



EUROPEAN
MICROFINANCE
PLATFORM

NETWORKING WITH THE SOUTH

ANNUAL SURVEY 2014

e-MFP Action Group of Investors in Tier 2/3 MFIs



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in collaboration with the e-MFP Action Group of Investors in Tier 2/3 MFIs**



Introduction

e-MFP Action Group of Investors in Tier 2/3 MFIs

- Group of investors working together to further support and develop partner tier 2/3 MFIs
- Established in 2011
- [Website](#)
- Publications
 - [Position Paper No 1 Supporting smaller MFIs to advance financial inclusion](#), July 2012
Presents the results of the 1st Action Group Survey on the investments of the AG members in Tier 2&3 MFIs
 - [Discussion Paper No 1 Working towards a common consensus on the definition of Tiers in microfinance](#), April 2013
Established a definition and criteria for Tiers
 - [Position Paper No 2 Results of the survey conducted among the Action Group members according to the definition of tiers in microfinance](#), November 2013
Presents the results of the 2nd Action Group Survey on the investments of the AG members in Tier 2&3 MFIs

3rd Action Group Survey

- Participants: ADA/LMDF, Luxembourg; Alterfin, Belgium; Babyloan, France; Etimos, Italy; Fefisol, France; Grameen Crédit Agricole Microfinance Foundation, France; KIVA, USA; Norwegian Microfinance Initiative, Norway; ResponsAbility, Switzerland; SIDI, France; TripleJump, The Netherlands.
- The Survey presents the results of the consolidated analysis of the portfolios of the participants by tier, type of investment and geographical location and the trends for years 2012-2013.
- Portfolio data: 31/12/2013



Introduction

Tier Criteria

([Discussion Paper No 1](#))

	Tier 1	Tier 2	Tier 3
Size	Assets > USD 50 M	Assets USD 5M – USD 50M	Assets < USD 5M
Sustainability	RoA > 0 during 2 out of 3 last years <u>AND</u> all RoA > -5%	Positive RoA in 1 out of last 3 years and other >-5% <u>OR</u> positive trend in RoA and all >-5%	No requirement
Transparency	Regulated financial institution OR rated financial institution	Audited financial statements for at least 3 years	No requirement



Survey data 2011-2013

	2011 (Position Paper No 1)	2012 (Position Paper No 2)	2013
Funders	8	11	11
No. of Investments	332	465	505
No. of Countries	73	76	94
Tier 2&3 Portfolio (EUR)	99,77 M	365,79 M	403,67 M



Key findings

- The investments in Tier 2/3 MFIs represent 23% of the total microfinance portfolio (404 M EUR out of 1,734 M EUR) & 58% of the total number of investments (505 out of 871 investments)
- Average investment in Tier 2/3 MFIs is 0.79 M EUR (1.09 M EUR in Tier 2 MFIs & 0.31 M EUR in Tier 3 MFIs)
- Concentration of investments by volume:
 - Eastern Europe & Central Asia receives almost 50% (191 M EUR) of Tier 2/3 MFIs investments, Latin America & the Caribbean gets 25% (103 M EUR)
 - The top 10 worldwide countries receive more than 50% (210 M EUR) of the total amount invested in Tier 2/3 MFIs
- Debt is the main instrument used:
 - More than 90% of the amount of investments is invested through debt instruments for both Tier 2/3 MFIs (390 M EUR)
 - Except for South Asia, where 30% of the total investments is invested through equity, in all other regions debt represents more than 90% of the investments

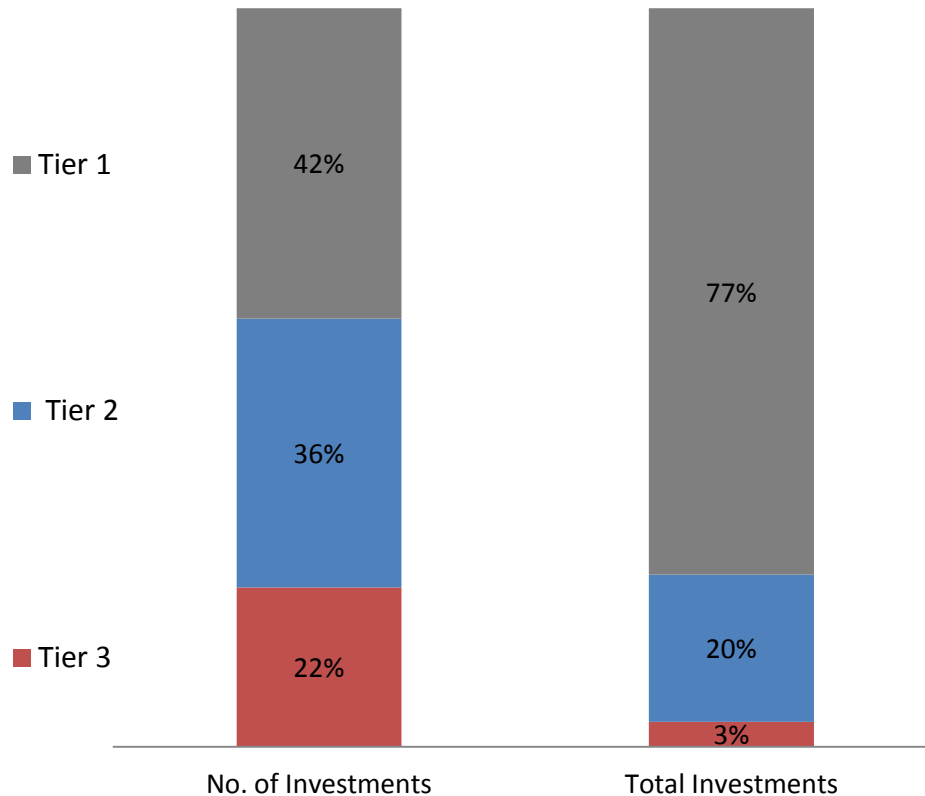


Key findings

- Concentration trend (sample of 10 investors providing data for both 2012 & 2013):
 - The total amount of investment in Tier 2/3 MFIs has increased (+6.7%) while the number of investments has decreased (-5.2%), resulting in an increase of +12.6% of the average investment size
 - In all regions the number of investments in Tier 2/3 MFIs has decreased except for MENA where it hasn't changed and Sub-Saharan Africa where it has increased
- Sub-Saharan Africa continues to be relevant to the Survey participants:
 - 2nd region receiving most number of investments in Tier 2/3 MFIs (30% - 139, after Latin America & The Caribbean which receive almost 40% - 186)
 - 3rd region in volume of investments in Tier 2/3 MFIs (16%, 67 M EUR)
 - 1st region by number of investments (40% - 75 out of 188) and volume of investments (40%, 24 M EUR out of 58 M EUR) in Tier 3 MFIs
 - Only region where both the total number of investments and the amount of investment in Tier 2/3 MFIs has increased*: 21.8%, from 87 to 106 & 24.2%, from 49 M EUR to 61 M EUR
- Technical Assistance
 - 5 out of the 11 investors offered 44 Technical Assistance (TA) programmes
 - The investments with TA amount to 8.7% of the total number of investments and 5.3% of the total amount of investment.
 - The average of the investments with TA is 0.48M EUR and the main target for TA is in Governance and Risk Management

*Note: this results of the sample of 10 investors providing data for both 2012 & 2013

Breakdown by Tier

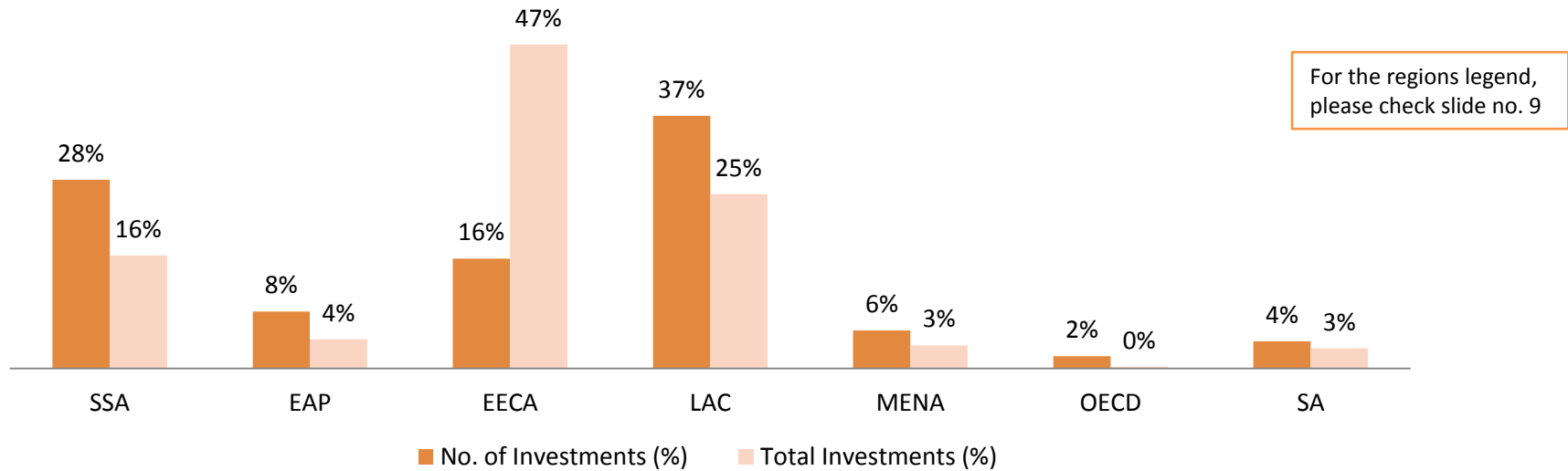


	No. of Investments	Total Investment (Million EUR)
Tier 1	366	1,330.03
Tier 2	317	345.52
Tier 3	188	58.15
Tier 2/3	505	403.67

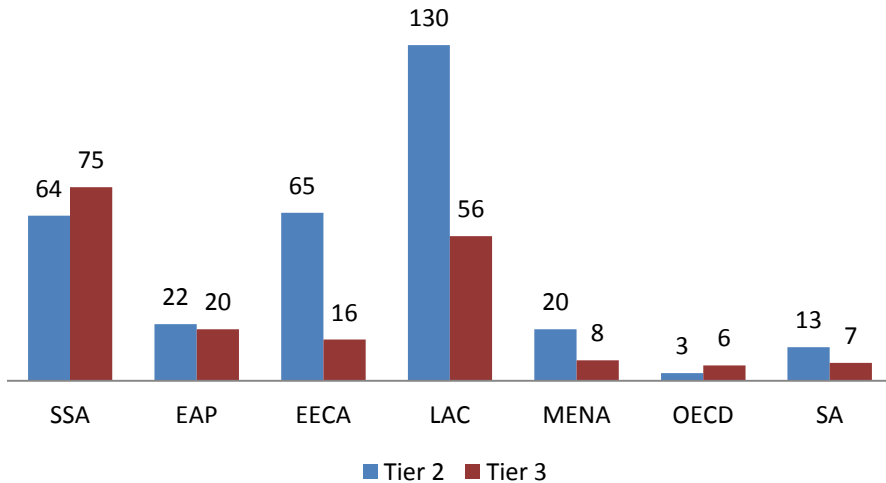
AVERAGE INVESTMENTS (Million EUR)	
Tier 1	3.63
Tier 2	1.09
Tier 3	0.31
Tier 2/3	0.79



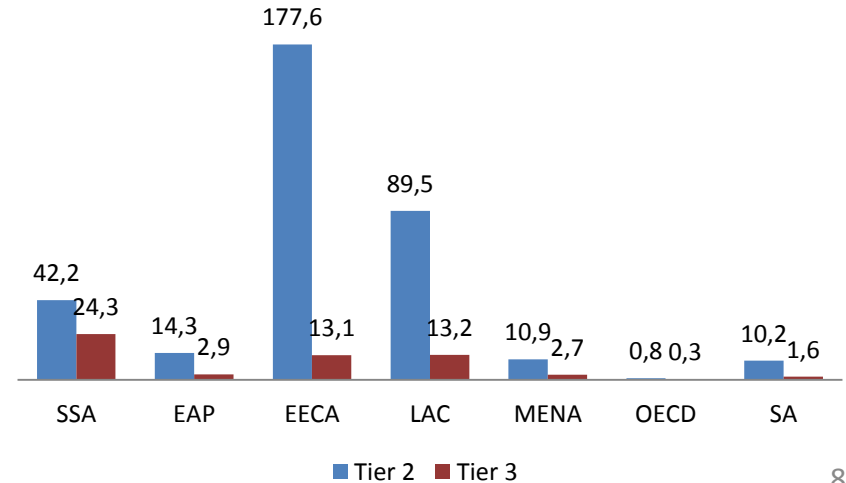
Geographical breakdown Tier 2/3 MFIs



No. of Investments



Total Investment (Million EUR)





Geographical breakdown (II)

No. of Investments

Region		Tier 2	Tier 3
Sub-Saharan Africa	SSA	20.2%	39.9%
East Asia & Pacific	EAP	6.9%	10.6%
Eastern Europe & Central Asia	EECA	20.5%	8.5%
Latin America & The Caribbean	LAC	41.0%	29.8%
Middle East & North Africa	MENA	6.3%	4.3%
OECD	OECD	0.9%	3.2%
South Asia	SA	4.1%	3.7%

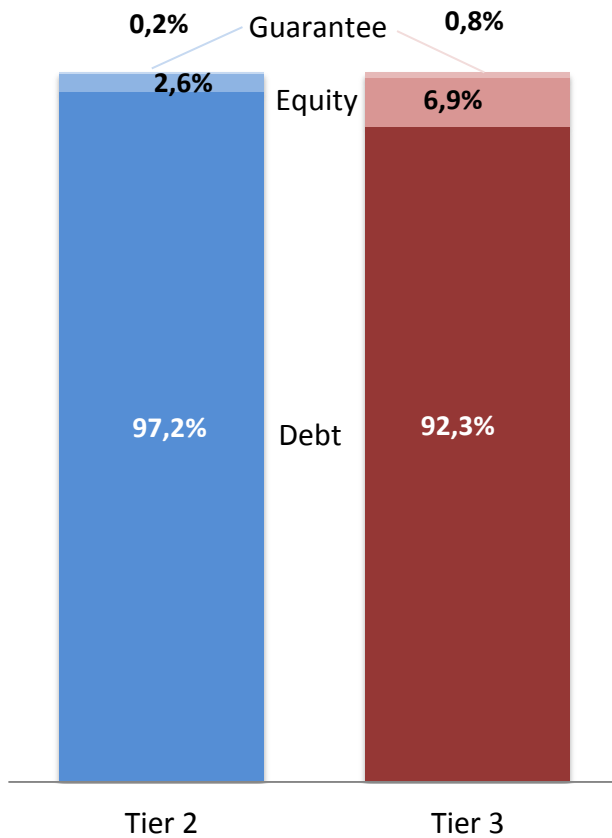
For the values, please check the graphs in slide 8

Total Investment

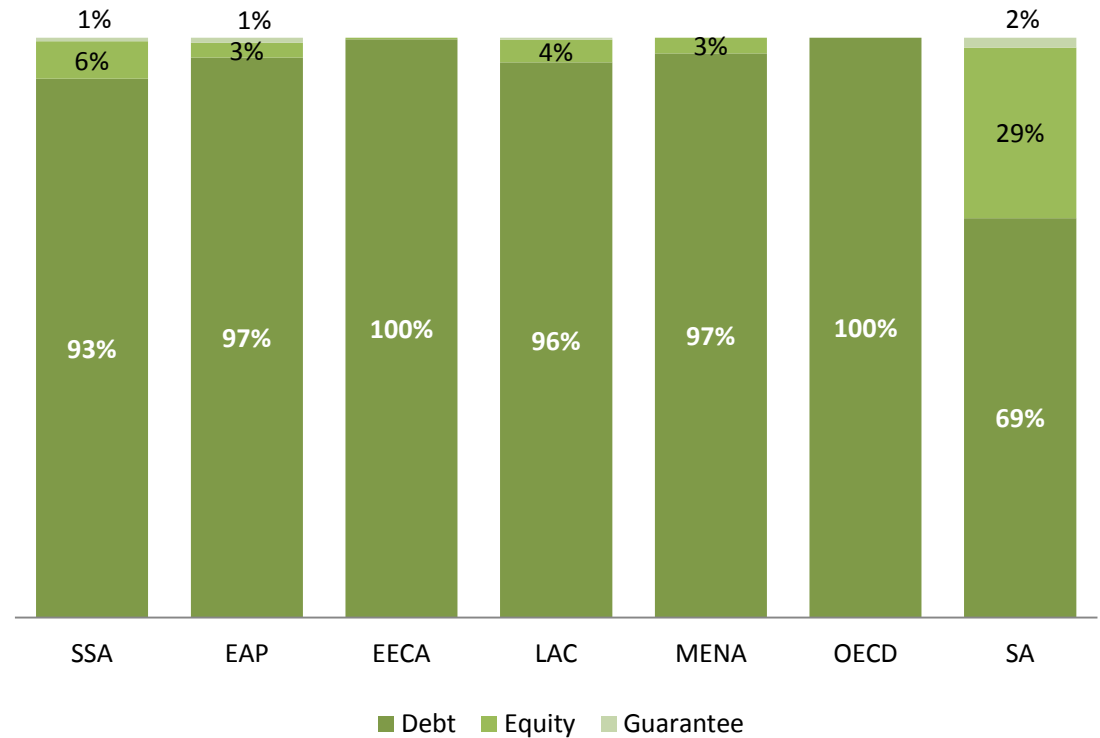
Region		Tier 2	Tier 3
Sub-Saharan Africa	SSA	12.2%	41.8%
East Asia & Pacific	EAP	4.1%	5.0%
Eastern Europe & Central Asia	EECA	51.4%	22.5%
Latin America & The Caribbean	LAC	25.9%	22.7%
Middle East & North Africa	MENA	3.1%	4.7%
OECD	OECD	0.2%	0.6%
South Asia	SA	3.0%	2.8%

Type of Investment

By Tier
Total Investment



Per Region
Total Investment in Tier 2/3 MFIs

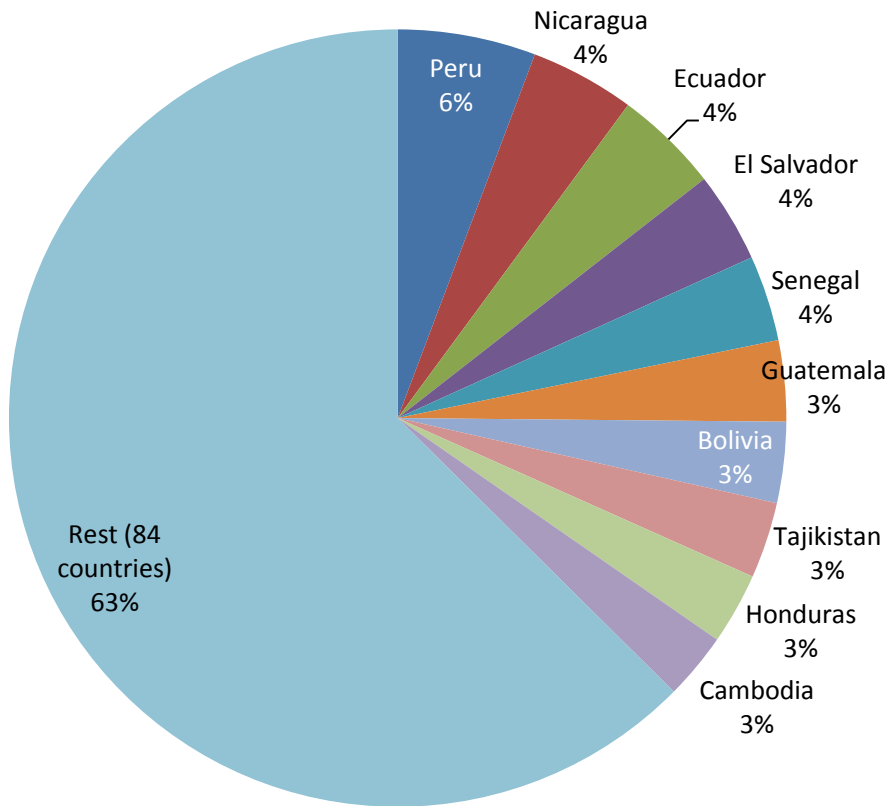


For the regions legend, please check slide no. 9

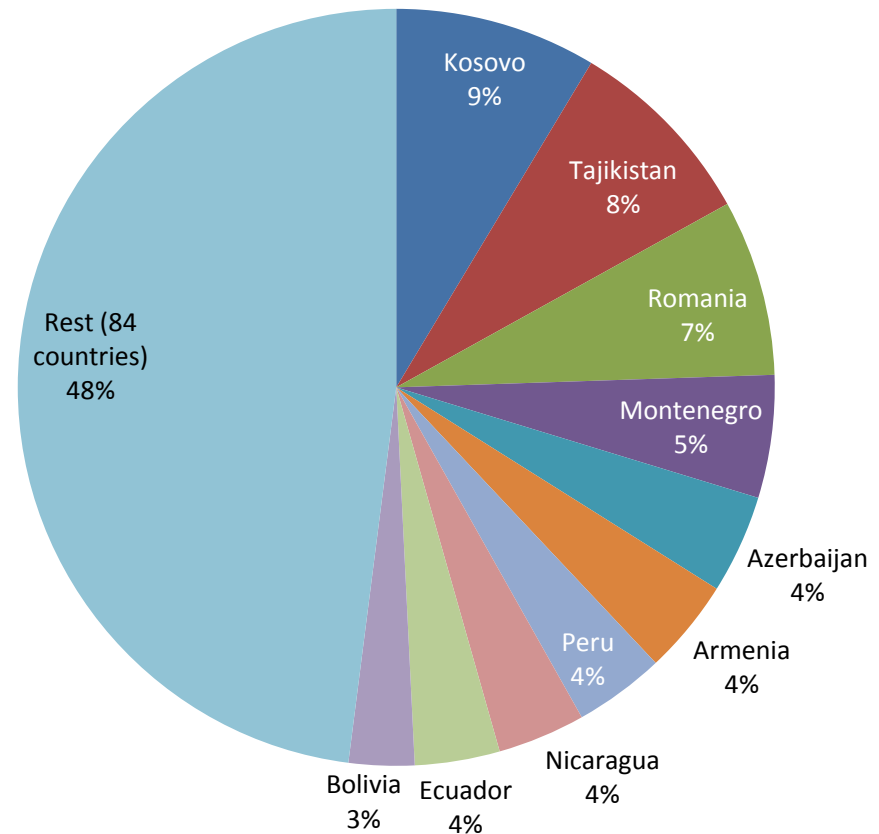


TOP 10 Countries, Tier 2/3 MFIs

Total No. of Investments received



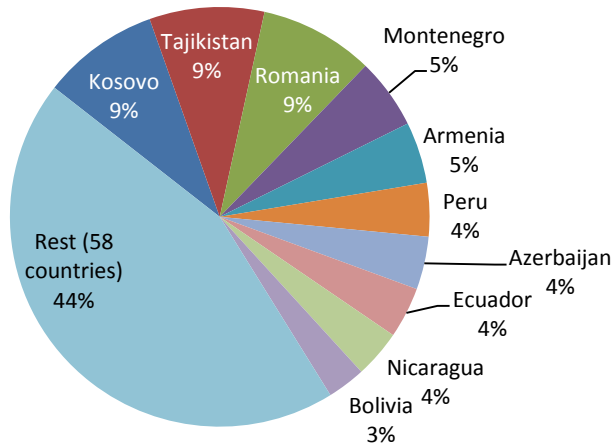
Total Investment received



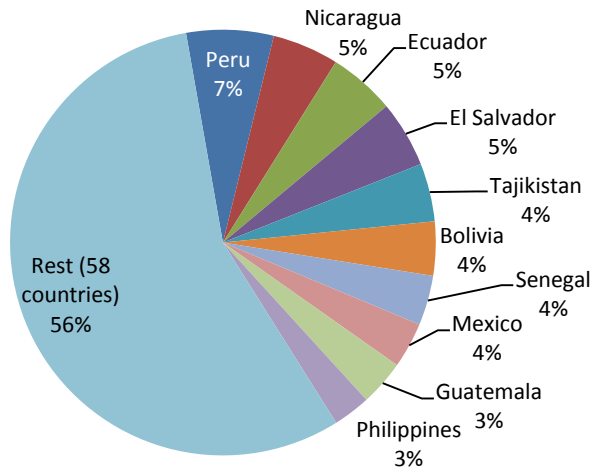
TOP 10 Countries by Tier

TIER 2 MFIs

Total Investment received

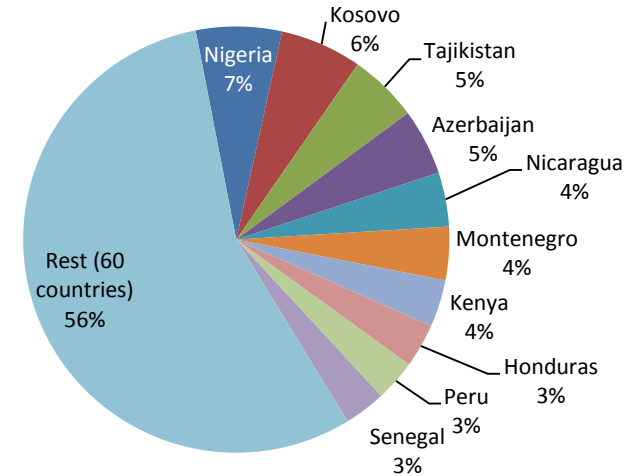


No. of Investments received

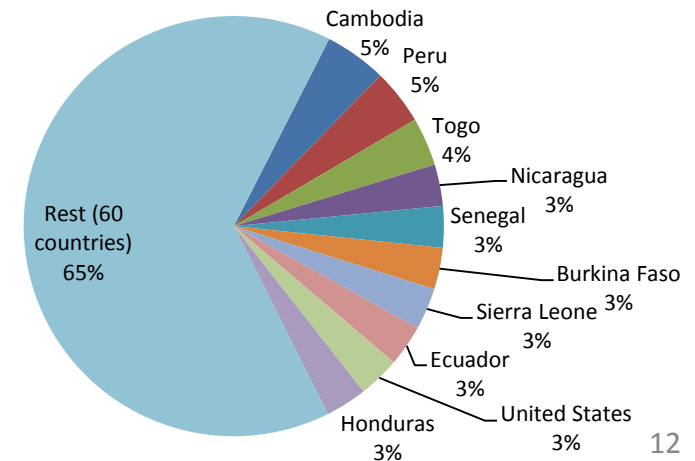


TIER 3 MFIs

Total Investment received



No. of Investments received

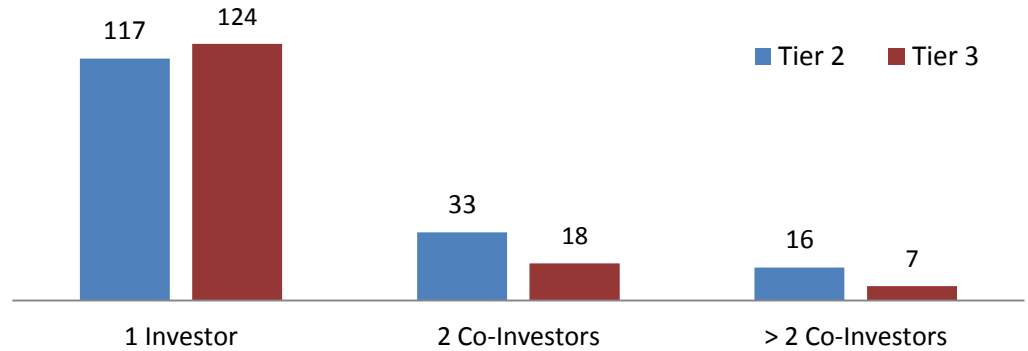




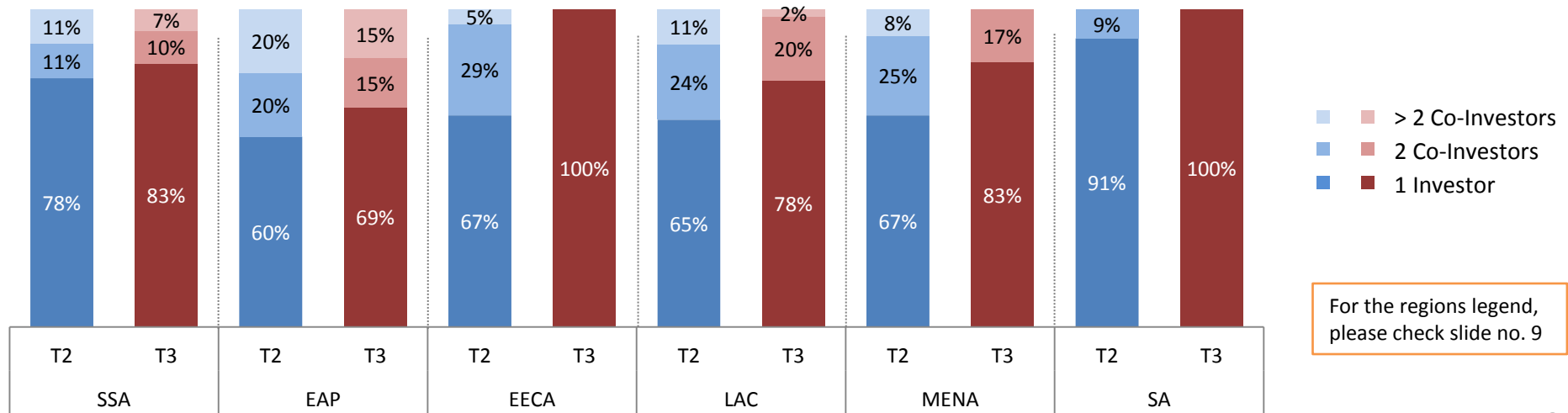
Co-Investments

- Analysis based on the data provided by 10 investors who reported the names of the MFIs funded.
- The sample comprises 419 investments in 315 Tier 2/3 MFIs

**Breakdown by No. of Co-Investors
(No. of MFIs)**



**Breakdown per Region
(No. of MFIs)**



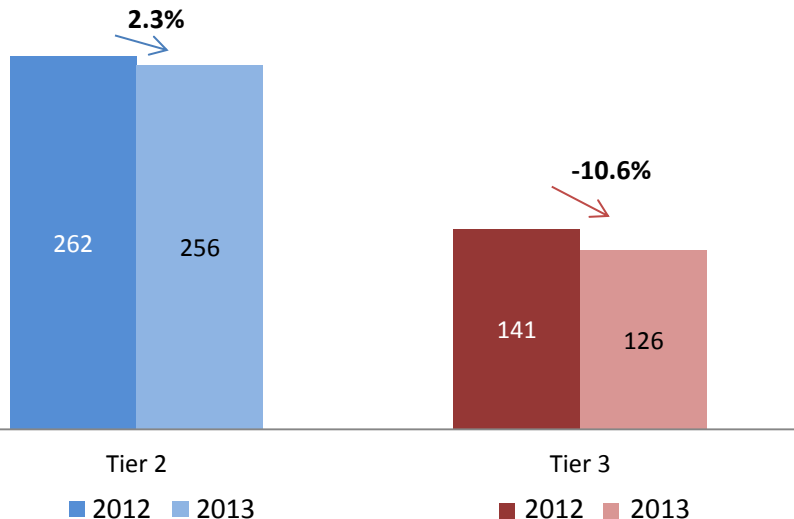
For the regions legend, please check slide no. 9

Trends by Tier 2012-2013

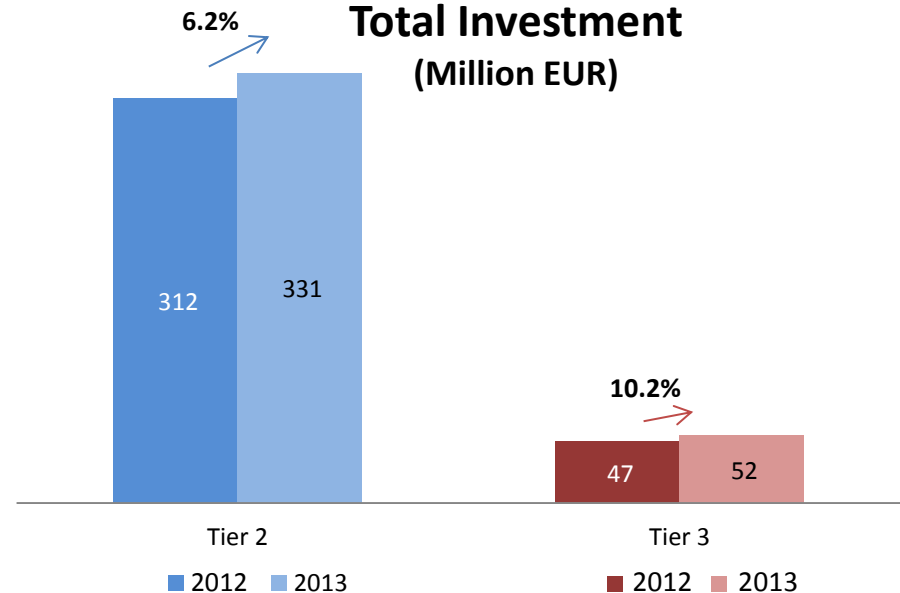
Analysis based on the data provided by 10 investors who have participated in both Surveys

Tier 2/3 MFIs	2012	2013	Change (%)
Total Investment (Million EUR)	359.14M	383.07M	6.7%
No. of Investments	403	382	-5.2%
Average Investment (EUR)	0.89M	1.00M	12.6%

Total No. of Investments



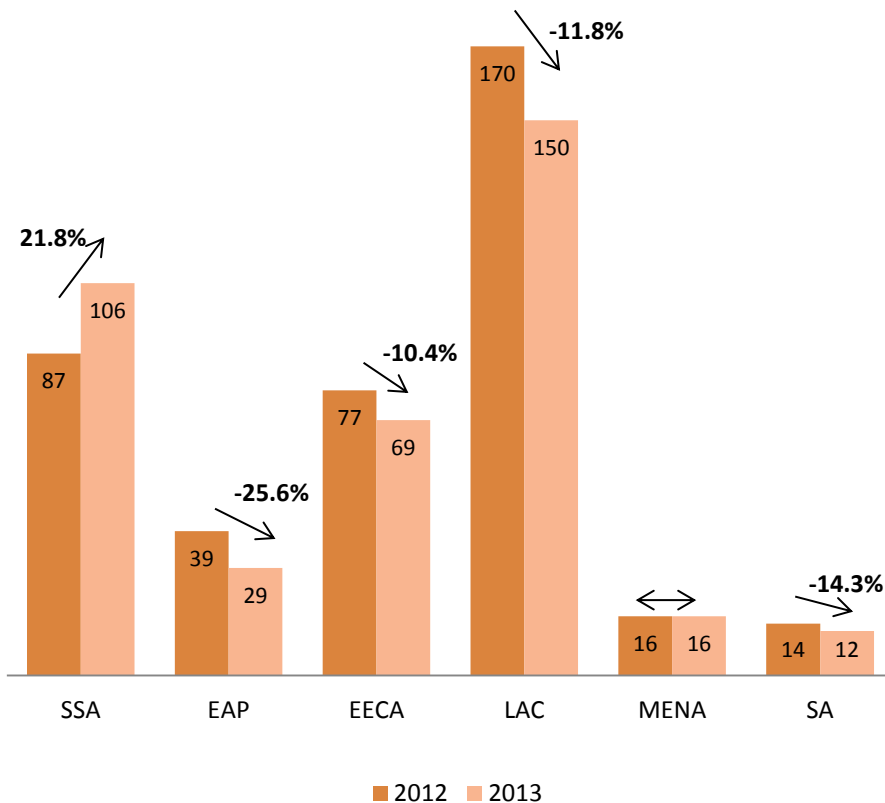
Total Investment (Million EUR)



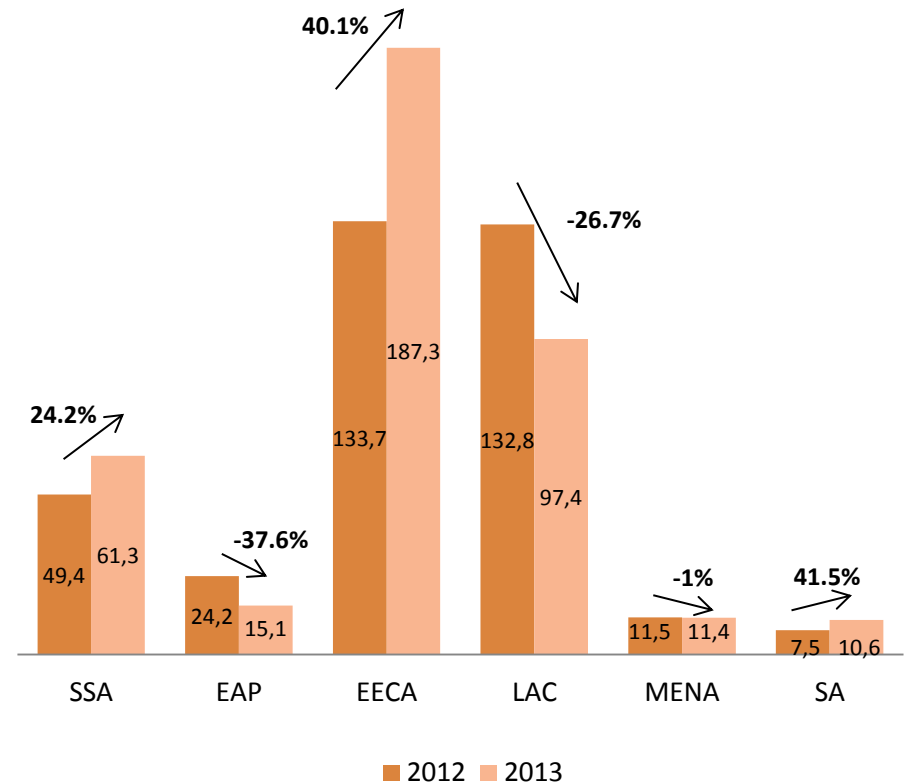
Trends by Region 2012-2013

Tier 2/3 MFIs

Total No. of Investments



Total Investment
(Million EUR)



For the regions legend,
please check slide no. 9



Trends by Countries 2012-2013

Total Investment received (%)

TIER 2&3 MFIs

2013		2012	
1 Kosovo	9.0%	1 Ecuador	6.9%
2 Tajikistan	8.6%	2 Russia	5.6%
3 Romania	7.9%	3 Tajikistan	5.0%
4 Montenegro	5.5%	4 Mexico	4.9%
5 Azerbaijan	4.3%	5 Peru	4.6%
6 Peru	4.0%	6 Bolivia	4.4%
7 Armenia	4.0%	7 Cambodia	4.2%
8 Ecuador	3.8%	8 Georgia	3.8%
9 Nicaragua	3.8%	9 Armenia	3.6%
10 Bolivia	2.8%	10 Nicaragua	3.4%
Rest (68 countries)	46.2%	Rest (62 countries)	53.6%

TIER 2 MFIs

2013		2012	
1 Kosovo	9.4%	1 Ecuador	7.4%
2 Romania	9.2%	2 Russia	6.2%
3 Tajikistan	9.1%	3 Mexico	5.4%
4 Montenegro	5.7%	4 Peru	5.1%
5 Armenia	4.6%	5 Tajikistan	4.8%
6 Peru	4.3%	6 Bolivia	4.6%
7 Azerbaijan	4.2%	7 Georgia	4.4%
8 Ecuador	4.0%	8 Cambodia	4.1%
9 Nicaragua	3.7%	9 Armenia	3.9%
10 Georgia	3.0%	10 Nicaragua	3.5%
Rest (51 countries)	42.9%	Rest (49 countries)	50.7%

TIER 3 MFIs

2013		2012	
1 Nigeria	7.3%	1 Tajikistan	6.7%
2 Kosovo	6.6%	2 Kosovo	6.5%
3 Tajikistan	5.9%	3 El Salvador	5.4%
4 Azerbaijan	5.4%	4 Nigeria	5.4%
5 Montenegro	4.5%	5 Cambodia	5.2%
6 Nicaragua	4.2%	6 Argentina	4.3%
7 Honduras	3.9%	7 Azerbaijan	4.3%
8 Tanzania	3.1%	8 Ecuador	3.7%
9 Cambodia	3.0%	9 Uganda	3.7%
10 Senegal	2.9%	10 Costa Rica	3.5%
Rest (42 countries)	53.1%	Rest (40 countries)	51.2%



Trends by Countries 2012-2013

Total Investment received (Million EUR)

TIER 2&3 MFIs

2013		2012	
1 Kosovo	34.56	1 Ecuador	24.78
2 Tajikistan	33.05	2 Russia	20.18
3 Romania	30.37	3 Tajikistan	18.00
4 Montenegro	21.17	4 Mexico	17.69
5 Azerbaijan	16.60	5 Peru	16.41
6 Peru	15.37	6 Bolivia	15.73
7 Armenia	15.32	7 Cambodia	15.14
8 Ecuador	14.44	8 Georgia	13.60
9 Nicaragua	14.40	9 Armenia	12.77
10 Bolivia	10.64	10 Nicaragua	12.15
Rest (68 countries)	177.14	Rest (62 countries)	192.58

TIER 2 MFIs

2013		2012	
1 Kosovo	31.17	1 Ecuador	23.02
2 Romania	30.37	2 Russia	19.25
3 Tajikistan	30.00	3 Mexico	16.97
4 Montenegro	18.82	4 Peru	15.78
5 Armenia	15.32	5 Tajikistan	14.85
6 Peru	14.17	6 Bolivia	14.27
7 Azerbaijan	13.79	7 Georgia	13.6
8 Ecuador	13.39	8 Cambodia	12.71
9 Nicaragua	12.21	9 Armenia	12.31
10 Georgia	10.05	10 Nicaragua	10.92
Rest (51 countries)	142.04	Rest (49 countries)	158.38

TIER 3 MFIs

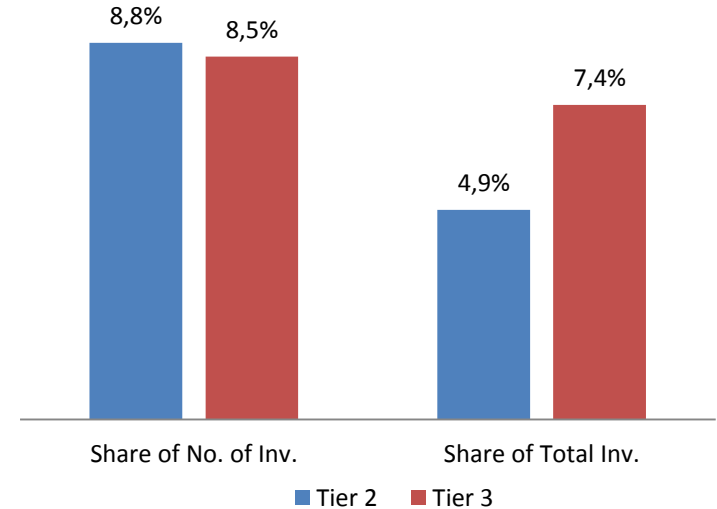
2013		2012	
1 Nigeria	3.78	1 Tajikistan	3.15
2 Kosovo	3.39	2 Kosovo	3.05
3 Tajikistan	3.05	3 El Salvador	2.54
4 Azerbaijan	2.81	4 Nigeria	2.53
5 Montenegro	2.35	5 Cambodia	2.43
6 Nicaragua	2.19	6 Argentina	2.03
7 Honduras	2.00	7 Azerbaijan	2.02
8 Tanzania	1.61	8 Ecuador	1.75
9 Cambodia	1.54	9 Uganda	1.74
10 Senegal	1.51	10 Costa Rica	1.66
Rest (42 countries)	27.49	Rest (40 countries)	24.07

Technical Assistance

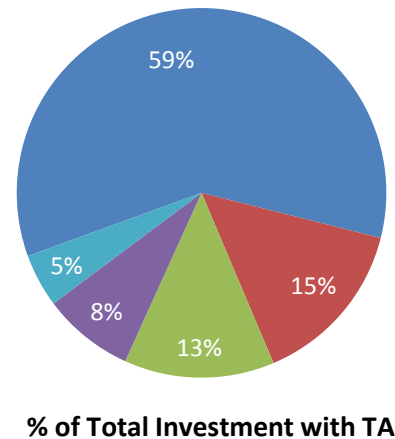
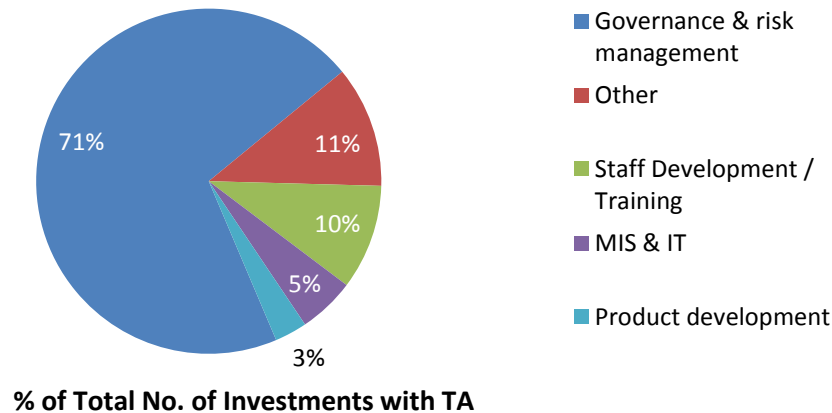
5 investors out of 11 reported providing Technical Assistance

	Tier 2	Tier 3	TOTAL
No. of Investments with TA	28	16	44
Total Investment with TA	16.99M	4.29M	21.28M
Average Investment with TA	0.61M	0.27M	0.48M

Investments with TA



Technical Assistance Purpose





Survey Methodology

- Participants
 - 7 AG members have contributed to the three Surveys for the three years in a row (although in 2011 one of them didn't report the amount of investments)
 - 3 new members contributed data for 2012 and again for 2013
 - There is 1 new contributor for 2013, while one of the members who contributed for 2011 never contributed again, and another member only contributed for 2012
- Changes to previous Surveys methodology
 - Use of No of Investments instead of No of MFIs: 1 investor doesn't provide the names of MFIs, thus, calculating co-investments and therefore the unique number of MFIs is limited to a subsample of 10 survey contributors
 - Survey regions: for the first time the Survey includes investments in Tier 2/3 MFIs in OECD countries (for 2013 this region only refers to one country – US)



Survey Sample

INVESTMENTS IN TIER 2/3 MFIs

Participant	No.	Total Investment (Million EUR)
1	86	225.79
2	104	99.02
3	123	20.59
4	27	12.09
5	23	10.19
6	37	9.22
7	21	8.69
8	38	8.32
9	28	5.6
10	2	3.07
11	16	1.09
Total	505	403.67

Survey Participants





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