

## News

# Ensuring Growth for the Microfinance Industry

5. February 2009

World Bank Group President Robert B. Zoellick and German Development Minister Heidemarie Wieczorek-Zeul today launched a USD 500 million facility that will support microfinance institutions facing difficulties refinancing as a result of the global financial crisis and ensure that low-income borrowers in developing countries continue to have access to finance.

The fund with the name Microfinance Enhancement Facility (MEF), created by the IFC, a member of the World Bank Group, and KfW Entwicklungsbank (German development Bank) has a target volume of USD 500 million.

Business of microfinance institutions (MFI) remains stable despite the financial crisis, and the need for microfinance services by micro-entrepreneurs is still considerable. Due to this continuing demand, MFIs are dependent on constant refinancing. However, local and international bank institutes cannot meet this demand sufficiently at this time, because liquidity has been reduced considerably on credit markets due to the financial crisis.

The fund is designed primarily to contribute to covering these refinancing needs. The start-up capital amounts to USD 280 million; IFC is contributing USD 150 million and KfW USD 130 million. The fund will be managed by the three leading microfinance fund managers responsAbility Social Investments AG, BlueOrchard Finance and Cyrano Management.

"Especially in today's market environment, the microfinance industry deserves strong commitment from private and public organizations. Even if the financial crisis results in cutting back on refinancing to microfinance institutions, their business model remains stable. Microfinance institutions are registering substantial demand and have healthy portfolios today. In addition, micro-entrepreneurs repay their loans on time. With the support of this fund, we can continue to support growth in this still young market to enable even more poor people access to financial services," Patrik Huber, Member of Management at responsAbility Social Investments AG, stated.

You can find additional information in the official press release at the following link:

<http://www.ifc.org/ifcext/media.nsf/Content/Home>.

Should you have any questions, please do not hesitate to contact Patrik Huber, Tel: +41 44 250 99 34 or by E-mail: [patrik.huber@responsAbility.com](mailto:patrik.huber@responsAbility.com).

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