

# Microfinance in Africa

**BANKING FOR THE SMALLEST BUSINESSES**



**IFC**

**International  
Finance Corporation**  
World Bank Group

“Improved financial services are needed most in Africa’s poorest economies and countries emerging from conflict. Microfinance is a critical tool in the fight against poverty and an important part of IFC’s effort to support the development of a vibrant private sector in the region.”

-Thierry Tanoh, IFC Vice President, Sub-Saharan Africa



---

## THE CASE FOR MICROFINANCE IN AFRICA

Over three billion people in developing countries are still without effective access to loan and deposit services. The problem is particularly acute in Sub-Saharan Africa, where only between five and twenty-five percent of households have a formal relationship with a financial institution. The region is also home to just two percent of the world's microfinance institutions.

Lack of access to financial services is therefore one of the largest constraints to private sector development in Africa. Addressing this shortfall requires creating new institutions and building operational and managerial capacity from the ground up.

## BUILDING VIABLE INSTITUTIONS

IFC's Microfinance Program for Africa aims to increase the number of commercially viable microfinance institutions and broaden access to financial services so that the region's smallest businesses can access the financial services they need to thrive.

Working with development partners, IFC aims to establish 15 new microfinance institutions by 2011, reaching approximately 400,000 new borrowers. The program focuses on countries affected by conflict and where the private sector is at the very early stages of development.

IFC helps establish new institutions and develop their capacity through:

- Equity investments
- Debt instruments
- Credit guarantees
- Fund structuring
- Advisory services

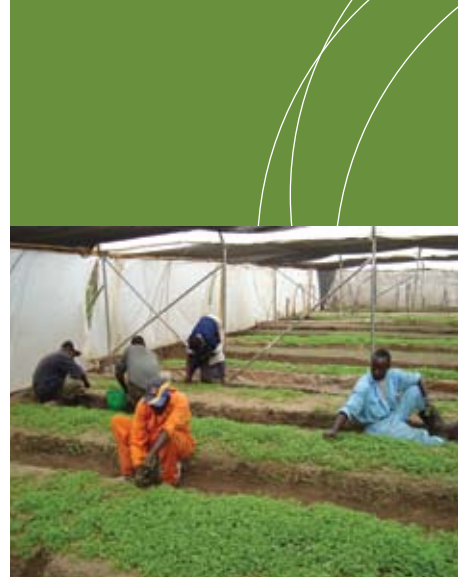
IFC also considers other options to promote microfinance on a case by case basis. These include working with commercial banks that want to move into microfinance and supporting local non-profit organizations that want to transform into licensed financial institutions.

## PARTNERING TO CREATE OPPORTUNITIES

IFC's microfinance team works with partners that have considerable experience establishing new microfinance institutions in developing economies, including:

- ProCredit Holdings
- Advans SA SICAR
- Access Microfinance Holding AG
- MicroCred Holding
- Accion International

IFC, in addition, has a strategic arrangement with the German development bank KfW to mobilize over \$100 million to support the creation of new microfinance institutions across Sub-Saharan Africa.



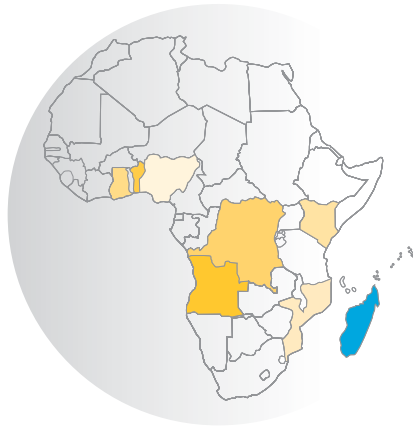
## OUR REACH

IFC's support of microfinance in Africa started in 1997 with an equity investment in K-REP, a Kenyan microfinance institution that has since transformed into a commercial bank that still serves micro and small businesses. IFC expects its microfinance program to reach 22 countries by 2011.



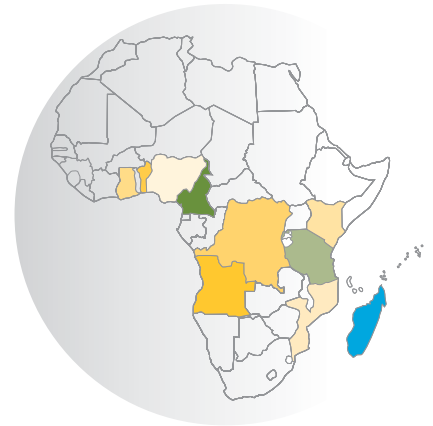
1997 - 2006

- Angola
- Benin
- DR Congo
- Ghana
- Kenya
- Mozambique
- Nigeria



2007

- Madagascar

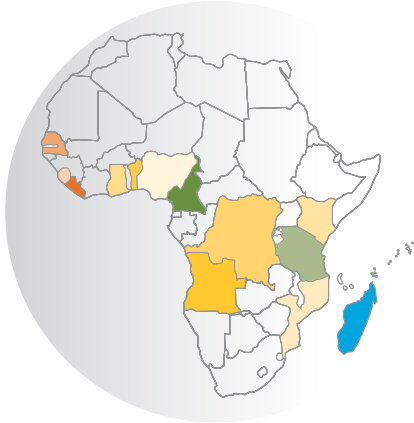


2008

- Cameroon
- Tanzania







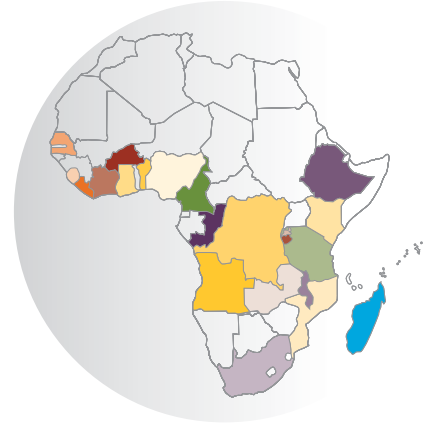
2009

- Liberia
- Senegal
- Sierra Leone



2010

- Burkina Faso
- Burundi
- Côte d'Ivoire
- Rwanda
- Zambia



2011

- Congo
- Ethiopia
- Malawi
- South Africa

## MICROFINANCE PROJECTS BY FISCAL YEAR

1997 - 2006

Angola  
Benin  
DR Congo  
Ghana  
Kenya  
Mozambique  
Nigeria

2007

\* Madagascar

2008

Cameroon  
DR Congo  
Ghana  
Tanzania

2009

Liberia  
Nigeria  
Senegal  
Sierra Leone

2010

Burkina Faso  
Burundi  
Côte d'Ivoire  
Rwanda  
Zambia

2011

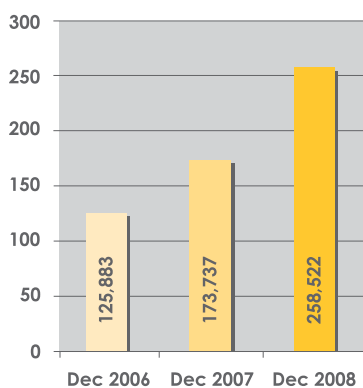
Congo  
Ethiopia  
Kenya  
Malawi  
South Africa

\* Denotes 2 projects in 2007

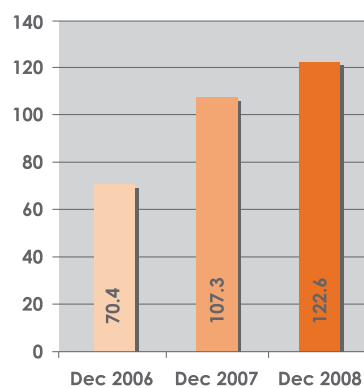
## OUR IMPACT

Microfinance Institutions (MFIs) supported by IFC have a significant impact in their communities.

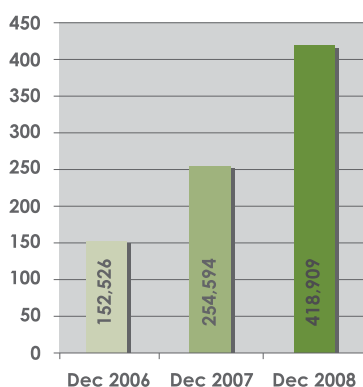
Active Borrowers of MFI Clients



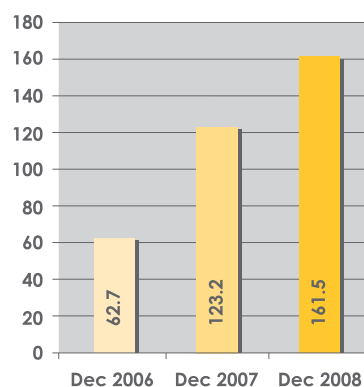
Loan Portfolio of MFI Clients  
(\$ millions)



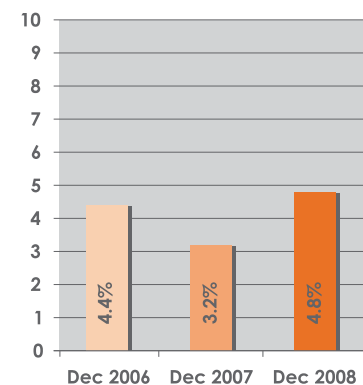
Active Depositors of MFI Clients



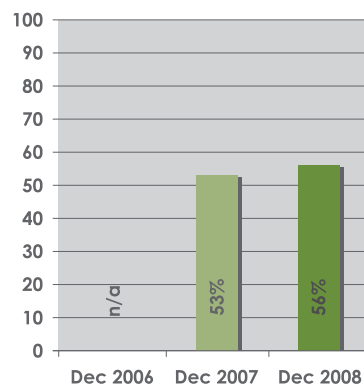
Deposit Volume of MFI Clients  
(\$ millions)



Average Nonperforming Loans



Percentage of Female Borrowers



IFC also indirectly invests in microfinance by participating in holding companies that take controlling stakes in microfinance institutions. Through these holdings, IFC has reached an additional 47,396 borrowers and 294,769 depositors in the region as of December 2008.



---

## OUR STORIES

### LIBERIA: REACHING FRONTIER MARKETS

IFC was the driving force behind AccessBank Liberia, the country's first microfinance institution. AccessBank Liberia was set up in 2008 in partnership with Access Holding, with the European Investment Bank and the African Development Bank investing alongside IFC. It aims to disburse 100,000 new loans totaling \$26.7 million over the next five years, a large proportion of which will be to women and women-owned businesses.

The bank is the culmination of approximately two years of collaboration between IFC and Liberia's government and central bank. At the early stages, IFC worked closely with partners at Liberia's central bank, the World Bank, and the International Monetary Fund to build a regulatory framework based on global best practices in microfinance. As the microfinance sector grows, IFC will continue to work with Liberia's central bank to strengthen its capacity to supervise microfinance lending. The partnership demonstrates Liberia's commitment to microfinance and how IFC's advisory programs can help to create a hospitable environment for investments.

### MADAGASCAR: ONE ISLAND, TWO INSTITUTIONS, MORE OPPORTUNITIES

IFC was instrumental in establishing AccèsBanque Madagascar and MicroCred Madagascar, two microfinance institutions set up in 2007. IFC was a founding investor in both institutions and also provided advisory services funding to develop robust management information systems, train local staff, and develop new financial products. The institutions provide financial services to micro-entrepreneurs and small business owners from a cross section of Antananarivo's businesses. Loans range from \$110 to \$27,000.

AccèsBanque prides itself as a 'one stop shop' for entrepreneurs, offering credit, savings, and payment services to new customers, many of whom have never had a bank account before. MicroCred boasts of an 88 percent satisfaction rate from its credit clients, 51 percent of whom are female borrowers.

---

IFC is interested in working with a broad range of microfinance partners, sponsors and companies throughout Africa. We welcome proposals that offer an investment opportunity for IFC and show:

- financial sustainability and commercial viability
- relevant experience and a clear commitment to development
- rational design and strong technical aspects
- significant development impact

IFC's microfinance team values concepts and models that can be replicated and scaled up for maximum impact. We can provide a range of financial resources to projects that meet these requirements, including equity, quasi-equity, debt and grant financing.

We expect proposals to be carefully prepared and to clearly outline IFC's role and the value we would add to the project. Please submit your proposals by contacting one of IFC's offices below:

#### JOHANNESBURG, SOUTH AFRICA

14 Fricker Road  
Illovo Boulevard  
Illovo 2196

PO Box 41283  
Craighall 2024  
Johannesburg  
South Africa

Tel: 27 (0)11 731 3000  
Fax: 27 (0)11 268 0074

#### DAKAR, SENEGAL

Rue Aime Cesaire x Impasse FN 18  
prolongée  
Après l'Ambassade de Chine  
Fann Residence

PO Box 3296  
Dakar  
Senegal

Tel: (221) 33 859 7100  
Fax: (221) 33 859 7144

#### NAIROBI, KENYA

CBA Building  
4th Floor  
Upper Hill  
Mara/Ragati Roads

PO Box 30577-00100  
Nairobi  
Kenya

Tel: (254) 20 275 9300  
Fax: (254) 20 275 9210

**IFC**

**International  
Finance Corporation**  
World Bank Group