

IFC's Approach

Direct Investment

- Establish new commercial microfinance institutions
- Transform non-governmental organizations into regulated, commercially viable microfinance institutions
- Provide support to NGOs in underserved regions
- Work with commercial banks seeking to downscale operations into microfinance or expand into banking for small and medium-size enterprises
- Launch innovative products, for example, local currency lending to microfinance institutions protecting them from asset liability mismatches
- Make available wholesale products

Indirect Investment

- Engage private institutional investors in microfinance through pooled investment vehicles
- Create microfinance holding companies with network partners
- Promote microfinance as an attractive asset class to investors in order to "crowd in" the private sector

Advisory

- Provide management, training, and technical support to start-up microfinance banks in frontier countries
- Provide capacity building assistance to support the commercialization of existing microfinance institutions
- Support the implementation of innovative solutions that expand access to finance for underserved communities, for example, mobile banking and small deposit mobilization
- Partner with organizations such as CGAP and the World Bank to develop policy and financial infrastructure, for example, microfinance credit reporting
- Lead the dissemination of best practices in microfinance through internal knowledge sharing platforms and events

For more information, please refer to our website ifc.org/microfinance

AccessBank Liberia, the first microfinance institution for Liberia's developing private sector, was founded in 2009 with IFC assistance. As a founding shareholder, IFC invested \$1.08 million in the bank, gaining an 18 percent equity stake. IFC also has committed \$1.2 million for a multi-year program to provide the institution with advisory services and technical assistance.

"IFC's investment in AccessBank Liberia was instrumental to the establishment of the first microfinance bank in Liberia, making it possible for people in Liberia to access micro loans and secure savings, necessary for building their businesses and raising their families out of poverty."

—Mary Odong, CEO, AccessBank, Liberia

"AccessBank is easy to work with and the interest rate is much better. To me, it has been a godsend. My future looks much brighter now."

—Abdulwasiu Suleiman, local entrepreneur, who borrowed \$1,700 from AccessBank Liberia to open his second clothing store in the capital Monrovia

Microfinance Products

- Senior debt
- Senior debt in local currency
- Quasi equity
- Subordinated debt/convertible instruments
- Guarantees
- Fund structuring
- Structured finance solutions
- Advisory services products are linked to investment projects and are tailored specifically to client needs on a project-by-project basis

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Microfinance

CREATING OPPORTUNITY IN EMERGING MARKETS





The IFC Difference

IFC, a member of the World Bank Group, focuses on the private sector to promote growth, reduce poverty, and improve people's lives in developing countries. IFC is the world's largest multilateral financier for companies that do business in emerging markets. We finance and advise clients to support profitable and sustainable business development in these markets.

Established more than 50 years ago and owned by 182 shareholder countries, IFC has unparalleled experience in helping private companies succeed in emerging markets worldwide—we are *global*.

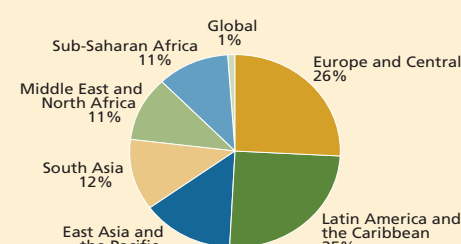
We are also *local*—with offices in more than 86 countries and active programs in many others.

We can work with clients *anywhere* in the developing world. Behind every IFC venture is a strong network that links people, institutions, ideas, and capital. We are your connection to success in the emerging marketplace.

In fiscal year 2009, IFC committed \$10.5 billion and mobilized an additional \$4 billion through syndication, structured and securitized products, and IFC new initiatives for 447 projects in 103 developing countries. IFC also provided advisory services in 75 countries. Since our founding in 1956, we have committed more than \$80 billion of our own funds and arranged more than \$32 billion in syndications for 4,000 companies in 142 developing countries. We have also provided more than \$1 billion in advisory services in the past 20 years, funded primarily by our development partners.

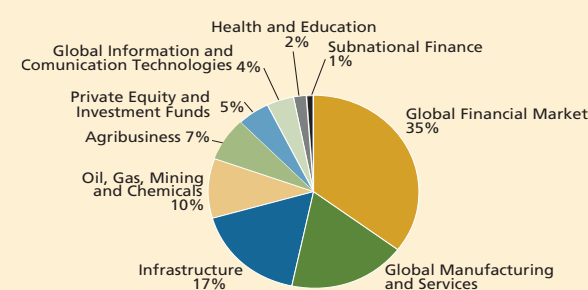
Committed Portfolio by Region

For IFC's own account as of June 30, 2009



Committed Portfolio by Industry

For IFC's own account as of June 30, 2009



IFC: Key Facts

Credit Rating: AAA (Moody's, Standard & Poor's)

Portfolio: \$34.5 billion, representing 1,579 investments in more than 100 countries (as of June 30, 2009)

Total Staff: Approximately 3,400 (more than 50 percent are based outside Washington D.C. in regional and country offices)

Investments committed in FY09: 447 in 103 countries

Broad industry expertise: IFC can help companies address potential risks and incorporate global best practices and technologies into their operations

Broad product range: Corporate and project finance, subnational finance, loans, equity, quasi-equity, structured finance, syndications, and advisory services

Partnership model: Emphasis on building long-term partnerships with clients

IFC MICROFINANCE ACTIVITY

• IFC is the number one multilateral investor in terms of outreach to microfinance institutions, working with more than 100 institutions in over 60 countries, including 21 Sub-Saharan African countries.

• IFC is a leading global investor in terms of volume. As of June, 2009, IFC has committed a total of \$1.3 billion to microfinance, with \$373 million in fiscal year 2009.

• IFC microfinance clients disbursed 12 million loans worldwide in 2008, totaling \$16 billion. Approximately 65 percent of all final microfinance borrowers were women.

• IFC is active in several fragile and conflict-affected countries including Afghanistan, Kosovo, Democratic Republic of Congo, Sierra Leone and Liberia.

• IFC has committed more than \$50 million in advisory services for about 55 percent of its microfinance investment clients.

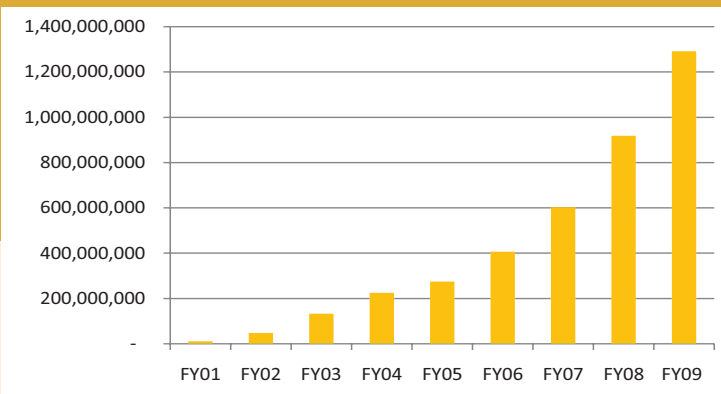
IFC MICROFINANCE STRATEGY

IFC aims to use its leadership in commercial microfinance to increase the outreach of local institutions and help more poor people worldwide to access financial services.

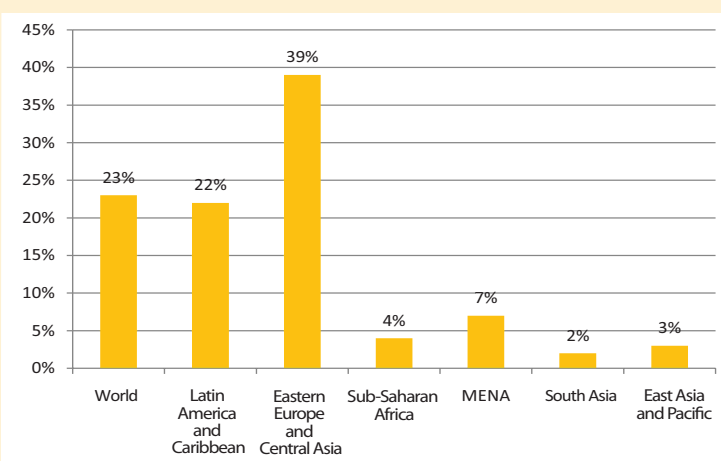
- Serve large markets
- Foster savings
- Build institutional capacity
- Shape markets
- Advance innovation



IFC Funds Committed to Microfinance in U.S. Dollars



IFC Funds Committed by Region FY09



Microfinance has arrived. It has built a clear track record as a critical tool in the fight against poverty and has entered the financial mainstream. Yet it still reaches less than 20 percent of its potential market among the world's three billion or more poor. More private investment is needed to allow a greater number of poor people to gain access to the financial services they need, to fulfill their business potential, and to build a better life.

IFC's focus is on creating and supporting commercially viable microfinance institutions that can attract the private capital needed to scale up and respond to unmet demand. IFC is playing a catalytic role by demonstrating the business case for commercial microfinance and promoting it as an asset class to private institutional investors. Since pioneering commercial microfinance in the early 1990s, IFC has continued to lead innovation in microfinance, using developments in technology, financial products, and policy to help financial institutions reach a greater number of people in a more cost-effective way.

IFC provides Advisory Services and direct and indirect Investment Services to the microfinance sector.

IFC's advisory services portfolio of 60 projects spans the globe and we are active in frontier countries such as Afghanistan, Sierra Leone, and Yemen. Microfinance is a key first intervention in frontier and conflict-affected countries, providing support to micro and small enterprises, which serve as the engines of growth after a conflict. IFC-supported microfinance advisory projects have facilitated access to finance for about five million micro entrepreneurs.

Microfinance advisory services flagship initiatives for FY10 include significantly expanding deposit mobilization in the microfinance industry, enhancing risk management frameworks for portfolio clients, and developing microfinance credit reporting. Going forward, IFC will work toward sustainable poverty alleviation by focusing on: scaling up its reach, capacity building and savings mobilization and diversification.

PARTNERING FOR SUCCESS

Global Financial Crisis Response Initiative—Microfinance

In response to the global financial crisis, IFC and German development bank KfW launched in February 2009 the **Microfinance Enhancement Facility**, a short- to medium-term facility of up to \$500 million with initial contributions of \$150 million from IFC and \$130 million from KfW. The facility is providing refinancing to more than 100 microfinance institutions in more than 40 countries. The facility is managed by Blue Orchard Finance, Cyrano Management, and ResponsAbility Social Investments, three of the industry's leading fund managers.

The ProCredit Group

ProCredit Holding (PCH) is IFC's oldest and largest microfinance client. PCH consists of 22 banks operating in Africa, Latin America and Eastern Europe, through a total of 851 branches worldwide. The bank's focus is on providing quality banking service to small and very small businesses. As of June 30, 2009, PCH held more than EUR 3.3 billion outstanding volume in 980,150 loans. As of June, 2009, IFC's investments in PCH and subsidiaries totalled \$144 million.

Avishkaar, India

IFC has committed \$2.7 million in shares in the Avishkaar Goodwill investment fund, with a special focus on investments in Indian non-banking microfinance institutions (MFIs), especially at their start-up phase. The fund, besides financing, provides the start-up MFIs with advisory services under an innovative franchise model in several crucial areas: Information Technology and Management Information Systems, procedures and training. The \$26.6 million Avishkaar fund has made five equity investments since its establishment in 2007.

Acleda Bank, Cambodia

IFC assisted in the transformation of Acleda Bank from an NGO specializing in rural development into a first-tier commercial bank, servicing more than 214,000 Cambodians through a countrywide network of 219 branches. IFC holds 12.5 percent of the share capital of the Acleda Bank and as of June, 2009, its investments in the bank consisted of \$6 million in loans and \$3.75 million in equity.

BRAC, Bangladesh

IFC has structured a partial credit guarantee of \$18 million to back a local currency loan provided by Citibank Dhaka to BRAC. BRAC is one of the largest MFIs in Bangladesh with 6.4 million borrowers and an outstanding loan portfolio of \$666 million.

Mibanco, Peru

IFC is a shareholder and the largest debt financier of Mibanco, the first registered for-profit commercial microfinance bank in Peru. IFC has committed \$48 million to Mibanco in both debt and equity investments. As of the end of 2008, Mibanco served 362,000 clients through 103 branches countrywide and held an outstanding loan portfolio of \$780 million.

Advance Africa

Advans S.A., Luxembourg is a venture capital investment company working to establish a network of microfinance institutions in developing countries. Current investments include: Advans Cameroun, Advans Ghana, Advans Banque Congo and Advans Côte d'Ivoire. IFC has committed direct equity investments in both Advans S.A. and in the institutions in Ghana and Congo.

AccessBank Azerbaijan

In 2002, IFC promoted the establishment of the AccessBank (AB) by providing a \$1.7 million equity investment and bringing together a consortium of other international investors. Today, AB is a part of Access Microfinance Holding and the leading private bank in Azerbaijan, providing a full range of banking services primarily to micro and small businesses. Currently IFC holds a 20 percent equity share in the bank and has committed \$15 million through a senior loan.

European Fund for South East Europe (EFSE)

EFSE is a collective debt investment vehicle that channels long term resources for on-lending to micro-and-small businesses through MFIs in the South-Eastern Europe. EFSE shareholders are KfW, IFC, FMO and a consortium of European donors. EFSE brings together more than \$400 million in investment funds and is privately managed by a specialized investment partner of Prudential Financial Inc.