundation

MetLife Foundation

Ministry of Foreign Affairs and International Cooperation

Ministry of Foreign Affairs of the Netherlands

FMO
Entrepreneurial Development Bank

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