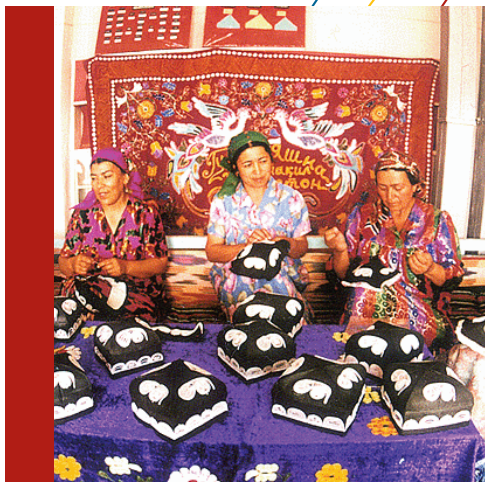


IFC and the AGA Khan Development Network

Reducing Poverty Together



PARTNERSHIP OVERVIEW

The Aga Khan Development Network brings together a number of development agencies, institutions, and programs that work primarily in the poorest parts of Asia and Africa. The Network focuses on specific development problems by forming intellectual and financial partnerships with organizations sharing its objectives. Many of its grants are made to grassroots organizations testing innovative approaches in the field.

FOR MORE INFORMATION:

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AKDN's association with IFC goes as far back as the 1970s, when it partnered with IFC to help develop India's Housing Development Finance Corporation, a mortgage finance pioneer in the developing world. Since then, Aga Khan and IFC have continued to work together in a number of areas, including the energy sector, and projects that provide the poor with access to finance. Other joint operations include the Kyrgyz Investment and Credit Bank in 2001 and PamirEnergy, a power company in Tajikistan in 2002. AKDN also worked very closely with IFC in 2004 to create, with donor support, the first microfinance banks in Afghanistan and Tajikistan.

AKDN and IFC both have a partnership approach to their projects that recognizes that no single entity can fully and effectively reduce poverty alone. They also share a common belief in the private sector as an important driver for economic growth, job creation, and poverty reduction in developing countries.

RECENT HIGHLIGHT

Helping Tajikistan through Microfinance

In 2004, IFC, the Aga Khan Development Network and Germany's development bank Kreditanstalt fuer Wiederaufbau (KfW) invested in First MicroFinanceBank of Tajikistan. First MicroFinanceBank, which began operations in July 2004 as the first full-service microfinance bank in Tajikistan, provides credit and savings products to micro and small enterprises. The bank has built on the operations of the Aga Khan Development Network's long-standing humanitarian and development programs in Tajikistan. These operations currently constitute one of the largest providers of microcredit and microenterprise services in the country.

In the first two years, additional donor money has helped deal with challenges such as security, the need for wider gender outreach, inadequate infrastructure, and extensive requirements for capacity building and training of professionals in the microfinance sector. Technical assistance has been provided through the Canadian International Development Agency. In addition, KfW has arranged grant-based technical as well as a credit line for refinancing of sub-loans.

The loans made available through the First MicroFinanceBank encourage strong growth in private sector enterprises in Tajikistan. Investing in local financial intermediaries is critical to growth and, thus, poverty reduction. Taken still further, the bank offers opportunities for understanding best practice in corporate governance, anti-money laundering, and gender outreach. Ultimately, the hope is to build a sustainable and high-impact institution that responds well to the needs of the Tajik people, creating employment opportunities and helping alleviate social inequities.