



Building Financial Systems for the Poor

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CGAP: The Numbers

Annual Budget:	approx \$10 million
Staff:	28
Member Donors:	28
Countries:	75
Managers, Auditors, Supervisors Trained:	7,800 in 47 countries
Financial Data Collected:	on 400 MFIs (MIX)
Training Partners:	40

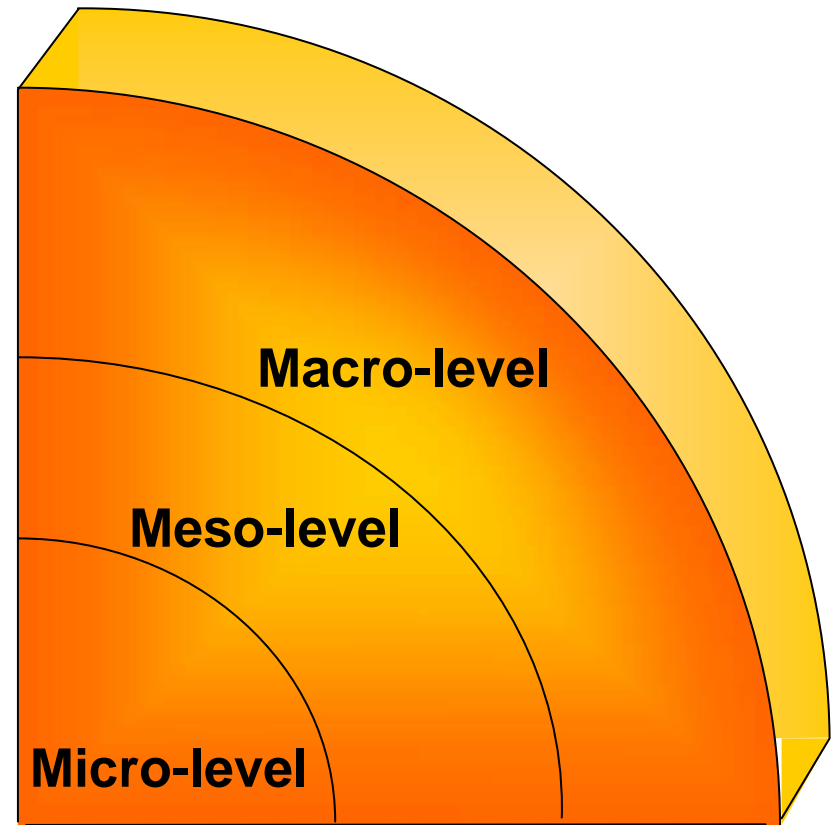
CGAP Role in Building Financial Systems for the Poor

Governments: Building Helpful Policy Environments →

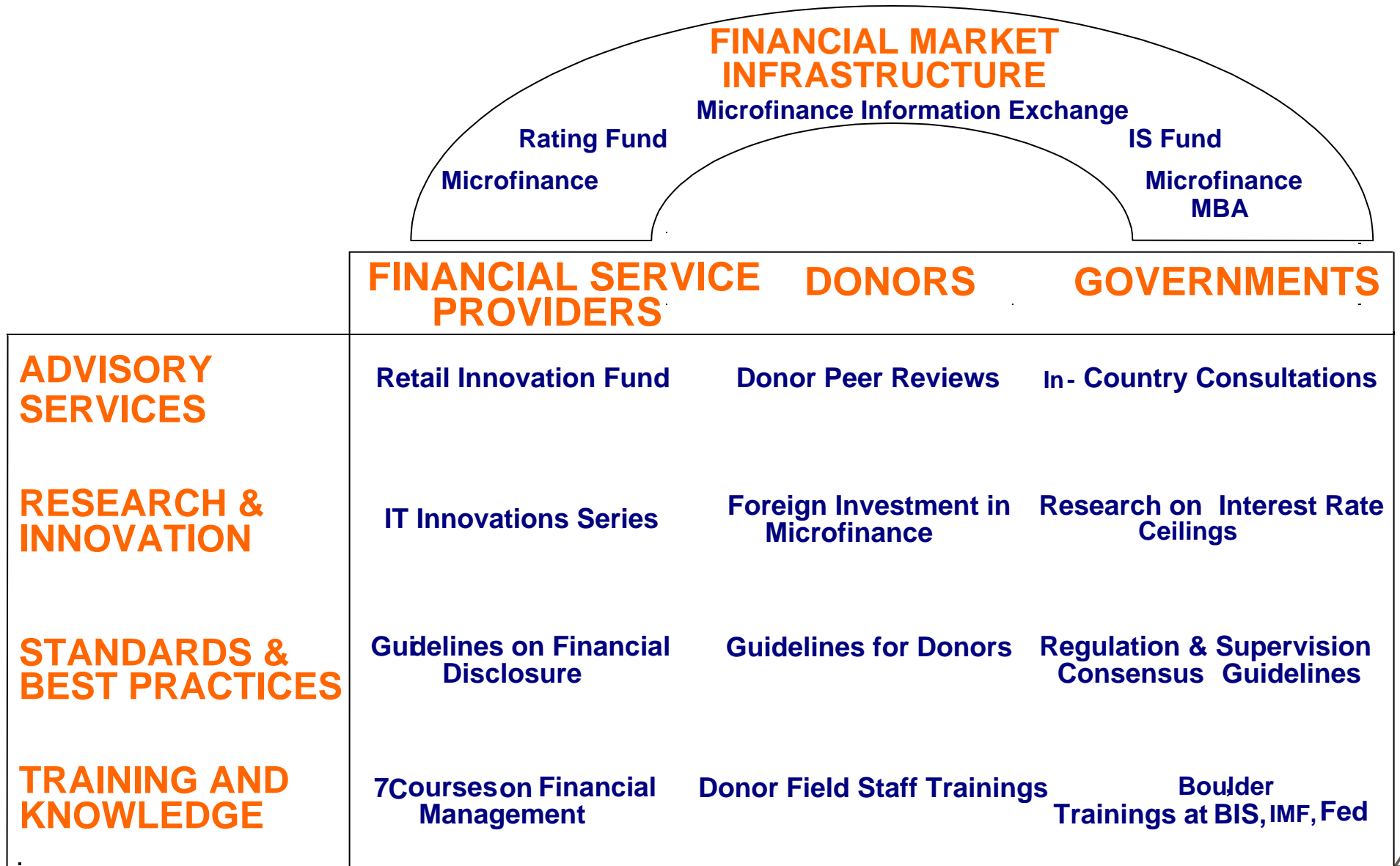
Donors: Promoting Aid Effectiveness →

Market Infrastructure: Improving Technology Infrastructure & Transparency →

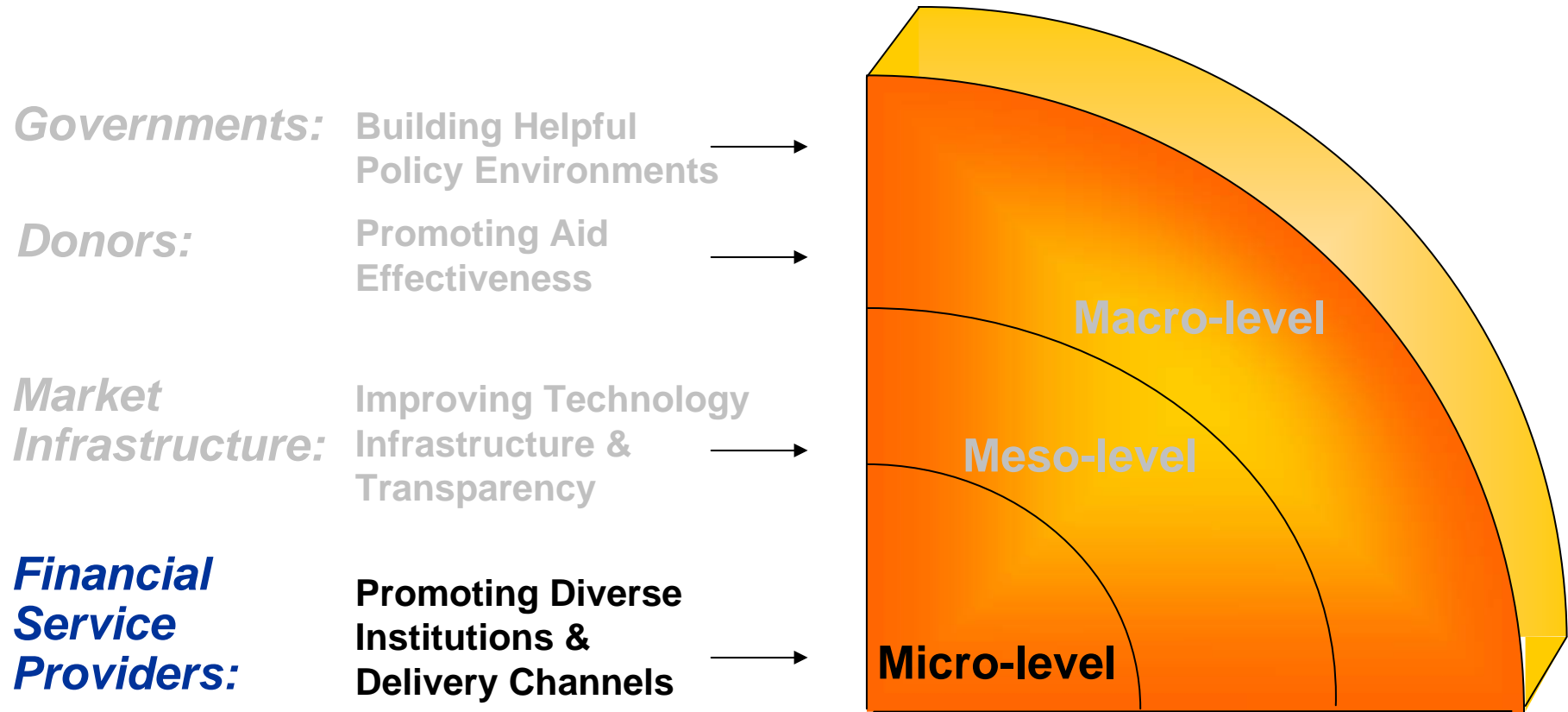
Financial Service Providers: Promoting Diverse Institutions & Delivery Channels →



CGAP Services



Building Financial Systems for the Poor



Financial Service Providers: Diversity & Scale

Examples:

- Deploying Microfinance in Large Branch Networks

 - **Retail Innovation Fund (RIF):**

 - Small number of committed commercial banks
 - High-level strategic guidance (CGAP)
 - Funding for tailored technical inputs

- Sample Countries

 - **Brazil** – Microinvest/Unibanco
 - **South Africa** – Capitec Bank
 - **Sub-Saharan Africa** – Africa International Financial Holdings

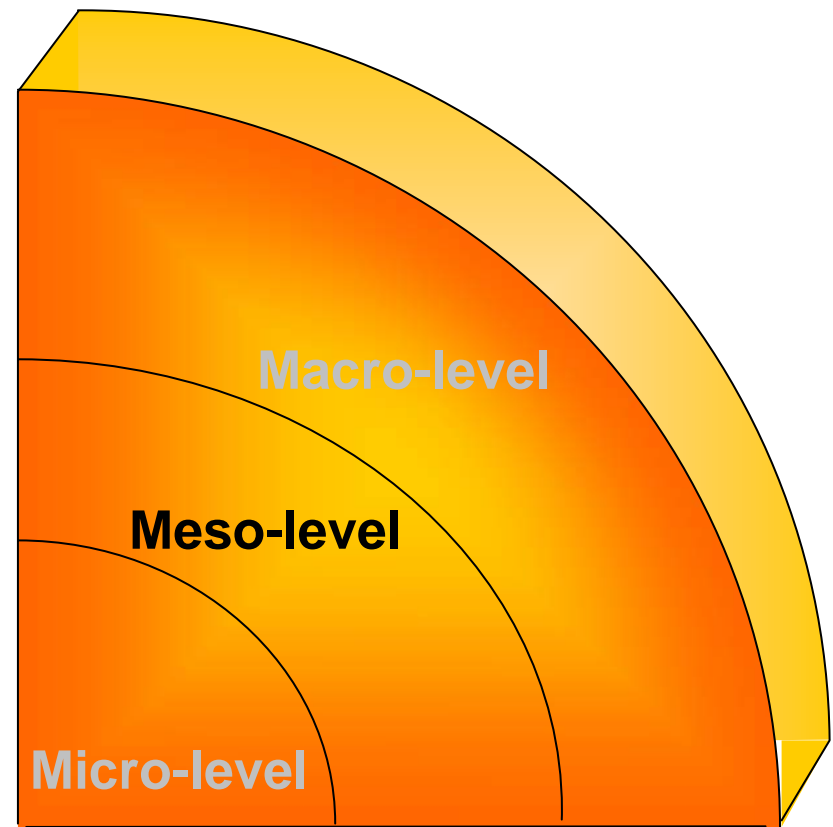
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Financial Service Providers: Promoting Diverse Institutions & Delivery Channels →



Markets: Information Infrastructure and Technology

The MIX

- The microfinance industry information exchange
- 400 MFIs reporting, 49 funds
- Over 1,500 registered users

**Data
Dissemination**

The Rating Fund

- Improving financial transparency
- 170+ ratings funded
- 12 registered agencies (incl. S&P, Fitch)

Data Validation

Information Systems Program

- Improving information systems (IS Fund)
- Over 40 software reviews
- IT Innovation Series

Data Production

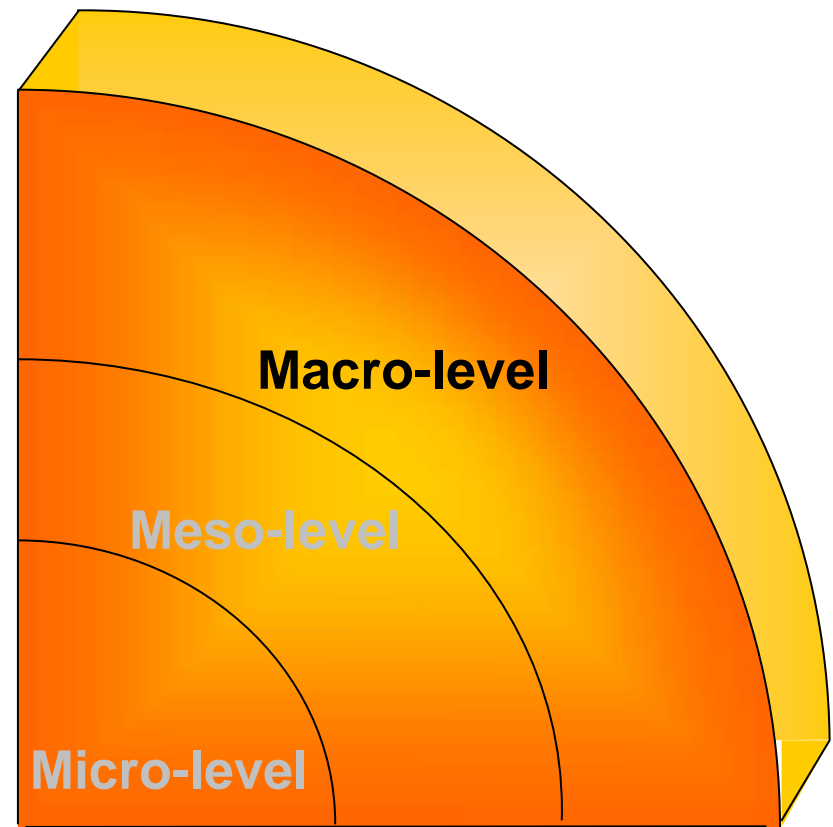
Meso-level

Governments: Building Helpful Policy Environments →

Donors: Promoting Aid Effectiveness →

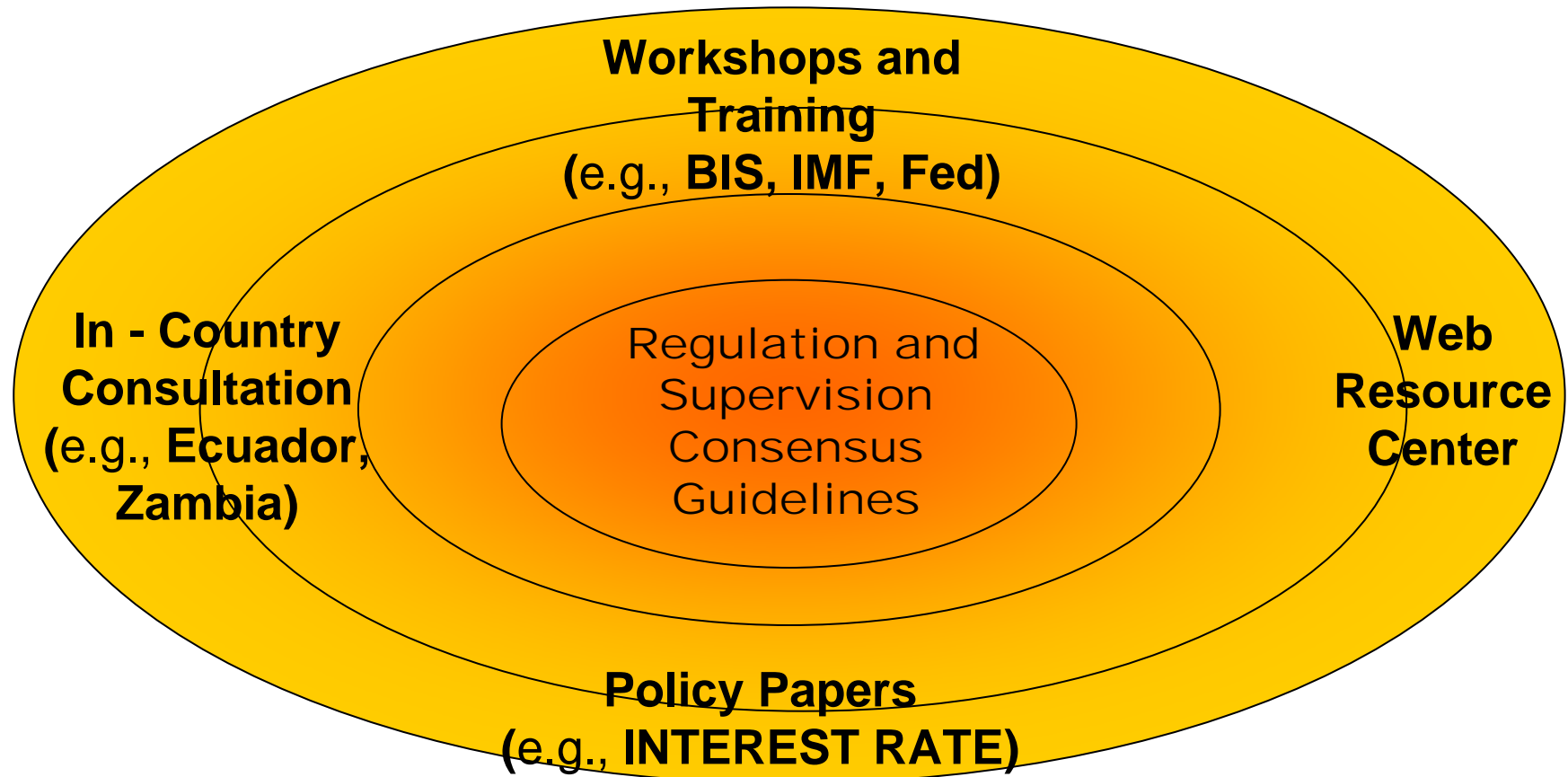
Market Infrastructure: Improving Technology Infrastructure & Transparency →

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Governments: Helpful Policy Environment

- **Example: Policy Guidance**



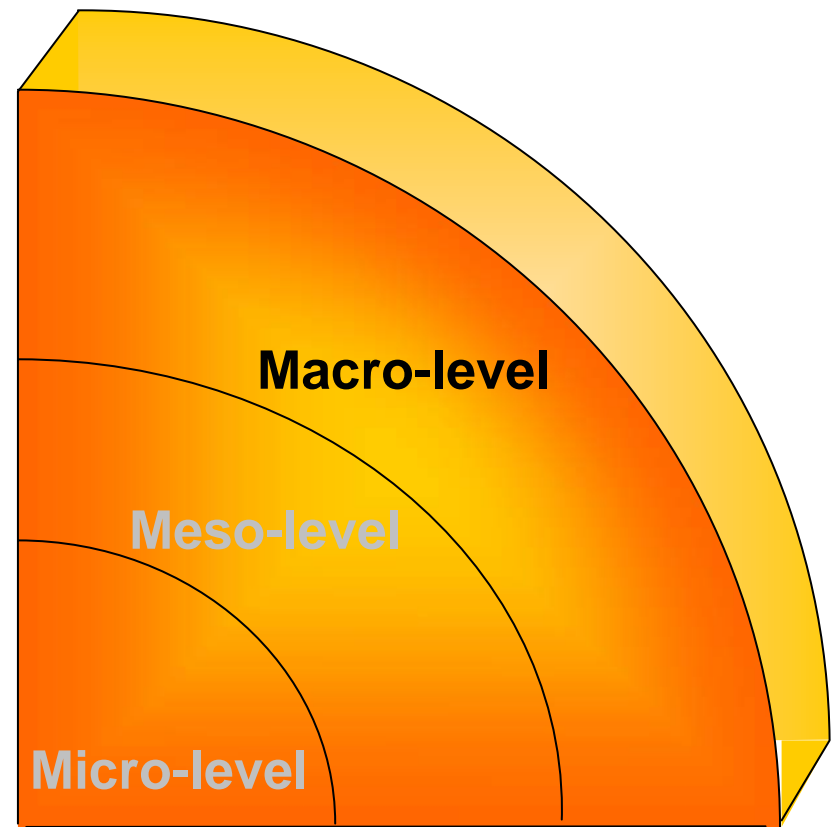
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Donors: Aid Effectiveness

Joint Funding Vehicles

- Afghanistan: All-donor facility

Common Standards

- Consensus Guidelines series

“Peer Reviews” of donor effectiveness

Donor Staff Support

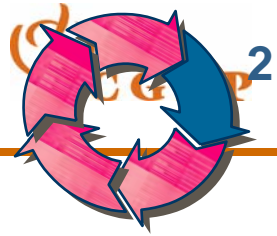
- Donor Information Resource Center
- Field Staff Training



The “Pink Book”:

DONOR GUIDELINES ON GOOD PRACTICE IN MICROFINANCE

A few of the lessons....



Understanding the needs of poor clients

Some Lessons Learned

Poor clients need and are willing to pay for a variety of financial services

Poor people save

Microcredit may not be the most appropriate solution for the destitute

Financial institutions, not donors, are best placed to understand client needs and design appropriate services



Some Lessons Learned

The main bottleneck in MF is lack of strong, competent retail capacity

A wide range of institutions is required

Financial sustainability is essential to reach significant numbers of poor people and to realize long-term social returns

State institutions sometimes deliver good savings services, but seldom deliver good credit services



Some Lessons Learned

Governments credit programs often distort markets

When microfinance moves into deposit-taking environments, some regulatory adjustments are needed, but regulation won't necessarily produce good microfinance,

Interest rate ceilings probably restrict poor people's access to financial services



Internet Resources



www.cgap.org

www.microfinancegateway.org

www.themix.org

