IFC ADVISORY SERVICES
ACCESS TO FINANCE

ANNUAL REVIEW
2013
About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. We play a catalytic role by demonstrating the profitability of investments in emerging markets. Established in 1956, IFC is owned by 184 member countries and works in more than 100 countries. IFC’s vision is that people should have the opportunity to escape poverty and improve their lives.

Access to Finance Advisory Services

IFC Advisory Services are a substantial part of IFC’s business and a critical tool for extending our reach and expanding our impact. To help the private sector in emerging markets, IFC provides advice, problem solving, and training to companies, industries, and governments. Access to Finance is one of four advisory services business lines that correspond to IFC’s operational strategy. At Access to Finance Advisory Services, our priorities are to help clients provide broad-based financial services—such as credit, savings, and insurance products—to micro, small and medium enterprises and to individuals.

Our Donor Partners

Support for IFC Advisory Services is strong and includes partners and donor governments, multilateral institutions, and private donors such as foundations. The Access to Finance business line recognizes our donors and partners which include: African Development Fund, Australia, Austria, Bank of Israel, Belgium, Bill and Melinda Gates Foundation, Canada, Denmark, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, European Union, Finland, France, German Federal Ministry for Economic Cooperation and Development (BMZ), Inter-American Development Bank, Ireland, Islamic Development Bank, Italy, Japan, KfW Entwicklungsbank, Kuwait, Luxembourg, The MasterCard Foundation, Millennium Foundation, the Netherlands, New Zealand, Norway, OMIDYAR Network Fund, INC., the Republic of Korea, Saxony (Germany), Spain, Sweden, Switzerland, the United Kingdom, the United States, and Visa International.
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At the 2013 Annual Meetings of the World Bank Group and International Monetary Fund, World Bank Group President Jim Yong Kim announced our vision to achieve universal access to finance by the year 2020. This vision reflects a growing recognition among the development community and policymakers that greater access to financial services for individuals and small businesses has a critical role to play in ending extreme poverty, boosting shared prosperity of the bottom 40 percent of the population, and allowing for inclusive development.

The challenge of financial inclusion remains enormous, with 2.5 billion adults and close to 200 million businesses still lacking access to credit and basic financial services. The unmet financing needs of micro, small and medium enterprises in emerging markets are estimated at more than $2 trillion. Much progress has been made in narrowing this gap, but achieving the vision of universal access by 2020 will require a concerted effort by the international community, innovative business models, and close collaboration between private and public sectors, leveraging expertise from across the World Bank Group for greater development impact.

This challenge also presents an opportunity for both policymakers and the private sector to make a lasting impact in the fight against global poverty and aiming for shared prosperity. By intervening at various levels, each has a role to play to encourage better banking services, higher deposit rates, and greater accessibility of credit for micro, small and medium enterprises.

IFC has a strong commitment to expand access to finance to individuals and small businesses, working through our client network of financial institutions. IFC investment and advisory teams offer joint solutions to our clients that address their financing needs and offer know-how and tools to use the capital to their best advantage. IFC’s Access to Finance Advisory Services helped transfer our knowledge to clients and facilitated sharing of best practices throughout the past fiscal year in areas such as small and medium enterprise banking, responsible finance, energy-efficiency finance, mobile banking, and financial infrastructure.

We can and must do more. Meeting the ambitious goals of ending extreme poverty in a generation and boosting shared prosperity will not be possible without partnerships, in particular with our donor partners whose continuous support has been vital to the results captured in this annual review.
We look back to another successful year at IFC's Access to Finance Advisory Services, marked with milestones and accomplishments to improve access to finance for our ultimate beneficiaries—individuals and micro, small, and medium enterprises through our work with financial intermediaries.

**We further strengthened our development impact and results through stronger client focus and emphasis on transformational projects.**

- In fiscal year 2013 we actively engaged with 299 clients, of which 135 were new engagements. We continued to work closely with investment colleagues, bringing joint solutions to our clients and coordinating closely with the World Bank to offer the very best of our expertise as one institution.

- **We transformed markets by building essential financial infrastructure:** credit reporting systems to resolve information asymmetries and secured transactions regimes to allow lenders to extend loans to small businesses using movable assets as collateral. Examples of on-the-ground impact included our work in supporting the first credit registries in Ghana and Vietnam, which have facilitated more than $11 billion in financing secured via moveable property to date.

- Our development impact was notable in calendar year 2013. **We reached 41 million microfinance and over 1 million small and medium enterprise clients.** Together with investments, we facilitated an estimated 11.6 million microfinance loans; 210,000 housing finance loans; and 2.7 million small and medium enterprise loans, for a total of $11.4 billion, $7.3 billion, and $91.3 billion outstanding, respectively.

**We carried on with initiatives that advanced IFC’s thought leadership in areas such as SME finance and financial inclusion.**

- This year’s FinNet—Access to Finance’s annual knowledge-sharing event—attracted a record number of participants and on-line visitors, allowing staff to exchange knowledge and experiences with peers, donors, and clients on holistic approaches for greater access to finance. The event generated social media outreach to well over half a million people worldwide.

- During the Annual and Spring Meetings of the World Bank Group and International Monetary Fund, we held high-level seminars on finance for SMEs, women’s financial inclusion, and the role of innovation for achieving greater inclusion. The events advanced the international dialogue on these topics and allowed us to share the private sector perspective with a broad range of stakeholders.
As an implementing partner for the Global Partnership for Financial Inclusion of the G-20, we continued to shape the global agenda on inclusion—particularly through our work on finance data for SMEs and in areas such as women-owned businesses and agrifinance. The past fiscal year also marked the launch of another G-20 initiative, Women’s Finance Hub, an online platform where women entrepreneurs can share best practices and knowledge.

Our Responsible Finance program in South Asia won a 2013 Skoch Foundation Financial Inclusion Award for its advocacy work to promote financial inclusion in India.

There is much to look forward to in 2014.

Our world-class offering of advisory assistance would not have been possible without our more than 230 staff around the world, whose hard work, professionalism, and dedication achieved the stellar results highlighted in the 2013 Annual Review.

Looking ahead, I am very optimistic that 2014 will be an even stronger year as we further integrate our investment and advisory offerings. This integration will allow us to provide our clients with innovative solutions that can leverage technology, knowledge, and new business models for greater transformational impact. This is a remarkable opportunity to leave our mark in the fight against poverty and to achieve universal access to finance by 2020.
Our multifaceted products strengthen and build the capacity of our financial intermediary clients to provide broad-based financial services to individuals and micro, small and medium enterprises. We provide advice in areas including housing finance, insurance, microfinance, mobile banking, SME banking, agrifinance, risk management, sustainable energy finance, and others.

Through our financial infrastructure work we help develop transparent credit reporting systems that can tackle information asymmetries; secured transactions regimes that enable the use of movable assets as collateral for loans; and securities markets that develop local currency bond markets. We also provide advice to governments on improving their legal and regulatory framework to foster increased access to finance.
FINANCIAL INSTITUTIONS

MICRO/RETAIL

Housing Finance
With increasing urbanization and growing populations, more than 1 billion low-income people in developing countries worldwide live in slums that often lack infrastructure such as water and sanitation. There is an enormous unmet demand for low-income housing finance because of the lack of financing options for low-income households, accounting for as much as 90 percent of the housing need. Small amounts of finance could significantly improve these people’s living conditions, further resulting in higher productivity and lower costs of services and consequently, economic growth and job creation.

IFC is a global leader in both advisory and investment services for housing finance. Over the past few years, IFC completed projects to study and develop affordable housing solutions for middle- and lower-income populations in countries such as India and Uganda. In India, our advisory services projects have led to investment in housing finance institutions specifically targeting workers in states with inadequate access to finance. For example, IFC and Dewan Housing in 2011 created a joint venture, Aadhar, to offer mortgages on a large scale to underserved people. IFC’s investment in Aadhar was more than $4.4 million. In its first year, Aadhar established 15 branches in six states and extended more than 1,100 home loans to India’s poorest, targeting customers with household incomes of up to about $400 a month.

IFC works in close cooperation with the World Bank to bring advisory solutions that complement and complete the development cycle to some of the world's poorest markets, including conflict-affected countries. For example, IFC has provided advisory services and investments to primary and secondary mortgage market players to expand the reach of housing finance in other countries: Argentina, Bangladesh, Colombia, Honduras, Indonesia, Kenya, Mexico, Nigeria, Republic of Korea, Romania, Russia, Rwanda, and South Africa. Of the direct client projects, 75 percent are in International Development Association (IDA) countries.

Insurance
The three focus areas for IFC’s Access to Finance Global Insurance Advisory Services are agriculture insurance, health insurance, and micro-insurance. The goal in each case is to expand financial markets offerings, create employment, disseminate best practices, and contribute to economic growth by mitigating risks and increasing income-generating activities.

The agriculture activities are primarily supported by the Global Index Insurance Facility (GIIF) program, a multi-donor facility jointly implemented with the World Bank. The GIIF program develops effective and sustainable markets for index-based weather and catastrophic risk insurance in developing countries. Over the past three years, GIIF has provided support to projects in East and Southern Africa, francophone West Africa, Haiti, Indonesia, and Sri Lanka, reaching more than 250,000 farmers, pastoralists, and micro-entrepreneurs. Pipeline projects are expected to start in East Africa, South Asia, and East Asia and the Pacific in 2014. The European Union is the primary donor to the GIIF program and supports its projects in African, Caribbean and Pacific countries. The Dutch Ministry of Foreign Affairs and Japan’s Ministry of Finance provide additional funding to support activities in other regions.

Housing finance remains key to improved livelihood in Sub-Saharan Africa.

1 IDA is the World Bank’s fund for the poorest: http://www.worldbank.org.ida
Through its collaboration with the World Bank, GIIF also supports regulatory and policy reforms for index-based agricultural insurance. Projects are ongoing in Nigeria and in 14 francophone West African countries. Additionally, capacity-building activities to develop an appropriate policy and regulatory framework are ongoing in 14 countries across Africa, the Caribbean, Latin America, and the Pacific.

In FY13, there was a significant increase in the number of health and micro-insurance projects, primarily in Africa and Asia. Global Insurance Advisory Services ramped up its activities with projects in Nepal, Senegal, and Sri Lanka receiving internal approvals to start implementation. Activities are on track for micro-insurance projects in Brazil and India, and discussions with prospective partners in Cambodia, Indonesia, and Peru are ongoing. These projects are supported by the Performance Based Grant Initiative, which has allocated $2 million to the development of health and micro-insurance products.

**Microfinance**

IFC is the World Bank Group’s lead investor in microfinance and one of the leading multilateral investors in microfinance institutions, working with more than 120 institutions in more than 50 countries. IFC’s investee clients had a combined outstanding portfolio of more than 23 million microloans worth more than $25 billion as of December 2012. IFC committed $402 million in 51 projects with financial institutions in FY13. Also, as of June 30, 2013, IFC had a cumulative committed microfinance investment portfolio worth more than $3 billion, and IFC Advisory Services provided assistance to 73 projects at a cost of $66.2 million.

Since pioneering commercial microfinance in the mid-1990s, IFC continues to lead innovation in the field, 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’s goal is to expand access for underserved populations to a diverse range of high-quality financial services, while maximizing development impact and ensuring institutional sustainability. IFC works toward this goal by effectively delivering tailored investment and advisory services to a range of financial intermediaries. In doing so, IFC continues to play an important role in demonstrating the business case for commercial microfinance and promoting it as an asset class to private institutional investors. By creating and supporting commercially viable micro lenders, IFC helps its clients attract the private capital needed to scale up and respond to unmet demand for microfinance.

**Responsible Finance**

IFC works closely with client financial institutions to embed responsible finance into the DNA of their operations. This means supporting financial services providers to re-focus on the needs of customers, providing more appropriate financial services, and balancing profitability with inclusive finance to ensure sustainable growth across the financial sector.

In advisory services, the focus is on building the capacity of our more than 700 global clients to implement this client-centric approach and create a sound and harmonized financial sector. IFC developed the Responsible Finance diagnostic tool to help institutions in operationalizing responsible finance interventions within their business. The tool provides specific recommendations to design targeted advisory services across core client protection principles, tailored across Access to Finance products and adapted to the local market context. All of the above is closely coordinated with IFC’s investment arm.

This year, the Responsible Finance Advisory team completed numerous due diligence and diagnostic assessments, particularly in Africa to examine current practices of IFC’s potential investment clients and to determine responsible finance strategies upfront.

Since late 2008, IFC’s Performance Based Grant Initiative has continued to promote social performance and responsible finance approaches through its partners and client financial institutions across the world (See Box 1 for specific examples). The Initiative has given $51.8 million to more than 50 projects and helped provide incentives to over 80 institutions worldwide to implement responsible finance solutions across microfinance, insurance, housing finance, sustainable energy finance, mobile banking, agri-finance, and credit reporting. IFC is currently developing regional programs to deepen responsible financial inclusion, working with financial institutions in East Asia, notably in Cambodia, Indonesia, Laos, Myanmar, and Vietnam.
Box 1: Examples of Responsible Finance Projects

Building a Sector-Wide Responsible Finance Initiative
Since 2009, the Pakistan Microfinance Network (PMN) has put in place a sector-level responsible finance initiative that includes: (1) information bureaus (credit clients, staff, and branch mapping); (2) client protection; (3) social performance; and (4) financial literacy. These initiatives were prompted by evidence from PMN research on a high degree of client over-indebtedness, increased credit risk for microfinance institutions, and a weakening of lender-borrower relationships, all consequences of intense competition among microfinance banks during a period of rapid growth from 2002–2007. PMN designed a code of conduct for consumer protection that was signed voluntarily by PMN’s entire membership in early 2009.

Capturing Client Feedback
China Foundation for Poverty Alleviation (CFPA) Microfinance, an IFC investee and advisory client, is a market leader in responsible finance with strong management and board commitment and customer-focused business practices. CFPA is one of the largest microfinance institutions in China, first established in March 1989 as a non-governmental organization and then transformed into a commercial institution with IFC support, CFPA conducts regular client satisfaction surveys to ensure client feedback is captured and reflected in product innovation and improvement of services.

Establishing a Debt Counseling Center
In Bosnia, where over-indebtedness has challenged the entire microfinance industry, IFC and others established the region’s first debt counseling center. IFC is also launching the SMART certification program for responsible lending. Moreover, IFC works with a number of microfinance institutions across the region to help them transform into deposit-taking organizations; with policymakers and industry bodies to improve the regulatory environment for microfinance; and recently with the microfinance industry to introduce responsible lending practices.

Incentivizing Staff for Portfolio Quality
Utkarsh Microfinance, an IFC investee and advisory client, serves some of the poorest, low-income states in India. Utkarsh has capped the maximum number of loan accounts that one staff member can handle, as an incentive to ensure portfolio quality. It has demonstrated that responsible finance practices are not only good for clients but are also good for business. Responsible finance practices are a contributing factor in Utkarsh’s sustainability, portfolio quality, and growth while operating in some of the poorest parts of the country.
IFC continues to play a thought leadership role by building strategic partnerships with other donors and stakeholders worldwide to bring innovative and best practice standards in responsible financial inclusion. IFC, in partnership with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Consultative Group to Assist the Poor (CGAP), in 2010 founded the Responsible Finance Forum, a global inter-institutional community of practice for knowledge exchange and consensus building on responsible finance. This year, IFC partnered with BMZ and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the German development agency, to publish the third Global Mapping Report—Progress in Responsible Financial Inclusion. The report provides a deeper look at the implementation of responsible finance principles and showcases emerging good practices by various organizations and financial institutions. IFC also collaborated with BMZ and Germany's Federal Financial Supervisory Authority to organize the fourth Responsible Finance Forum.

**Retail Payment Institutions and Innovation**

Mobile financial services have the potential to dramatically increase financial inclusion for vast sections of unbanked households and small business. IFC's vision is to develop e-payments into e-financial services; leverage electronic payments to bring people into the system; and thereafter, expand the services offered to them. IFC's global program aims to support the development of innovative and sustainable payment solutions, using technologies such as mobile phones and payment card infrastructure to deliver payment and other financial services at a low cost. IFC's team combines in-country staff expertise with specialist technical know-how in retail payments.

IFC works with banks, microfinance institutions, and other financial service providers that have the ambition and leadership to become regional champions for financial inclusion across five regions. With each one of them, IFC seeks to achieve significant scale, aiming to reach 250 million clients over the next five years. The work with financial institutions includes three key components: 1) advisory services and capacity building, 2) investment financing, and 3) peer learning. Since the inception of the global advisory practice two years ago, the retail payments product has shown strong growth and is now deployed in five IFC regions.

IFC has a committed portfolio of $41.4 million in investments, which includes: DineroMail (Argentina), Fino and Suvidhaa (India), Yellow Pepper (Latin America), and Interswitch (Nigeria).

IFC Advisory Services has committed more than $19.3 million to the program to date. In addition, the team has also completed market scoping exercises in 24 countries across Asia, Latin America, North Africa, and Sub-Saharan Africa.

The program is supported by the Swiss State Secretariat for Economic Affairs, the Netherlands-IFC Partnership Program and Luxembourg.

**SMEs AND BUSINESSES**

**Agrifinance**

Development of the agriculture sector is critical to advancing the Millennium Development Goal of halving the proportion of people who live in extreme poverty and who suffer from hunger by 2015. IFC has a dedicated program to increase the supply of finance to the agriculture sector, specifically focused on smallholder farmers and agricultural small and medium-sized enterprises (agri-SMEs). IFC’s Access to Finance Agrifinance Advisory Program works with both financial institutions and agribusinesses to provide holistic financial solutions to smallholder farmers and agri-SMEs along the entire value chain. Agrifinance projects have been implemented in 12 countries and eight further projects are in the pipeline for FY14. Globally, agrifinance advisory services focus on three key areas:

- **Financial institution capacity building.** IFC works with banks, microfinance institutions, and other financial institutions to devise and develop targeted services for agricultural producers and SMEs in all stages of the agricultural value chain.
- **Value chain analysis and financing models.** IFC helps institutions undertake systematic market research in selected target countries, regions, or agricultural sectors, including the mapping of key priority segments and commodities, assessment of borrowers’ needs and capacity, estimation of the potential market for financial services, and gap analysis of financial offerings.

Agribusiness is a crucial driver of the economy in much of the developing world.
■ Warehouse and post-harvest finance. IFC works with financial institutions to increase post-harvest financial services via commodity warehouse finance, a structured lending technique that enables farmers, agri-SMEs and other agro-enterprises to access loans secured by agricultural commodities stored in a warehouse.

IFC also brings together banking and insurance expertise to reduce the risk of agricultural activities and thereby improve access to finance. The Global Index Insurance Facility supports the development of risk-mitigation tools beneficial to agrifinance in certain markets.

Additionally, IFC offers borrower support by training agribusinesses, farmers, and farmer-based organizations in business planning, keeping financial records, and understanding lending parameters. The focus is building the capacity of service providers to mediate between financial institutions and agribusinesses or farmers.

**Risk Management**

The objective of IFC’s Global Risk Management Advisory program is to strengthen financial institutions’ risk-management capacity and frameworks, loan portfolio monitoring, and nonperforming loan management and workouts capacity, while supporting the development of emerging distressed-asset markets.

The program initially was launched in response to the 2008 global financial crisis to address the challenges of risk management and nonperforming loans in emerging markets. Today, it engages client financial institutions to demonstrate that their growth and resilience to future crises requires implementation of better risk management systems and processes.

Environmental and social risk management is an important part of IFC’s work with financial institutions. Through longer-term engagements and in-depth institutional-building work with client financial institutions, the program takes a comprehensive approach by focusing on all aspects of sound risk management, including risk governance, market risk, liquidity risk, credit risk, operational risk, asset liability management, and capital adequacy. A lesson from the global financial crisis is that all of these risk areas are interconnected and that one type of risk can often be transformed into another type.

At the sector level, Access to Finance Advisory disseminates best practices and conducts awareness-raising efforts. Since early 2009, the program has held 149 risk-management workshops and conferences for the financial sector in 41 countries across all IFC regions. In addition, the program has continued a broad institution-building effort, engaging 124 financial institutions across all regions through the use of diagnostics and capacity-building projects. As part of its knowledge management agenda, the program develops risk-management tools to identify issues and support capacity-building work with client financial institutions.

The program also supports the development of emerging distressed-asset markets, especially in Europe and Central Asia, as part of a wider sector-level distressed-asset-resolution initiative closely coordinated within the World Bank Group.

**Environmental and Social Risk Management**

The environmental and social risk management product provides three types of advisory services: (1) advising banking regulators on standards or guidelines for local financial industries in environmental and social risk management, green lending, and improvement of their footprint in banking operations; (2) developing a training program and building technical capacities in environmental and social risk management for consulting networks in various regions; and (3) developing and testing tools that help financial institutions identify gaps in their environmental and social risk management practices and make necessary improvements. The primary goal of the product is for financial institutions in emerging markets to follow good environmental and social standards similar to and/or consistent with IFC performance standards.

The product continues to be well received in East Asia and the Pacific and in Sub-Saharan Africa. Active projects are underway in Bangladesh, China, Nigeria, and Vietnam, with development underway in Indonesia, Mongolia, Peru, the Philippines, and Russia. Highlights in FY13 included the launch of the Sustainable Banking Network for regulators, the pilot testing of train-the-trainer material in Nigeria, and the development of draft Environmental and Social Management System diagnostic tools for pilot testing in FY14. The product also completed baseline development surveys in five markets.
SME Banking

IFC’s Access to Finance Advisory has been helping financial intermediaries recognize and seize the untapped and profitable opportunities that the SMEs segment represents. IFC had an active portfolio of 44 SME Banking projects spanning 32 countries and totaling $24.9 million as of June 2013. About 66 percent of client-facing projects were in IDA countries, and 11 percent were in conflict-affected or fragile states. About 30 percent of client-facing projects included a component to implement or improve finance models for women-owned SMEs.

The SME Banking Program continued to strengthen IFC’s position as a global thought leader. Two regional conferences were held in Dubai and in Sao Paolo that attracted participation from banks and financial institutions, consulting companies and industry thought leaders. In the past year, the Global Program continued to roll out sector wide training program. A total of 175 bankers—about 25 percent of them women—were trained in countries including Bangladesh, Liberia, Myanmar, Nepal, and Pakistan. The training was targeted at mid-level bank officers and provided an overview of SME banking fundamentals, analysis of global best practices, and instruction on adapting these practices to local and regional markets. At FinNet, the flagship annual knowledge sharing event of IFC’s Access to Finance Advisory, the SME Banking Program hosted two sessions on financing for SMEs. One focused on how a holistic approach to SME banking can improve the bottom line of a financial institution. The other session was about empowering women entrepreneurs by giving them access to finance and markets.

In the past year, the program, jointly with financial markets, focused on building the women’s markets finance advisory services value proposition and developed and launched a diagnostic tool that enables project officers to assess the capacity of a financial institution in serving women’s markets. These efforts were recognized as the program received an IFC knowledge management award for working across departments to build an integrated value proposition for IFC clients. The SME Banking Program also rolled out the Customer Management Excellence tool with more than six diagnostics completed in four regions. The approach will allow IFC to help banks upscale their SME banking operations, improve their service to SME clients, and offer a wider range of products and services to them.

The Global SME Finance Initiative, a joint investment and advisory effort that launched its operations last year, continued to grow. The Initiative focuses on projects that support access to financial services for SMEs in selected countries in South Asia and Sub-Saharan Africa, and selected countries in East Asia and the Pacific, Latin America, and Middle East and North Africa. As of June 2013, the initiative had more than 20 advisory projects in 18 countries. IFC and the U.K. Department for International Development expect this Initiative to reach 200,000 SMEs and contribute to the generation of a significant number of jobs in these priority regions. The first donor, the government of the United Kingdom (UKAid), contributed $120 million to be disbursed to IFC in tranches.

Sustainable Energy Finance

IFC’s integrated advisory and investment services enable partner financial institutions to build and grow their sustainable energy finance business in emerging markets. The sustainable energy finance program continues to produce solid results in East Asia (China, the Philippines, and Vietnam) and Eastern Europe (Albania, Armenia, Russia, and Ukraine). Meanwhile, the program is accelerating its engagement with financial institutions in Latin America and the Caribbean (Brazil and Honduras), Middle East and North Africa (Jordan and Lebanon), and South Asia (Bangladesh and India).

Throughout FY13, IFC aimed to standardize a number of tools for financial institutions to use in developing their sustainable energy finance business. Also, IFC launched some early pilot programs in Africa and India on sustainable energy finance lending to the household and retail sectors through partnership with microfinance institutions.

IFC standardized a joint investment and advisory services tool to help financial institutions screen and report on their climate transactions and portfolios. It is now a web-based tool, taking into account IFC’s new climate definitions and eligibility criteria for climate-smart investments. The tool is renamed Climate Assessment for FIs’ Investments.

2 Based on gender flag in Advisory Services Operational Portal (ASOP).
IFC’s sustainable energy finance program is a powerful tool for mitigating climate change globally.

IFC launched its trade finance advisory services initiative in June 2006 in response to increased requests from local institutions seeking IFC’s support to provide trade finance training and advisory assistance. The GTFP advisory program provides these institutions with training and support to improve their skills in structuring basic and complex trade finance transactions, improve their techniques for mitigating trade finance risk, upgrade the operational and technical skills of their trade finance back offices, and transfer current international best practices in trade finance to local markets. These programs have now been standardized and successfully replicated in all regions and in local languages wherever necessary.

Since its inception, IFC has delivered 217 above-market programs to 5,549 bankers, exporters, and importers in more than 65 countries worldwide. Our recent successes include signing of three training services agreements: with the Bank of South Sudan to deliver trade banking supervision modules to central bank supervision staff; with the Banque Pour Le Commerce Exterieur Lao—a leading bank in Lao People’s Democratic Republic—to improve its trade operations and trade solutions to importers and exporters in the country; and with the Ecobank Group in Africa to help the bank streamline its operations and ensure consistency in knowledge levels across the many branches. These interventions have not only strengthened the beneficiary banks’ trade operations, but also improved their ability to assist local entrepreneurs and small businesses.

Additionally, as part of the GTFP Advisory monitoring and evaluation effort, the program has developed a post-course impact evaluation guideline to measure the effectiveness and outcome of key programs in the workplace. The initiative will be piloted in FY14.

Trade Finance

IFC’s $5 billion Global Trade Finance Program (GTFP), launched in 2005 to promote trade expansion and private sector growth in emerging markets, provides confirming banks with partial or full guarantees to cover local bank payment risks for trade-related transactions. This applies particularly to developing countries and frontier markets where trade lines are most vulnerable and financing is limited.

IFC’s sustainable energy finance program provided advice to 32 projects as of June 2013, the end of its last fiscal year. Partner financial institutions, including micro lenders, had disbursed 108,713 loans totaling almost $1.9 billion. The results indicate reduction of 24.2 million metric tons a year in greenhouse gas emissions (according to data reported by IFC’s partners before IFC adopted standardized methodologies for calculating emissions reduction).

IFC launched the Sustainable Banking Network, an informal group of bank regulators and banking associations led by IFC, which will help regulators in emerging markets develop green-credit policies and environmental and social risk-management guidelines by sharing knowledge and technical resources.

In countries including Albania, Armenia, Chile, Colombia, Macedonia, and Mexico, the sustainable energy finance program also takes on regulatory or policy work with government agencies to create drivers for energy efficiency and renewable energy investments.

IFC’s sustainable energy finance program is a powerful tool for mitigating climate change globally.

Trade Finance

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IFC launched its trade finance advisory services initiative in June 2006 in response to increased requests from local institutions seeking IFC’s support to provide trade finance training and advisory assistance. The GTFP advisory program provides these institutions with training and support to improve their skills in structuring basic and complex trade finance transactions, improve their techniques for mitigating trade finance risk, upgrade the operational and technical skills of their trade finance back offices, and transfer current international best practices in trade finance to local markets. These programs have now been standardized and successfully replicated in all regions and in local languages wherever necessary.

Since its inception, IFC has delivered 217 above-market programs to 5,549 bankers, exporters, and importers in more than 65 countries worldwide. Our recent successes include signing of three training services agreements: with the Bank of South Sudan to deliver trade banking supervision modules to central bank supervision staff; with the Banque Pour Le Commerce Exterieur Lao—a leading bank in Lao People’s Democratic Republic—to improve its trade operations and trade solutions to importers and exporters in the country; and with the Ecobank Group in Africa to help the bank streamline its operations and ensure consistency in knowledge levels across the many branches. These interventions have not only strengthened the beneficiary banks’ trade operations, but also improved their ability to assist local entrepreneurs and small businesses.

Additionally, as part of the GTFP Advisory monitoring and evaluation effort, the program has developed a post-course impact evaluation guideline to measure the effectiveness and outcome of key programs in the workplace. The initiative will be piloted in FY14.
FINANCIAL INFRASTRUCTURE

Credit Reporting

IFC’s Global Credit Reporting Program has been an international leader in the development of credit reporting systems, providing thought leadership globally and capacity building support in more than 60 emerging markets since 2001. In 2012 and 2013, with the global program’s support, China, Guyana, Tajikistan, Tanzania, Tonga, Vanuatu, and Vietnam issued licenses and established credit bureaus. Over the past year, the program also has provided capacity-building support in Sierra Leone and helped further strengthen a credit bureau in India, which added 30 new microfinance institutions to its network. In Pakistan, the program expanded a regional microfinance credit information sharing pilot to a nationwide initiative. In Afghanistan, the program supported the development of credit reporting regulations, provided outreach and awareness, and assisted the central bank in selecting a technical partner to build the credit registry, which is expected to go live in early 2014. The program also helped the eight countries in the West African Economic and Monetary Union region develop and pass a regional law on credit reporting. The law, a first of its kind, will support credit information sharing across the region once a credit reporting system is developed.

In addition to its capacity building work, the program is developing new knowledge products that aim to reduce critical gaps in this area. In 2013, the program developed a first-ever manual on Supervision of Credit Bureaus, which was piloted and tested in Cambodia, Ghana, and Jordan. The program will refine the manual based on feedback received from stakeholders and pilot results. In late 2012, the global program and the Central Bank of Malaysia co-hosted the fourth Credit Reporting and Risk Management Training, a five-day session for regulators, developing bureaus, and other key stakeholders in credit reporting markets worldwide. The program also released the second edition of the Credit Reporting Knowledge Guide, the only such known publication that provides an in-depth overview of the credit reporting industry and key developments and trends in the space.

Looking forward, the key objectives of the program—in line with IFC corporate objectives—are to strengthen the development of financial infrastructure elements, including credit reporting, in International Development Association countries and conflict-affected and fragile economies. The program is developing projects in Burundi, Haiti, Jordan, Malawi, Myanmar, the Philippines, and Zambia, among others. With support from its donors, the program also is developing a commercial credit reporting offering that will support the need of small and medium enterprises for access to credit.

Program donors include Austria, Canada, Japan, the Netherlands, Omidyar Network Fund Inc., Switzerland, and UKAid.

Secured Transactions

Poor financial infrastructure limits or denies access to credit for many firms in emerging markets, especially for micro, small, and medium enterprises. IFC provides advisory services to support the development of well-functioning secured lending frameworks to provide greater opportunities for these firms. The key challenges are modernizing secured transactions laws, establishing electronic collateral registries, and training financial institutions in lending based on movable assets. IFC’s advice is provided jointly with the World Bank to foster the use of movable assets—such as equipment, accounts receivable, inventory, and crops—as collateral in exchange for loans.

IFC is a recognized leader in the field today, providing secured transactions advice to more than 25 countries. To date, IFC has provided assistance to Afghanistan, Azerbaijan, Belarus, Cambodia, China, Colombia, Costa Rica, Ghana, Haiti, India, Indonesia, Jordan, Lao PDR, Lebanon, Liberia, Malawi, Mongolia, Morocco, Nepal, Nigeria, the Philippines, Rwanda, Sierra Leone, South Sudan, Sri Lanka, the United Arab Emirates, Uzbekistan, Vietnam, West Bank and Gaza, Yemen, and Zambia.

A major milestone this year was the launch of an online collateral registry in Afghanistan and the enactment of new secured transactions laws in Colombia, Malawi, and Rwanda. IFC also supported the creation of modern electronic collateral registries in Lao PDR and Palestine; and new laws governing secured transactions were drafted in Costa Rica, Haiti, Jordan, Lebanon, Palestine,
South Sudan, and Zambia. Notable accomplishments in communications and knowledge management included production of a video of a secured transactions project in Ghana.

Future directions will focus on strengthening the impact of reforms on the micro, small and medium enterprise sectors through expanded stakeholder communications and increased training for the financial sector on new product development and risk management systems that ensure their ability to leverage the modernized systems and expand their credit offerings.

IFC’s Secured Transactions and Collateral Registries Program is funded by donors that include Japan, the Netherlands, Switzerland, the United Kingdom, and the United States.

**Securities Markets**

IFC and the World Bank run two well-developed securities market programs—the Global Emerging Markets Local Currency Bond (Gemloc) program and the Efficient Securities Market Institutional Development (ESMID) program—under which most of its advisory services and knowledge management products are designed and implemented. The Gemloc and ESMID programs are complementary since they respectively focus on the development of government and non-government local currency bond markets. Both programs often operate in countries simultaneously and leverage one another. A new program to develop equity markets in frontier countries has recently been established.

The Gemloc program is a World Bank Group initiative that supports development of local currency bond markets in emerging-market economies to increase their investment-worthiness and attract new domestic and international investment. It also helps implement monetary policy, pricing benchmarks, and yield curves.

The ESMID program works to develop non-government bond markets to help finance sectors that have high developmental impact, such as infrastructure, housing, and microfinance. The program also aims to widen the range of opportunities available to domestic institutional investors, such as pension funds and insurance companies. Its two key areas of advisory work are improving the enabling environment for local securities markets, and supporting demonstration transactions that may be facing challenges in coming to market, often because of regulatory obstacles.

Gemloc country-specific advisory projects are operating in countries including Brazil, Costa Rica, Egypt, Kenya, Morocco, Nigeria, Romania, South Africa, and Uruguay. Gemloc works with 23 emerging-market countries and has sponsored four high-level discussions on key bond market issues under its Peer Group Dialogue initiative. ESMID is operating in Latin America (Colombia and Peru) and Sub-Saharan Africa (Kenya, Nigeria, Rwanda, Tanzania, and Uganda) and is expanding to East Asia (Indonesia and Vietnam).

The Gemloc and ESMID programs help reduce financial sector risk, improve financial sector diversification, and keep funds flowing, particularly during periods of financial stress when bank lending may be under pressure or when other forms of credit may not be appropriate or available for financing or investment.
EAST ASIA AND THE PACIFIC

Cambodia: Microfinance Lender Uses Credit Bureau to Avoid Substantial Defaults

The launch of Cambodia’s first credit bureau in March 2012 helped a major local microfinance lender, PRASAC, avoid future non-performing loans or loan defaults of about $8 million in the first half of 2013.

“The credit reports help my team to identify clients who have multiple loans and so they can help our clients make good decisions and avoid bad debt,” PRASAC Chief Executive Officer Sim Senacheert said.

The idea for a credit bureau grew out of a surge in micro-lending in Cambodia in 2006 and 2007 that led to serious concerns among lenders and investors in the microfinance industry that clients were taking on multiple loans and risking over-indebtedness. An estimated 30 to 40 percent of clients in high-penetration areas had multiple loans from different microfinance institutions, according to a March 2013 report by the Cambodia Institute of Development Study, a non-profit independent research institute.

Taking cues from similar markets, Senacheert and the CEOs of other major Cambodian micro-lenders discussed developing a system to share credit information that would allow them to track lending behaviors. The idea stalled because under the existing banking law, the industry was prohibited from sharing client information. As the over-indebtedness crisis accelerated, the National Bank of Cambodia joined the conversations and, after an IFC-sponsored microfinance conference in 2007, requested IFC support to establish the country’s first credit bureau.
IFC worked closely with the central bank and the industry starting in 2009 and, in March 2012, Credit Bureau Cambodia was launched with the participation of all of the country’s 75 regulated banks and microfinance institutions. Under Cambodia’s new legal framework, all banks and micro-lenders are required to be members of the credit bureau and contribute data and use credit reports in their lending processes.

As the volume and quality of the data submitted to the new credit bureau has improved over time, financial institutions are increasingly realizing the benefits of reduced lending costs.

PRASAC was among the first to submit 100 percent of its loan data and, since January 2013, it uses credit reports to assess all applications. It now conducts more than 15,000 credit checks monthly with Credit Bureau Cambodia and has found that more than a quarter of its applicants hold more than two loans.

**Vietnam: Comprehensive Client-Centric Solutions Help Bank Weather Crisis**

IFC began advising Vietinbank in 2010 to accompany a $186 million investment in the bank, with an initial focus on business expansion in the areas of loans to SMEs and loans for energy efficiency projects. With the start of the banking crisis in Vietnam, risk management and corporate governance rose in priority. Over the past year, Vietinbank established an Integrated Risk Division led by a newly created chief risk officer position; designed a consolidated treasury function; issued new treasury trading policies; developed a market risk and operational risk management framework; and set up a Basel II steering committee to lead the full implementation of Basel II rules in FY14—ahead of the State Bank of Vietnam’s proposed schedule. Most importantly, the bank elevated its risk culture to a level of strategic importance that was well above the level of other Vietnamese banks.

“This is the best session on risk management assessment that I have attended so far,” board member Van Nguyen said about IFC’s diagnostic findings and recommendations for risk management changes.

After IFC presented its findings on the bank’s corporate governance to the chairman and board, Vietinbank reorganized an internal audit department to make it more strategic, adopted an external audit rotation policy, and committed to appoint a board member to lead the reform.

With its house in better order, Vietinbank—one of the country’s largest state-owned commercial banks—has been able to more comfortably expand its product offerings, even as the banking crisis continues. IFC’s Energy Efficiency team helped identify an initial four projects for financing, for a total of $11.8 million, and helped develop a pipeline of more than $20 million in new projects. Also, IFC helped the bank develop a streamlined scorecard for rating its micro-enterprise clients that saved time for bank staff.

IFC’s comprehensive solutions in the areas of risk management, corporate governance, and business development also facilitated a $743 million strategic investment by the Bank of Tokyo Mitsubishi in Vietinbank.

IFC provides advisory assistance to banks in Vietnam to institute best practices and maximize efficiencies.
EUROPE AND CENTRAL ASIA

Albania: Capacity-building Helps Banks Tap into Clean Energy Business

Two-thirds of electricity production in the Western Balkans is based on coal-fired thermal power plants that are more than 30 years old and require either expensive refurbishment or replacement. The region is known for its large hydropower potential, but so far, has exploited only between 10 to 30 percent of its potential. IFC estimates the potential at more than 1,000 small hydropower plants with a capacity of more than 2,000 megawatts and an annual production of more than 6,000 gigawatt hours, requiring an investment of approximately €2 billion ($2.68 billion).

In response to these challenges, IFC’s Balkan Renewable Energy Program is helping the region establish a sustainable market for renewable energy investments that will focus on the construction of small hydropower plants. Specifically, the program is working with government officials to improve the necessary regulatory framework, cooperating with renewable energy companies to enhance their project design, and advising local banks on how to boost lending for all renewable energy technologies with a particular emphasis on small hydropower plants.

As of June 2013, $41 million in investments has been facilitated, both indirectly and directly, to construct 97 renewable energy plants in the three countries where the program was launched: Albania, Bosnia and Herzegovina, and Macedonia. The plants have a combined capacity of 140 megawatts and are expected to produce more than 588 gigawatt hours of renewable energy a year and reduce greenhouse gas emissions by 460,000 metric tons annually.

As part of the broader effort to help local financial institutions develop their renewable energy business and increase their investments in the sector, IFC provided a $13.4 million loan to Credins Bank in Albania in March 2013 to finance small-scale renewable-energy and energy-efficiency projects in the country. IFC coupled the credit line with training for the bank’s staff in how to assess and finance such projects.

With IFC’s support, Credins has evaluated five renewable projects and deemed three of them, involving nine small hydropower plants, to be feasible. The bank has approved loans totaling $4.4 million and started to disburse them to build two plants. Another $1.5 million loan to build a third plant is in the approval process.

“We believe that the potential for development of sustainable energy finance in Albania is significant and aim to offer our services to companies that plan to go green,” Credins Bank Chief Executive Officer Artan Santo said.

Armenia: Financing for Energy-Saving Measures Cuts Monthly Bills, CO2 Emissions

Armenia urgently needs to increase its energy efficiency because it lacks domestic energy resources and relies heavily on imported fossil fuels. With recently raised electricity and gas tariffs, its population of 3.2 million struggles to keep up with utility prices.

IFC’s Armenia Sustainable Energy Finance Project began searching in January 2010 for a reliable partner to introduce the country’s first residential energy-saving loans. In 2012, IFC provided a $10 million loan to Byblos Bank Armenia to expand its mortgage lending and provide financing to homeowners who want to make their residences energy efficient. IFC also trained the bank’s staff in energy-saving approaches to building, design, and reconstruction, and provided a specially designed Excel tool that helps calculate the energy-efficiency gains from proposed measures.

The IFC project is managed by Tigran Parvanyan, an Armenian-born graduate of the Rochester Institute of Technology in the United States, who is eager to put his knowledge of residential energy-efficiency to good use in his homeland.

With IFC’s assistance, Byblos Bank Armenia has made 24 residential energy-efficiency loans totaling more than $600,000. The aggregate expected energy savings from these projects is 135.5 megawatts a year, resulting in reductions of greenhouse gas emissions of 48.5 tons a year.

The borrowers include Gevorg Sargysyan, who applied for a $22,000 loan to renovate his apartment for his family of four. He spent half the loan on energy-efficiency improvements, including replacing windows and installing solar panels. "I can see the results: my monthly bills have dropped 30 percent,” he said. "And I’m doing something good for the environment.”
measures, including thermal insulation and a modern, gas-fired boiler. The family spends about $300 a month on loan payments, more than 15 percent of which is covered by energy savings.

“We enjoy the new design and increased comfort in our apartment, appreciate the savings, and take pride in our small contribution to the protection of the environment,” Sargsyan said.

The success of the sustainable energy project piqued the interest of several other banks that operate locally. Now, the Armenia Sustainable Energy Finance Project is also engaged with HSBC to promote industrial energy efficiency and with Ameriabank to help finance small hydropower projects in remote regions of Armenia.

The project is part of a broader IFC initiative in Europe and Central Asia to promote climate-friendly investments in renewable energy, energy efficiency, and cleaner production technologies.

Russia: Energy-Efficiency Upgrades Make Cold Apartments Cozy

Apartment building No. 39 on Tekucheva Street in Rostov-on-Don was much like its shabby neighbors, with old windows, loose doors, and outdated electrical wiring. The inside was cold and dark, and light bulbs burned out early.

The building management company, OOO ZHKKH, didn’t have enough money to renovate, so it applied for a loan from Center-Invest Bank, which is based in Rostov-on-Don. OOO ZHKKH used the 5 million rubles ($167,000) for a variety of energy-efficiency measures—installing new windows, energy-saving light bulbs, and gas and water meters; and repairing the roof, water supply systems, heating systems, and sewage systems.

As a result, residents pay only for resources that they actually consume, unlike before when the cost was charged evenly by unit, which provided no incentive for them to save energy. Savings on heat reached 16 percent, or more than $9,000 a year, which helps pay for building maintenance. The modernization also provided electricity savings of 20 percent and OOO ZHKKH used that money to repair the building’s entrance.

The residential housing sector in Russia consumes 20 percent of the country’s electricity and 60 percent of its heat. As the second-largest end-user of energy after manufacturing, the sector holds the greatest opportunity for energy savings. The market potential for new financing of capital repairs in residential housing is estimated at $4 billion to $13 billion.

In 2009, with support from IFC’s Russia Residential Energy Efficiency Project, Center-Invest opened a special lending program for homeowners’ associations for repairs and other energy-saving measures in apartment buildings. As of June 2013, Center-Invest had issued loans totaling $2.2 million that benefited 5,224 apartments.

In 2011, Center-Invest launched a complementary lending program for homeowners to finance energy-saving measures and appliances in individual houses and apartments. So far, the lender has issued loans totaling $38 million that benefited 3,212 houses and 1,615 apartments.

IFC’s Russia Residential Energy Efficiency Project works through Russian commercial banks to stimulate investment in the energy-efficiency modernization of residential buildings, with the goal of reducing CO2 emissions in Russia. In addition, IFC aims to address key legal, regulatory, and institutional barriers to make it easier for housing management companies, homeowners associations, and individual homeowners to make energy-saving renovations, and to make it more attractive for commercial banks to provide the necessary financing.
LATIN AMERICA AND THE CARIBBEAN

Colombia: New Financial Products to Take Advantage of Widespread Mobile Phone Use

A Colombian bank developed a suite of savings and credit products for mobile distribution to low-income people in response to the country’s particular demographics: more than a third of its adult population does not have access to basic financial services, with the greatest need among those in the lowest-income segments and in rural areas. In contrast, more than 90 percent of the population has access to mobile phones.

To meet the need for broader access to financial services, IFC partnered in 2011 with Banco AV Villas, part of Grupo Aval, Colombia’s largest financial conglomerate. While the bank specializes in personal banking for middle-income salaried clients, for several years, it had been developing products and channels to provide financial services to low-income clients.

As part of this process, IFC studied how low-income individuals manage their personal finances and designed a group of products that provide holistic financial solutions. Banco AV Villas launched its transactional mobile account, “Transfer,” in partnership with Claro, Colombia’s largest mobile network operator, in November 2012. Transfer is designed to be the entry point to financial services for Colombians not served by traditional financial institutions. The mobile savings account will allow users to receive deposits and local remittances and to make payments using non-traditional channels, like mobile phones and local merchants that contract with the bank to provide financial services.

Dominican Republic: Sustainable Energy Financing Aims to Cut Electricity Costs

IFC’s first line of financing dedicated to sustainable energy in the Caribbean went to a bank in the Dominican Republic, where electricity costs are among the highest in the region.

IFC supported its longstanding partner BHD Bank, the country’s second largest commercial bank, in launching a new sustainable energy finance program in 2010. The goal was to help Dominican businesses decrease their energy costs and consumption and implement cleaner production projects, thereby reducing greenhouse gas emissions.

IFC gave BHD a $20 million line of financing for energy-efficiency and small-scale renewable energy projects in the industrial and tourism sectors.

IFC’s Access to Finance Advisory Services also trained the bank’s staff in how to evaluate and process sustainable energy loans, and raise awareness among potential clients. An important part of IFC’s support was conducting energy audits for potential clients, and helping BHD identify other companies to work with as partners. The latter allowed BHD to channel a significant amount of financing to energy intermediaries in its market. These commercial relationships help BHD identify additional sustainable energy deals (the bank has a pipeline of $45 million worth of sustainable energy projects).

“The energy audits were what really closed the deal with clients,” said Maria del Pilar Cañas, BHD’s sustainable energy lead.

In less than three years, BHD has evaluated close to 100 projects and disbursed $21 million for sustainable energy projects. Most financed projects were natural gas conversion projects in the hotel and industrial sectors, and solar energy projects in the commercial and health sectors. Some of BHD’s financing was done through energy service providers that identified and analyzed subprojects. Using their expertise proved to be a useful approach to identify multiple projects for financing.
loan portfolio is profitable: as of March 2013, it had grown by 133 percent to $11.2 million, with 447 outstanding clients, an average loan of $24,024, and good portfolio quality. Perhaps most importantly, improved access to finance for small businesses has supported the country’s rebuilding efforts.

**Honduras: IFC Tailors Bank’s Services for Underserved Markets**

In Honduras, more than half of the people live in poverty, and only 20 percent of economically active people have access to traditional financial products such as mortgages. IFC provided a complementary package of advisory services and financing to Ficohsa, one of the largest locally-owned banks, to help improve its financial offerings for low-to-middle-income housing and SMEs.

Before IFC’s involvement, Ficohsa did not have the right housing or SME finance products. IFC’s advisory assistance enhanced the bank’s capacity to expand its housing finance and small business finance operations, while minimizing risk and maximizing profitability. IFC’s $22 million investment in Ficohsa, equally divided between housing finance and small business finance, gave the bank enough liquidity to diversify its portfolio and overcome the effects of the global financial crisis and a domestic political crisis. Ficohsa was also able to draw on IFC’s corporate governance support to increase its transparency.

Erasmo Norales, a 36-year-old boat worker, used a Ficohsa mortgage loan in 2010 to buy a house for his family in Choloma, a town in northwestern Honduras where the average house costs $30,000. Norales is called away to sea for up to eight months at a time.
“When I return home my family and house are safe,” Norailes says. “This is a nice area without crime.”

At the end of IFC’s project in December 2012, Ficohsa had a comprehensive business model for its housing and small business segments and was able to expand its operations sustainably. Despite the effects of the crises, both portfolios grew significantly, with the number of clients and value of loans exceeding project targets.

Since IFC’s intervention, Ficohsa has become the housing finance leader in Honduras, increasing its market share to 17 percent from 8 percent, with a portfolio growth averaging 22 percent a year between December 2009 and December 2012. The bank’s small business portfolio has grown an average of 19 percent a year during the IFC project.

As a result of the overall project, the bank now has practices that will help sustain its housing finance and small business services: (1) products tailored to the two segments, (2) policies and procedures appropriate to these segments, (3) improved staff capacity to deliver services, and (4) comprehensive tools to monitor loan performance and control credit risk.

**Peru: Micro Loans Are Part of Solution to Lift Rural Farmers from Poverty**

Poverty in Peru has declined to a third of the population in 2010 from a half in 2004, but the majority of its rural dwellers still live in poverty. Some 54 percent of rural inhabitants overall and 61 percent of those in the highlands are poor. The lack of economic and social integration is due to a multitude of factors: inaccessible locations, poor roads, low population density, low levels of education, and a scarcity of financial services.

IFC’s Peru Rural Microfinance project—funded by Foreign Affairs, Trade and Development Canada—addresses one of these factors by helping microfinance institutions pilot micro agricultural loans in areas where poor farmers live.

IFC Advisory Services is working with two leading micro lenders on the project and expects to work with at least one more. Longstanding IFC partner Financiera Edyficar, also a client of IFC’s Investment Services, completed its microcredit pilot in December 2012. Caja Arequipa is IFC’s second partner. Some 1,000 farmers have received loans as part of the pilot programs.

Edyficar and Caja Arequipa already had large footprints in Peru: combined, they had 670,000 loans outstanding totaling more than $1.6 billion; a network of 248 traditional branches; and more than 6,000 employees as of April 2013.

The rural microfinance project is breaking the cycle of indebtedness that is all too common in the Peruvian highlands and giving numerous families the opportunity to be self-sufficient. The beneficiaries receive working capital that otherwise would be unattainable and that allows them to invest in their agricultural livelihoods.

The beneficiaries include 23-year-old potato farmer Elmer Mamani, who received a $200 micro loan from Edyficar. He used it to invest in seeds, fertilizer, insecticide, and fungicide. After harvesting his potatoes and selling them for a good price, he was able to pay back the loan and make a profit. Most importantly, he has set himself up to receive additional loans from Edyficar.

“I took out a second loan of 1,000 soles ($400) and I’ll invest it in olluco [a local root crop],” Mamani said. “Then, I’ll have good earnings from the olluco, and with these earnings, I’ll have some savings and I won’t have to take out so much next time.”
MIDDLE EAST AND NORTH AFRICA

Lebanon: Innovative Bank Program Gives Leg Up to Women Entrepreneurs

The main barrier to increasing the participation of women in business in Lebanon is access to finance. Women own more than 30 percent of all smaller businesses in the developing world, but in Lebanon, only 3 percent of bank loans go to female entrepreneurs.

This under-tapped market presents an enormous opportunity for financial institutions and other business providers. Research indicates that women tend to be loyal customers and cautious investors, in addition to having better loan-payback rates.

IFC’s Advisory Services team has worked with Lebanon’s BLC Bank since 2008 to design financial services and banking products for smaller enterprises, and as a sub-set of this strategy, helped BLC recognize the business case for actively reaching out to the market of smaller enterprises owned by women. IFC’s support included market research to understand the needs of women-owned businesses and the testing of new products.

Adopting IFC’s recommendations, in March 2013, BLC launched the Women’s Empowerment Initiative, the first known program by a bank in the Middle East and North Africa dedicated to the economic empowerment of women. This initiative offers a range of financial services tailored to women-owned businesses.

To ensure the culture shift was embedded throughout the bank, IFC helped BLC develop a customized in-house program to train its staff to market to women and women-owned businesses. Some 75 BLC staff members were trained in 2012.

The results so far are striking: a 55 percent jump in the number of BLC loans to women-owned SMEs, and a 17 percent increase in the number of women-owned deposit accounts. Furthermore, BLC has contributed to a culture change by proving the potential of targeting women as financial clients. BLC became the first bank in the Middle East and North Africa to commit to the UN Global Compact/UN Women’s Empowerment Principles and to join the Global Banking Alliance for Women.

BLC’s Women’s Empowerment Initiative also provides non-financial services critical to supporting the growth of women-owned businesses. These services include:

- The “We Initiative” portal—a website dedicated to female entrepreneurs that allows them to exchange ideas and combine forces to manage and grow their businesses.

Tunisia: IFC Support Helps Key Microfinance Partner Manage Risk during Arab Spring

The Arab Spring protests of 2011 that began in Tunisia were a blow to the business of ENDA Inter-Arabe (ENDA), the leading microfinance institution in the country and one of the top lenders in the region. Many clients were adversely affected, and ENDA’s loan repayments dropped.

Rather than spiral out of control, ENDA’s management took quick steps to limit the damage, leveraging its solid organization as an institution, its strong bond with its own staff, and its good reputation with clients. This allowed it to quickly respond to client needs, devise new emergency products, and improve loan repayments. IFC supported ENDA with advisory services and a $6.5 million loan at a time of tightening liquidity.

IFC’s advisory support initially focused on helping the institution better manage its non-performing loans. ENDA improved its credit analysis and oversight of loans and reorganized its recovery team for more targeted loan-collection efforts. As a result, it lowered its portfolio at risk of more than 30 days from 6 percent in October 2011, to 3 percent (and declining) as of June 2013.

IFC next helped ENDA create a new risk department led by a team of skilled “internal risk consultants.” The new department is designed to allow management to better understand, monitor, and mitigate the risks it may face as the political situation in Tunisia evolves and new microfinance lenders enter its market. ENDA’s other new practices include using a more sophisticated asset-liability management tool to monitor and limit financial risks; developing a detailed business continuity plan (given the risk of work stoppages because of the unstable environment in Tunisia); setting up an incident/loss database to track operational risk events; and testing and implementing an advanced credit scoring model to mitigate credit risk.

Consultants hired with IFC funding also conducted a market demand study in early 2013 that resulted in timely recommendations for ENDA on an optimum product mix, better differentiation, how to market specific products to better discrete market segments, and how to reward repeat clients. The assistance complemented a new, donor-funded program—Bidaya—designed to support young micro-entrepreneurs with training, loans without collateral, and mentoring.
SOUTH ASIA

India: IFC Focuses on Responsible Lending in Response to Microfinance Crisis

The microfinance sector in India grew rapidly between 2006 and 2010, but allegations of over-indebtedness and profiteering led to stringent legislation in the state of Andhra Pradesh that constrained microfinance operations. The result was a precipitous drop in micro lending throughout India, to an estimated $835 million in 2012, compared with $2.38 billion in 2011. Furthermore, the repayment rate of borrowers in Andhra Pradesh fell to below 10 percent after the new legislation, from 95 percent beforehand.

Just before this crisis, the World Bank was launching its Scaling-Up Sustainable and Responsible Microfinance Project in India, which focused on gathering support from government entities for responsible lending by the microfinance sector. IFC complemented this with its India Responsible Finance Program to rally private sector support for responsible lending initiatives. The IFC program aims to make microfinance institutions more focused on their customers, and to raise awareness among policymakers and other stakeholders—including industry associations, lenders, and investors—about the importance of responsible lending.

After the crisis, IFC moved to help the struggling microfinance sector by investing $100 million in six Indian micro lenders: Bandhan, Equitas, IFMR-KGFS, Suryoday, Ujjivan, and Utkarsh.

At the sectoral level, IFC’s Responsible Finance program fostered a group of key microfinance stakeholders—including the World Bank, a private foundation, industry associations, and thought leaders—called the Responsible Finance Forum India. One of the forum’s key achievements has been to harmonize and unify India’s two separate microfinance codes of conduct, resulting in a harmonized code with robust client protection principles that has been adopted by the entire sector.

At the institutional level, IFC’s Responsible Finance program worked to develop risk management frameworks for micro lenders and to encourage them to report their data to credit bureaus. IFC’s partner credit bureau has more than 78 million microfinance client records, making it one of the largest repositories of credit history in the world.

Through the risk management and credit bureau initiatives, IFC has been able to reach more than 21 million active clients, primarily women, and helped to control multiple loans and client over-indebtedness.

India: Improving Treasury Management Gives Bank a Foundation for Growth

The Self Employed Women’s Association (SEWA) Bank, an all-women’s cooperative bank, wanted to transition from an urban cooperative bank to a pan-India entity.

IFC has invested in the bank and has been advising it since 2011 on how to strengthen its internal capacity and improve its bottom line, to allow it to grow and increase women’s access to financial services. To make this happen, IFC and SEWA identified several areas where staff skills needed improvement: credit appraisal, monitoring, risk management, and corporate governance. The two decided to prioritize developing in-house expertise in treasury management.

With support from an IFC performance-based grant, SEWA set up a dedicated treasury team and hired a reputed financial consultant to train the staff and streamline the fund management process, with a focus on managing investable funds. The project marked a significant shift for SEWA from minimal, regulations-mandated trading to more active, profit-oriented trading that could generate periodic returns in addition to meeting regulatory requirements. Earlier, SEWA’s investment exposure was limited to low-yielding, long-term government securities and zero coupon liquid funds, which did not yield any profits. The consultant revamped SEWA’s investment basket to include a diverse set of instruments. Since the project began in August 2012, treasury operations for the first time have contributed more than $100,000 in profits.

SEWA’s treasury team has greatly benefited from training in profit-booking, reinvestment strategies, and money market instruments. Now, the staff is able to choose the
India: Program to Automate Healthcare Payments Brings Bank Accounts to the Poor

Bihar, a low-income state in India with a population of 110 million, ranks much lower than most Sub-Saharan African countries in all key health indicators.

Three years ago, U.S. billionaire Bill Gates pledged an amount of $130 million through the Bill & Melinda Gates Foundation to the government of Bihar to improve healthcare delivery in the state. However, the state government and the Foundation were grappling with one major problem—inordinate delays in delivering payments to health workers and beneficiaries. Payments were made through a manual and cash-based system that suffered from inefficiencies and corruption.

During a meeting with IFC in 2010, representatives of the foundation mentioned this problem. Jennifer Isern, Regional Manager for IFC’s Access to Finance business line, proposed a simple solution: automate all existing systems and open bank accounts for every recipient, to facilitate electronic funds transfer.

To implement Isern’s idea, Project Manager Arun Sharma and his team developed a Web-based system called the Health Operations Payments Engine (HOPE). It automates the calculation, authentication, and recording of health payments; enables centralized payments processing; and electronically transfers payments to health workers, private providers, and beneficiaries, respectively. The system also approves events leading to payments and transfers funds electronically only into the accounts of qualifying recipients.

IFC has partnered with three banks to facilitate opening basic bank accounts for health workers and beneficiaries and to appoint business correspondents in villages without bank branches. In rural Bihar, where most targeted recipients of the new payments system live, less than 20 percent of adults have an account.

Since most recipients also lack education about banking, IFC is managing an outreach and education campaign to highlight the benefits of owning a bank account and being integrated with formal channels of finance. The campaign has included about 70 training programs covering some 6,000 health workers, and street plays in 260 villages targeting 80,000 people.

The project is expected to scale up and cover the entire state of Bihar in three years. At full scale, the project will cover more than 2 million beneficiaries and process payments of $200 million a year.

IFC Access to Finance Advisory project in India helps automate healthcare payments for the poor.
India: Small Loans Help Build a Roof for India’s Vulnerable

Rahees Mohammad and his wife lived in a rented house in a slum in the city of Meerut, in India’s low-income state of Uttar Pradesh, and had one wish—to build a house that would be a permanent home for their three children.

For 10 years, Mohammad saved small amounts from the family’s modest income of $360. Eventually, he and his wife realized that in order to buy a house for their family, they would need financing. After trying many times to obtain loans from commercial banks, without success, Mohammad heard about a housing finance company for low-income households, Aadhar Housing Finance Private Ltd. Mohammad obtained a $10,000 loan from Aadhar and spent $17,000 to refurbish an abandoned house. In just one year, his property appreciated in value to $24,000.

“My dream was to buy this dilapidated property and rebuild it the way I wanted to,” Mohammad says.

Uttar Pradesh and seven other Indian states collectively house more low-income people than the 26 poorest African nations, according to the United Nations Development Programme’s Human Development Report. An estimated 421 million low-income people in these Indian states live in suboptimal conditions and have limited or no access to credit to build, expand, or renovate their homes. As a result, India has one of the world’s worst shortfalls of affordable housing, with a gap valued at $67 billion by U.S. consulting firm McKinsey & Company.

Aadhar is tackling that shortage by offering mortgages and small loans for home construction and improvements to those earning $1,200 to $4,800 annually and with no proof of income. Since it started operations in 2011, Aadhar has made 2,500 loans and set up 15 branches in Uttar Pradesh and five other low-income states. It has been profitable for more than a year, demonstrating that the low-income demographic can be a lucrative segment for mortgages.

IFC invested $4.5 million in Aadhar in 2010 and helped diversify its financial products to meet the needs of low-income households. In addition, IFC advised the institution on responsible lending and risk management and helped Aadhar identify innovative ways to reach customers, such as locating kiosks at construction sites and at central community centers.

Sri Lanka: Bank Risks Supporting the Big Ideas of Small Entrepreneurs

As Sri Lanka’s long civil war was winding down, National Development Bank (NDB) was one of the country’s first commercial banks to recognize the potential of SMEs and to enter this market during an uncertain economic time.

Numbers illustrate the potential of micro, small, and medium enterprises: they make up 98 percent of all businesses in Sri Lanka but 64 percent of the smaller enterprises do not have access to finance. A 2008 study by the German government and Sri Lanka’s Ministry of Finance and Planning estimated the unmet credit demand for micro enterprises and households at $2.2 billion. This number could be even higher now, with the inclusion of...
NDB could have chosen quick wins with lower risks by funding larger corporations that were expanding their businesses in the post-war economy. Instead, the bank chose a more difficult path. NDB approached IFC for assistance in 2006 and IFC’s advice helped transform the bank from a specialized project lender to a full-fledged commercial bank with a greater focus on the SMEs sector. IFC has helped the bank assess the sector’s feasibility, develop new products, strengthen its risk management, and conduct targeted training for its staff. Most importantly, IFC has helped NDB set up dedicated SME centers in regional hubs, including in the post-conflict north and east. NDB had never operated in the post-conflict regions but saw more than 25 percent of the growth in its branch network take place in post-conflict provinces. These areas posed many difficulties: it was costly to deliver services, there was limited local capacity to staff the branches, clients had high risk profiles, and client businesses were small. These factors forced NDB to develop innovative and cost-efficient products.

For example, SME center was a unique concept that provided services such as feasibility studies, training for employees, and advice on topics ranging from exporting to environmental regulations. One highlight of the centers is the availability of IFC’s SME Toolkit, a free online service with tips for entrepreneurs, in the local language.

Recently, IFC loaned $24 million to NDB to further strengthen its commitment to small businesses. NDB aims to use this investment to generate close to 40,000 new loans for micro and small enterprises.

**Sri Lanka: Index-Based Insurance Helps Farmers Weather Risks**

Agriculture has always been a key economic activity for Sri Lanka, employing up to 33 percent of the labor force. As the country’s economy grows after the 2009 end of its civil war, new lands in the post-conflict north and east are now available for agriculture. A number of micro and small farmers are well positioned to benefit from the expected growth.

However, Sri Lanka is vulnerable to the effects of climate change and to weather in general. With an agriculture sector dependent on rain for cultivation, Sri Lanka needs a well-developed, widely used agriculture insurance program that will help its 2 million farmers reduce risks arising from uncertain weather patterns.

IFC’s Global Index Insurance Facility (GIIF) program partnered with Sri Lanka’s Sanasa Insurance Company Ltd. in June 2011 to develop flexible and affordable weather-index based crop insurance.

Index-based insurance calculates benefits using a pre-assigned value for losses arising from weather or catastrophic events. Such products eliminate the need for insurance companies to individually verify claims, thereby reducing their transaction costs and making it easier and faster for the companies to offer products and payouts to rural communities.

In turn, the reliability of these benefits makes it easier for farmers to get credit. The overall effect is improved crop yields and incomes for farmers.

Sanasa’s index-based insurance products are available at different price levels for different food crops.

“As Sri Lanka looks to maximize its growth potential, small farmers will play a vital role in boosting economic growth,” Sanasa General Manager Indika Kiriwandeniya said.

Through the GIIF program, IFC has helped Sanasa expand its coverage to more than 15,000 small farmers. The project also raised awareness among 50,000 farmers about the availability and benefits of index-based insurance products.
SUB-SAHARAN AFRICA

Cameroon: Pioneer Lender Builds Trust in Microfinance

When one of Cameroon’s largest microfinance institutions collapsed in 2011, its customers took to the streets to protest the loss of their savings. The bankruptcy was an alarming sign of the underdeveloped and fragile state of the country’s financial sector. There were more than 400 microfinance institutions registered with the central bank, but few of them performed adequate credit evaluations and most of them were very risky.

For low-income Cameroonians and the small business sector, there were few alternatives. Only 15 percent of the adult population had access to formal financial services, with supply particularly scarce in rural areas.

To help meet this need, IFC and other shareholders established Advans Cameroon, the country’s first local subsidiary of a global microfinance holding company, in May 2007. The goal was to provide sustainable, comprehensive, and reliable bank services for the low-income market and thereby help reduce poverty.

IFC also advised Advans Cameroon over a period of four years, to help establish a robust and professionally managed microfinance institution that would contribute to the development and strengthening of the country’s financial sector.

Since its inception, Advans Cameroon has opened 13 branches in nine cities, experienced stable growth, and achieved a modest profit. It has 395 staff, all local with the exception of the chief executive officer. It has the lowest level in the local microfinance industry of portfolio at risk of more than 30 days, at 3.3 percent. Services to SMEs and to salaried clients include loans, current accounts, savings accounts, insurance, and a newly introduced debit card product that will allow its customers to use the ATMs of its partner and shareholder bank, SGBC, throughout the country. In 2013, Advans Cameroon launched an initiative to increase access to finance for rural populations in the north of the country.

The lender’s core strategy is focused on credit, but as of August 2013, its customers had trusted the bank with more than €11 million ($14.8 million) in savings deposits—a strong vote of confidence in a cautious and historically fragile market.

Democratic Republic of Congo: A Lady’s Bank Expands Financing Available to Women Entrepreneurs

On the walls of Rawbank’s Lady’s First branch in downtown Kinshasa hang framed posters of some of the bank’s most successful clients, alongside the bank’s motto: “Behind every great bank, there are great women.”

The branch office is spotlessly clean, with a sleek and modern look. The bathrooms look like they belong in a five-star hotel. There is a kids’ corner with colorful cushions on the floor by a TV screen. All the counters are staffed by men.

“We did focus groups with women before we opened the branch, and this is what they said they wanted. They said they prefer to be served by men,” explained Patience Barandenge, women’s market manager at Rawbank.

The Lady’s First Banking for Women project forms part of the bank’s overall strategy to reach out to the market of SMEs. This strategy was initiated by a $7 million loan and advisory support from IFC in 2009, as part of IFC’s Africa Micro, Small, and Medium Enterprise Finance program that incorporates women markets.

The Democratic Republic of Congo has one of the lowest rates of access to finance in the world, at only about 1 percent of the population. Less than 18 months after the Lady’s First program started, Rawbank had lent $2.96 million to women entrepreneurs and 371 women customers had opened accounts valued at $5.9 million.

Two products that Rawbank developed for the women’s market have become important products for the bank’s general market of SMEs. The Rawconseil offers clients free legal advice on how to register and run a small business in accordance with Congolese regulations. This product is an important tool in formalizing the SMEs sector.

The second product, Credit Avantage, offers customers credit based on their savings history instead of traditional collateral. Small businesses often lack collateral and it is difficult for the bank to recover loans because of the country’s poor legal framework.
One Credit Avantage customer, 35-year old Jacqueline Mavinga, secured a $6,000 loan to open a clothing shop. Before taking the loan, she received training through Lady’s First on how to draw up a proper business plan and keep accounts. More than 180 women entrepreneurs have received similar training through the program.

“People take you much more seriously when you are backed up by a bank,” Mavinga said.

Ethiopia: Modernized Credit Registry Allows More Capital to Flow to Entrepreneurs, Individuals

An Ethiopian saying goes, “A good name is better than good perfume.” Thanks to a recently completed project to upgrade the country’s outdated credit reporting system, more Ethiopians are now able to leverage their “good name”—to be more precise, their credit history—to obtain capital for investment.

Different members of the World Bank Group collaborated on the modernization, with the World Bank providing financing and IFC advising the National Bank of Ethiopia. One of the main defects of the old Credit Information Center was that it covered only businesses, depriving households of the possibility of building up a good financial name and using it to obtain loans. The system also lacked a mechanism to deal with complaints about the accuracy of recorded credit histories. Without such a mechanism, glitches in the system could turn into unwarranted stains on someone’s record, unfairly compromising their access to finance.

After a World Bank Group mission in 2010 had identified such problems, the government of Ethiopia made it a priority to rectify them. It hired a vendor, CompuScan Direct, to perform the technical upgrade of the credit reporting system, and called on IFC for the planning and training aspects of the upgrade exercise.

IFC took staff members of the Central Bank on visits to modernized credit bureaus in South Africa and Malaysia, and held two workshops on the legal aspects of credit reporting, preparing the staff for dealing with the demands of a state-of-the-art credit reporting system. IFC also provided training to financial institutions—all of which now contribute to the new credit register—as well as to associations representing consumers and SMEs. Consumers and small-scale businesses will benefit greatly from the upgrade. The new register’s scope has been broadened to include individuals, and will be easier for the poor to access regular loans by drawing on their credit history with microfinance institutions.

“It helps building reputational capital, which will lessen the current dependence of banks on physical collateral, such as buildings and vehicles, and allow credit to flow to SMEs,” National Bank vice governor Getahun Nana said at the 2011 launch of the upgraded system.

Tanzania: New Credit Bureau Sorts Peaches from Lemons

When Tanzania’s first private credit bureau opened its doors in June 2013, the event made big headlines in local news as an important milestone in the country’s work in modernizing its financial infrastructure.

The government, the Central Bank, and the Tanzania Bankers Association had been trying to establish a credit reporting system for nearly a decade, but it only became a reality once they sought IFC’s advice. Many banks and financial institutions were suffering from high rates of non-performing loans, unable to verify the creditworthiness of borrowers by looking at their past behavior. Many financially solid businesses and households were excluded from the credit market, unable to prove their creditworthiness by pointing to past behavior.

In fact, only less creditworthy borrowers tend to stay in a market beset by asymmetric information, an effect that Nobel laureate George Akerlof called adverse selection in his classic paper on the market for used cars, “The Market for ‘Lemons.” When car dealers are unable to distinguish between good cars, or “peaches,” and bad cars, or “lemons,” they will set a price so low that only the owners of bad cars find it worthwhile to sell their vehicles.

IFC supported Tanzania in setting up a credit reporting system that will enable market actors to use credit histories to distinguish between “lemons” and promising credit applications. IFC achieved this by providing consumer education; guidance in the development of a robust regulatory framework; and technical expertise at various stages of business planning, sourcing, and contracting, and at deployment of the reporting system. IFC also trained staff of the Central Bank and financial institutions and representatives of consumer groups.

Six months after the Central Bank launched the new databank, 35 banks were already providing data to it. It is expected that the system will soon enable considerable financing to micro, small, and medium enterprises in Tanzania.

According to the local newspaper Pesa Times, Adebowale Adebatele, general manager of the pioneering Dun and Bradstreet Credit Bureau Tanzania Ltd., said at its launch, “Banks and financial institutions, along with consumers, can look to brighter days ahead.”
MITIGATING CLIMATE CHANGE THROUGH SUSTAINABLE ENERGY FINANCE

A sustainable approach to development is necessary to ensure that development gains achieved today will benefit future generations. Evidence continues to show that changes in the Earth’s climate are a fundamental threat to the fight against poverty and can have adverse and irreversible impacts. Business as usual is not an option for a sustainable future and a concerted international effort is needed, with close coordination between large-scale government actions and private sector efforts, to address the ongoing unprecedented demand for resources.
Current levels of climate financing for developing countries fall far short of what is needed for mitigation and adaptation. While public policy is key, the private sector also has a leading role to play. That is why a climate-friendly approach is a core priority for IFC in both its investment and its advisory work.

IFC works with the private sector to help maximize the catalytic role that businesses can play by filling in financing and knowledge gaps in areas such as renewable energy, efficient technologies, and emissions reduction. New investment needed to stabilize the climate will reach at least $700 billion annually between now and 2030, and it is estimated that 80 percent of the financing must come from the private sector.

One of the ways IFC works on climate change mitigation is through its Sustainable Energy Finance (SEF) program, which conducts market and sector studies to identify segments that have potential for commercial lending at scale. Intensive support is provided to partner banks, leasing companies, and microfinance institutions to help them develop SEF strategies, business models, products, and the internal capacity for marketing and business development. IFC also advises financial intermediaries on building partnerships with equipment suppliers, energy service companies, and vendors so that they reach more of the market and provide better service to their clients.

The two largest climate sectors for private sector investment traditionally have been renewable energy and energy efficiency. Renewable energy is an $89 billion market in the developing world and growing steadily. Some governments have started developing policies that support hydro, biomass, wind, and solar power. According to a study by U.S. consulting firm McKinsey & Company, the global energy efficiency market will be $170 billion by 2020, with 65 percent located in developing countries and 49 percent in industries. This provides major opportunities for private sector investments in energy efficiency equipment and for energy efficiency upgrades in various industries, commercial and residential buildings, and agricultural production.

While the potential is huge, markets for climate-change business are not mature and opportunities are not easy to capture, especially for the financial sector. The financial sectors in emerging markets are not yet fully on board to support climate-smart business and climate-smart investments. Most local financial institutions don’t consider climate financing a strategic priority. The financial institutions cite many barriers: they don’t understand business opportunities; have weak technical capacity to build their climate business and to appraise renewable energy and energy efficiency projects; have limited long-term funding; fear high transaction costs and large up-front investments to open new markets; and face uncertainties in government regulations, especially regulations that pertain to energy subsidies and renewable energy policies.

Furthermore, the price for trading quotas of carbon emissions has sunk because of the economic slowdowns in the United States and Europe, coupled with the absence of a clear commitment after the expiration of the Kyoto Protocol that obliged industrialized countries to reduce emissions of greenhouse gases. In turn, the low price of carbon has dampened enthusiasm for investments in emissions reduction.

Despite the difficult environment, IFC has been persistent in its efforts to expand its SEF program using its integrated advisory and investment services. The aim is to persuade partner financial institutions to build and grow their sustainable energy finance business in emerging markets by demonstrating the business case for that segment, and then to enable the institutions to follow through. SEF traditionally includes energy efficiency finance and renewable energy finance. Energy efficiency finance helps companies and businesses implement a variety of technological or production improvements to achieve better efficiency when they use resources—such as energy, water, and other raw materials—while also reducing greenhouse gas emissions. Renewable energy finance supports projects that use wind, solar, biomass, and waste-to-energy technologies to reduce the over-reliance on fossil fuels in power generation. In the last few years, the definition of SEF has broadened to include financing that provides households at the base of the economic pyramid with access to sustainable energy solutions such as solar lighting and water heaters, LED lighting, water purifiers, and improved cook stoves. Many of these households had been relying on coal and wood fuel for cooking and kerosene for lighting and are located in rural areas where electricity from a grid would not be available for many years.

With IFC’s support, financial institution partners have brought value-added to their clients in critical times, and helped SMEs become more conscious of being cleaner.

Sustainable energy finance helps businesses implement production improvements to achieve better efficiency and reduce greenhouse gas emissions.
and greener in their operations and more resilient in the face of energy shortages and energy price volatility. Walk-through audits and energy audits supported by IFC and partner banks have helped businesses identify effective measures to save energy costs and improve their efficiency and competitiveness. IFC accompanies its financing with advisory services that include training, marketing, technical guidance on specific sector opportunities, and help in forging partnerships with energy service companies, vendors, and others.

Wherever possible and in coordination with the World Bank and other multilateral development banks, IFC's SEF program also helps government agencies improve their regulations and policies in order to stimulate investments in energy efficiency and renewable energy. In Eastern Europe, especially in the Balkans and Russia, IFC's work on residential energy efficiency policies has opened markets for banks to lend for upgrades of multi-family housing. Meanwhile, changes in laws regulating renewable energy and in tariff structures have unlocked the potential for renewable energy projects—mainly small hydropower plants—in several countries.

IFC's SEF program continues to produce solid results in East Asia (China, the Philippines, and Vietnam) and Eastern Europe (Albania, Armenia, Russia, and Ukraine). Meanwhile, the program is accelerating its engagement with financial institutions in Latin America and the Caribbean (Brazil and Honduras), Middle East and North Africa (Jordan and Lebanon), and South Asia (Bangladesh and India).

IFC's SEF program had provided advice to 32 projects as of June 2013, the end of its last fiscal year. Partner financial institutions, including micro lenders, had disbursed 108,713 loans totaling almost $1.9 billion. The result: a reduction of 24.2 million metric tons a year in greenhouse gas emissions (according to data reported by IFC's partners before IFC adopted standardized methodologies for calculating emissions reduction). Cumulative energy use avoided and clean energy generated is 56.3 million megawatt hours a year. According to the Greenhouse Gas Equivalencies Calculator of the U.S. Environmental Protection Agency, the reduction of 24.2 million metric tons a year is equivalent to removing 5 million passenger cars from the roads, or avoiding consumption of 2.7 billion gallons of gasoline.

| Investment Requirements Under Business-as-Usual Scenario and Estimated Additional Costs Under 2°C Temperature Increase Scenario |

$700 billion a year in additional global investment needed to address climate change

Total Investment Requirements: $5 Trillion Per Year

- Agriculture $125 Billion
- Telecommunications $600 Billion
- Transport Infrastructure $805 Billion
- Water $1,320 Billion
- Buildings & Industry $613 Billion
- Transport Vehicles $845 Billion
- Forestry $64 Billion
- Energy $619 Billion

Additional Investment Requirements in a Green Growth Scenario: $0.7 Trillion Per Year

- Buildings & Industry $331 Billion
- Energy $139 Billion
- Transport Vehicles $187 Billion
- Forestry $40 Billion

- WBG estimates climate investment need @ $400 billion in emerging economies
- Public finance provided ~$100 billion in 2012
- Need to leverage additional private investment
**Box 2: Sustainable Energy Finance Stories from the Field**

**Philippines**
An IFC project in the Philippines has worked with four partner banks to help them identify and develop nearly 300 energy efficiency / renewable energy projects. The banks—BPI, BDO, China Bank and BanK—have directly loaned $378 million to finance 87 of those projects. The result has been an annual savings of nearly 100,000 megawatt hours of electricity and annual generation of 843,613 megawatt hours of clean energy. The annual reduction of greenhouse gas emissions reached nearly 1 million metric tons a year as of June 2013. The project received an award for financial innovation by the Momentum of Change, a joint initiative of the United Nations Framework Convention on Climate Change and the World Economic Forum.

**Russia**
The Russian Federation is the largest greenhouse gas emitter in Europe and Central Asia and the world’s third-largest energy-consuming country. IFC’s Russia Sustainable Energy Finance Program, launched in 2005, worked with local banks to help them develop specialized products for energy efficiency finance. By the end of the seven-year program, 14 partner banks had financed 342 projects valued at $289 million, with an expected reduction in greenhouse gas emissions of 559,000 tons of CO2 a year. IFC invested $77 million in projects and each $1 invested resulted in an additional $2.76 of project financing from partners. The program also contributed to the development of a new federal energy efficiency law, adopted in 2009, which among other measures, creates energy efficiency standards for new buildings and sets energy reduction goals.

**China**
Since 2006, IFC’s China Utility-Based Energy Efficiency Finance Program (CHUEE) has helped key players in China’s economy—banks, utility companies, government agencies, and suppliers of energy efficiency equipment and services—collaborate for the first time in creating a sustainable financing model. IFC shoulders some of banks’ financial risk through guarantees for loans they make to climate-friendly energy projects. By the end of the program’s six years, three participating banks provided CHUEE loans totaling $783 million, exceeding the end-project target of $533 million. This financed 178 projects, leading to an estimated avoidance of 19.3 million metric tons of annual greenhouse gas emissions. Furthermore, three participating banks have gone on to build sustainable energy finance portfolios outside of the CHUEE program.

**Jordan**
In Jordan, IFC’s focus has been on solar power. IFC gave a $3 million credit line in 2011 to Tamweelcom, the country’s largest microfinance institution, to support financing of solar energy for low-income households. At the same time, IFC’s SEF team trained more than 100 Tamweelcom operations, credit and branch staff members; helped it hire new staff dedicated to the solar home loan product; helped it establish loan targets and performance targets for each branch and region; and modified its staff incentives to encourage solar loans. Tamweelcom launched marketing materials for the revised solar water heater product in October 2011. Since then, the lender has seen its portfolio of disbursed loans grow from 17 loans with a value of about $14,000, to nearly 1,000 loans ranging from $500 to $1,400.

**India**
A large number of Indians have no access to basic infrastructure and clean energy services. To address this need, IFC launched a pilot SEF program with four microfinance institutions to make micro loans of between $15 and $255 to households to acquire products such as solar lanterns, cook stoves, and water filters. The four lenders work with another 22 microfinance institutions and regional rural banks across India. Together, these projects will disburse an estimated $42 million to 435,000 clients across India, particularly in low-income states. Since most lenders haven’t financed these types of products before, IFC also has worked with its pilot lenders to increase their familiarity with credit assessments of households below the poverty line and to start to develop a business case for lending for clean energy, water and sanitation.
FC’s committed portfolio in financial institutions that serve micro, small, and medium enterprises grew by 7 percent from the previous year, to $14.5 billion in FY13. At the same time, the Access to Finance advisory active portfolio grew to 262 projects in 72 countries, with a total value of $342.6 million, up from 245 projects. Our FY13 project expenditures were $80.2 million, of which $62.6 million was client-facing. In all, 61 percent of FY13 client-facing expenditures were in IDA countries—the world’s poorest—and 13 percent were in fragile and conflict-affected countries.
Overall achievements in Access to Finance this year include:

- IFC’s microfinance clients provided $11.4 billion in financing through an estimated 11.6 million microfinance loans.
- IFC facilitated 210,000 housing finance loans worth a total of $7.3 billion.
- IFC’s SME Banking clients provided nearly $91.3 billion in financing by making 2.7 million loans to SMEs.
- IFC’s leasing clients provided $3.5 billion in lease financing for 41,658 micro, small, and medium enterprises.
- IFC helped establish credit bureaus in Cambodia and Tajikistan and a credit registry in Tanzania, and facilitated the launch of two licensed credit bureau operators in Jamaica. IFC also provided capacity building in Sierra Leone and helped strengthen a credit bureau in India, with the result that more than 30 new microfinance institutions were added to the network, generating 10.5 million incremental inquiries.

Development Results

By the end of FY13, IFC’s Access to Finance had created a sizable footprint with an emphasis on the poorest countries: 289 active client engagements with more than half in IDA countries. Our work addressed some of the fundamental challenges to sustainable development: supporting micro, small, and medium enterprises to hire more workers, access equipment, and be more productive; allowing poor and disadvantaged people to retain more of their earnings for uses such as education; and building institutions and legal environments where people and businesses can access affordable and transparent financial services.

As of December 2012, financial institutions that received Access to Finance advisory services collectively held 14.3 million outstanding loans worth $102.7 billion to micro, small, and medium enterprises in a range of countries, including Afghanistan, Azerbaijan, Belarus, Botswana, Cote D’Ivoire, Haiti, Madagascar, and Papua New Guinea.

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1 Number of active client engagements based on combined advisory and joint advisory-investment portfolio, obtained from the following data sources: Advisory Services Operational Portal (ASOP) and Development Outcome Tracking System-Investment Services (DOTS-IS), as of June 30, 2013.

2 Certain Access to Finance results are stated for the calendar year because of the reporting cycles of client firms and financial intermediaries.
■ Financial institutions in Ghana and Vietnam registered more than 127,000 security interests. These loans accounted for more than $8.5 billion in financing secured with movable property, benefiting more than 60,000 SMEs and 18,000 micro-enterprises.

■ IFC facilitated the reduction of 2.3 million metric tons of greenhouse gas emissions a year.

Development Effectiveness

The Access to Finance business line achieved a positive development effectiveness rating of 74 percent in FY13. For the five-year period of FY08-FY13, Access to Finance had an average development effectiveness rating of 69 percent.

Monitoring, Evaluation, and Learning

Monitoring, evaluation, and learning are integral to the success of Access to Finance advisory services in order to create a dynamic feedback loop that deepens results and development effectiveness. The system supports IFC’s entire Advisory Services life cycle, from concept development to project completion, and captures all project data including development results and financial and client information. For Access to Finance (as well as other Advisory Services projects), the overall development effectiveness rating is a synthesis of the project’s strategic relevance and effectiveness (measured by project outputs, outcomes, and impacts), and the efficiency of the services provided.

IFC Development Goals for Financial Services

The IFC Development Goals (IDGs) are high-level targets for the incremental reach IFC plans to achieve through its investments and advice. IFC aims to use the IDG targets, in conjunction with volume targets, to drive the implementation of its development strategy and influence operational decision making. IFC’s contributions are recognized as expected results at the time Investment Services projects are committed or Advisory Services projects have signed agreements. In addition, IFC’s regular monitoring and evaluation system tracks the results realized during project implementation.

The Financial Services goal measures the expected increase in access to financial services for individuals and micro-enterprises (IDG 3a) and for SME clients (IDG 3b) that result from IFC’s Financial Markets and Access to Finance projects. The goal also attempts to measure the increase in access to financial services for women and women-owned businesses.

Incremental Reach and IFC’s contribution

The increase in access to finance and financial services is measured by the number of outstanding loans, deposit accounts, insurance policies/clients insured, electronic payments, and transactional accounts.

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5 Calendar year 2012 development effectiveness rating.
6 Calendar year 2009—2012 cumulative development effectiveness rating
The incremental reach of IFC clients is the additional reach expected in the five years post commitment to achieve a total reach (target) from the current reach (baseline). For Greenfield projects as well as for credit bureaus and collateral registries, the timeline may be as long as seven years post commitment.

In FY13, IFC successfully launched its IFC Development Goal for Finance (IDG 3) and reached 41 million microfinance clients under IDG3a—far exceeding the annual target—and 1.04 million SME clients under IDG3b.

**Access to Finance Product Distribution by Project Count**

**IDG 3a. Increase in Access to Financial Services for Individuals and Microfinance Clients—A2F Results**

**IDG 3b. Increase in Access to Financial Services for SME Clients—A2F Results**

**Box 3: FY13 Project Highlights**

**BRAC Bank, Bangladesh**

SMEs make a significant contribution to employment and growth in Bangladesh’s economy, yet half of these enterprises either don’t have access to formal financial services or are underserved. IFC has provided both an equity investment and advisory services to BRAC Bank to stimulate the bank’s outreach to SMEs. The project is projected to reach more than 150,000 small businesses.

**ABN Microfinance Bank, Nigeria**

IFC is providing integrated investment and advisory support to Access Bank Nigeria (ABN), a pioneering microfinance institution. The project supports ABN’s development into a best-practice microfinance lender and is projected to reach more than 25,000 households.

**China Utility-Based Energy Efficiency Finance Program**

China has been facing severe energy resource shortages and rapidly growing energy demand. The program’s objective is to demonstrate the commercial and technical viability of the energy efficiency finance market. It is expected that this project will result in a reduction in greenhouse gas emissions of 20 million tons a year.
Our commitment to bring the highest value to our clients rests on our ability to stay on top of industry developments and generate state-of-the-art research, tools, data, forecasting, and analysis. The knowledge services we provide sharpen our ability to respond to evolving client needs with customized solutions and help position IFC as a thought leader in private sector development. That often involves identifying and working in partnership with a broad set of stakeholders. This year, we have continued to make our knowledge more accessible by fostering greater interaction among staff and with clients and partners around the world.
Enhancing Thought Leadership

Global Engagement: Group of 20 Financial Inclusion

IFC continues to support the global financial inclusion agenda by playing a pivotal role in the Global Partnership for Financial Inclusion (GPFI) of the Group of 20 (G-20), particularly in the areas of finance for SMEs, agrifinance, finance for women-owned businesses, and data and measurement. IFC is one of the designated implementing partners for the GPFI, along with the Alliance for Financial Inclusion, CGAP, the World Bank, and most recently the Organisation for Economic Cooperation and Development (OECD). The GPFI was formed in 2010 and is the main platform for the implementation of the G-20 Financial Inclusion Action Plan. During Russia’s 2013 presidency of the G-20, IFC’s Access to Finance Advisory continued to lead the SME work-stream and to actively contribute to the data and measurement work-stream.

Since its start, IFC has been actively participating in the data and measurement subgroup and collaborating with the World Bank and CGAP to advance the data agenda. IFC specifically focuses on advancing data on access to finance for micro, small, and medium enterprises. It works with the International Monetary Fund (IMF) to collect access to finance data for SMEs from the supply side via the IMF’s Financial Access Survey. IFC develops a demand-side database based on World Bank Enterprise Surveys on access to finance for micro, small, and medium enterprises, called IFC Enterprise Finance Gap Database, which is now publicly available on the SME Finance Forum website (please see the box “SME Finance Forum”) along with data visualization tools.

SME Finance Forum Convenes Banks and Policymakers to Expand Access to Finance

SMEs account for as much as 86 percent of jobs in developing countries and yet they find it difficult to get loans. In emerging markets, the unmet financing needs of smaller businesses are estimated to be more than $2 trillion. Recognizing this problem, the Global Partnership for Financial Inclusion of the G-20 launched the SME Finance Forum in April 2012 to encourage innovation and promote scaling-up of successful finance models for the smaller businesses. IFC was selected to manage the initiative.

Since the inception of this initiative, interactive website (www.smefinanceforum.org) was created with more than 1,200 resources including publications, news, events, and best practices in finance for smaller businesses. The website gets around 5,000 visits and 13,000 page views a month. In just a year and a half, the forum’s 1,900-member strong Linkedin group logged more than 400 online discussions and facilitated the exchange of ideas between financial institutions and policymakers.

Since women entrepreneurs face more obstacles in getting loans, the SME Finance Forum expanded its offerings by launching a Women’s Finance Hub in April 2013 that promotes online knowledge sharing to increase access to finance for women entrepreneurs. The hub was unveiled during the IMF-World Bank Spring Meetings in the presence of Gillian Tett of the Financial Times and senior G-20 officials—Robert Hormats from the U.S. State Department, Marisa Lago from the U.S. Department of the Treasury, Heenam Choi from the Republic of Korea’s Ministry of Strategy and Finance, Evren Dilekli from Turkey’s Undersecretariat of Treasury, and Jurgen Zattler from the Germany’s Federal Ministry of Finance.

The SME Finance Forum also oversees the G-20 SME Finance Challenge, which recognized 14 innovative institutions with the potential for expanding access to finance for smaller businesses. The forum is helping to showcase these innovative business models, study their impact on jobs and poverty, and disseminate lessons learned.

The SME Finance Forum also has acted as a convener, supporting peer learning among banks, policymakers, and financial technology providers. The forum helped the World Bank Group and other partner organizations—including the Asian Development Bank and OECD—organize regional meetings that brought together financial institutions catering to smaller businesses. In addition, the forum assisted the Alliance for Financial Inclusion in organizing a new SME Finance Working Group to promote peer learning among regulators about policy issues and solutions. Going forward, the forum plans to expand these networking activities.

Financial institutions and policymakers are often impeded by a dearth of good data about SMEs. In the coming year, the SME Finance Forum is gearing up to make existing data open to the public and funding strategic research initiatives in this arena. It recently launched a data website (http://financegap.smefinanceforum.org/) based on IFC’s Enterprise Finance Gap study, which examined the unmet financing needs of micro, small, and medium enterprises in emerging economies. The site features interactive maps and charts.

Going forward, the SME Finance Forum team plans to visualize more SMEs data and make it available to private and public sector decision makers. With better data, we can understand the impact of the smaller businesses on economic development and learn how we can help them thrive.
FinNet

FinNet, the flagship annual knowledge sharing event of IFC’s Access to Finance Advisory, focuses on bridging the knowledge gap about access to finance issues and sharing lessons learned on creating more inclusive financial systems. FinNet 2013 convened IFC staff, donors, clients, and partners to discuss emerging trends and issues in increasing the availability and affordability of financial services around the world in areas such as SME finance, technology-based delivery channels, mobile banking, green growth, and finance for women entrepreneurs.

Over the past 10 years, FinNet has given rise to a healthy number of publications and resources, highlighted new areas of work, and developed tools and diagnostics. Specifically, FinNet has accomplished the following:

- Given IFC staff a better understanding of the business strategy and goals of Access to Finance and Financial Markets.
- Enhanced the ability of practice groups to discuss, develop, and launch activities, publications, and other outputs. For example, the SME Banking Diagnostic, a tool which is now used by most Access to Finance staff to determine the key needs of a bank requesting IFC assistance, came out of FinNet;
- Facilitated the creation of sub-practice groups focused on cross-cutting and emerging themes that have ultimately led to development of specific product areas.
- Advanced IFC’s thought leadership through the interaction of internal and external participants at the annual event;
- Raised the profile of the G-20 financial inclusion agenda.

Engaging with Stakeholders during Spring and Annual Meetings

During the World Bank Group and IMF Spring and Annual Meetings, Access to Finance Advisory Services continued its active engagement with a broad spectrum of stakeholders on a range of topics, including SME finance for women’s financial inclusion and access to credit, and the role of innovation for greater financial inclusion.

- A co-sponsored seminar during the 2012 Annual Meetings, in collaboration with Japan’s Ministry of Finance and the Bank of Japan, allowed for the exchange of experiences and best practices on extending financing to small businesses in emerging markets, drawing on Japan’s rich experience.
- During the 2013 Spring Meetings, in partnership with the Russian presidency of the G-20, Access to Finance Advisory held a dialogue with the World Bank on creating pathways for greater access to finance for women and women-owned enterprises.

The 2013 Annual Meetings included an event IFC organized with the World Bank, in partnership with the World Economic Forum, on leveraging new technologies and innovative business models for achieving universal access to finance by 2020—a vision jointly announced by World Bank Group President Jim Yong Kim and Her Majesty Queen Máxima of the Netherlands, the U.N. Secretary General’s Special Advocate for Inclusive Finance for Development.

Learning

Access to Finance Advisory, in partnership with the Advisory Services Learning Secretariat, completed a learning needs assessment covering the technical, professional, and organizational needs of its staff. Based on this assessment, technical learning paths, as well as an Access to Finance foundations course, have been developed to enhance staff capacity to deliver technically superior and holistic client solutions. Access to Finance also ensures that all new staff participate in its onboarding program so they may more quickly and effectively contribute to, and become integrated in, the business.

Knowledge Products in Access to Finance Advisory

Closing the Credit Gap for Formal and Informal Micro, Small, and Medium Enterprises | October 2013

This publication reports on the gap between finance that micro, small, and medium enterprises need and finance available to them. The report focuses on informal enterprises and is based on data from the IFC Enterprise Finance Gap Database. It contains data and estimations on the numbers of formal and informal micro, small, and medium enterprises, along with the size of their credit gap and deposit gap, for 177 countries. The publication also examines various operational challenges that these firms face, and some formalization obstacles they often cite as the primary reasons for not registering their business. The IFC database is available at: www.financegap.smefinanceforum.org.


This report highlights availability and gaps in funding for SMEs, including for specific subsectors such as women-owned firms and agri-enterprises. New findings and trends highlight the potential of collaborative platforms that have emerged from the G-20/Global Partnership for Financial Inclusion process.
Access to Finance: Sub-Saharan Africa | September 2013

The report takes stock of the accomplishments and progress in providing advisory services for financial institutions and the broader financial infrastructure in the region in FY13. It is available in English and French.

Partnerships in Mobile Financial Services: Factors for Success | September 2013

The first publication under The MasterCard Foundation-IFC Program on Financial Inclusion in Sub-Saharan Africa covers the mechanics of aligning competitive forces and defining partner roles, supported by case studies and lessons learned.


The 2012 report is based on data from IMF's Financial Access Survey—the most comprehensive source of global supply-side data comparable across countries and over time. It offers a trend analysis of the state of financial inclusion using commercial bank data, access to insurance, and access to finance by SMEs and explores the complementarities between demand- and supply-side data, and the links between financial inclusion and development.

Innovative Agricultural SME Finance Models | March 2013

The Innovative Agricultural SME Finance Models report identifies innovations that can help bankers in developing countries who wish to finance agricultural SMEs. The publication also draws from a stocktaking exercise of 100 cases to isolate the most promising examples of innovative financing, risk mitigation, and distribution models.


The workshop brought together government officials and practitioners with experience and interest in finance for SME to share knowledge and lessons learned about Japan’s experience in finance for the smaller businesses as well as IFC’s work in emerging markets.

Credit Reporting Knowledge Guide | December 2012

Among the new developments discussed is the first universal set of standards for credit reporting for micro, small, and medium enterprises and its role in the evolving global responsible lending landscape.

Capturing Our Impact: Closing the Gaps in Access to Finance | September 2012

This e-book includes stories from around the world of 20 people whose lives have changed and small business owners who have profited when they gained access to financial services that previously were out of reach.

2012 Global Microscope on the Microfinance Business Environment | September 2012

The report examines the regulatory environment and non-regulatory operating conditions in microfinance in 55 countries. The study has added new indicators that assess the regulatory framework for deposit taking; client protection and dispute resolution policy and practices of financial transactions through agents; and the role of political shocks.

Customer Management in SME Banking Guide | August 2012

The guide disseminate critical information for managing the SME client relationship, allowing banks that already serve this sector to move beyond lending to better capture the SME Banking opportunity.


The report focuses on the analysis of the registration mechanisms in 35 jurisdictions, highlighting the importance of a publicly accessible registry where information on interests in movable assets can be registered.

To view all publications, please visit www.ifc.org/accessfocifinance/publications
Access to Finance Advisory work is delivered through 230 dedicated staff in headquarters and in IFC’s regional offices worldwide. In providing advisory services to financial intermediaries, we work closely with our colleagues in IFC Global Financial Markets to offer joint solutions of investment and advice to our clients.
GLOBAL BUSINESS LINE LEADER
Peer Stein, Director, IFC Access to Finance Advisory Services | pstein@ifc.org

GLOBAL PRODUCTS
MICRO/RETAIL
Martin Holtmann, Head | mholtmann@ifc.org

Microfinance
Makanda Kioko | mkioko@ifc.org

Housing Finance
Friedemann Roy | froy@ifc.org

 Responsible Finance
Maria Lourdes Camba Opem | Mcamba@ifc.org

Insurance
Vijayasekar Kalavakonda | vkalavak@worldbank.org

Retail Payment Institutions
Margarete Biallas | mbiallas@ifc.org

SMEs AND BUSINESSES
Panayotis Varangis, Head | pvarangis@ifc.org

SME Banking
Anushe Khan | akhan@ifc.org

Agrifinance
Davorka Shepherd | dshepherd1@ifc.org

Trade Finance
Gimhani Talwatte Seneviratne | gtalwatte@ifc.org

CROSS-CUTTING PRODUCTS
Sustainable Energy Finance
Quyen Thuc Nguyen | NQuyen@ifc.org

Environmental & Social Risk Management
Atiyah Curmally | acurmally@ifc.org

Risk Management
Suresh Sankaran | ssankaran1@ifc.org

FINANCIAL INFRASTRUCTURE
Tony Lythgoe, Head | tlythgoe@ifc.org
Jennifer Barsky, Program Manager | jbarsky@ifc.org

Credit Bureaus
Shalini Sankaranarayanan | ssankar1@ifc.org

Collateral Registries
Alejandro Alvarez de la Campa | AAlvarez1@ifc.org

Securities Markets
Evans Makini Osano | EOsano@ifc.org

STRATEGY, KNOWLEDGE AND IMPACT
Bikki Randhawa, Manager | brandhawa@ifc.org

Communications
Sona Panajyan | Spanajyan@ifc.org

Portfolio, Monitoring & Evaluation
Stephen Pirozzi | spirozzi@ifc.org

Knowledge Management
Gillette Conner | gconner@ifc.org

Strategy & Planning
Bartol Letica | bletic@ifc.org

SPECIAL INITIATIVES
SME Finance Forum
Matthew Gamser, Head | mgamser@ifc.org

DONOR RELATIONS
Jacqueline Strasser Higgins, Manager, Partnership Development & Donor Relations | jhiggins@ifc.org

REGIONAL OFFICES
IFC ADVISORY SERVICES IN SUB-SAHARAN AFRICA
Jan Schwier, Regional Head of Advisory Services, Johannesburg, South Africa | jschwier@ifc.org

David Crush, Manager, Access to Finance, Sub-Saharan Africa, Johannesburg, South Africa | dcrush@ifc.org

IFC ADVISORY SERVICES IN EUROPE AND CENTRAL ASIA
Jesper Kjaer, Regional Head of Advisory Services, Istanbul, Turkey | jkjæer@ifc.org

Rolf Behrndt, Manager, Access to Finance, Europe and Central Asia, Moscow, Russia | rbehrndt@ifc.org

IFC ADVISORY SERVICES IN EAST ASIA AND THE PACIFIC
Tania Lozansky, Regional Head of Advisory Services, Hong Kong SAR, China | tlozansky@ifc.org

Rachel Freeman, Manager, Access to Finance, East Asia and the Pacific, Hong Kong SAR, China | rfreeman@ifc.org

CONTACTS
IFC ADVISORY SERVICES IN LATIN AMERICA AND THE CARIBBEAN
Mary Porter Peschka, Regional Head of Advisory Services, Lima, Peru | mpeschka@ifc.org

Ghada Teima, Manager, Access to Finance, Latin America and the Caribbean | gteima@ifc.org

IFC ADVISORY SERVICES IN THE MIDDLE EAST AND NORTH AFRICA
Luke Haggarty, Regional Head of Advisory Services, Cairo, Egypt | lhaggarty@ifc.org

Xavier Reille, Manager, Access to Finance, Middle East & North Africa, Cairo, Egypt | xreille@ifc.org

IFC ADVISORY SERVICES IN SOUTH ASIA
Anil Sinha, Regional Head of Advisory Services, New Delhi, India | asinha@ifc.org

Jennifer Isern, Manager, Access to Finance, South Asia, New Delhi, India | jisern@ifc.org

LATIN AMERICA AND THE CARIBBEAN
Giriraj Jadeja, Senior Regional Industry Manager | gjadeja@ifc.org

MIDDLE EAST AND NORTH AFRICA
James Gohary, Regional Manager | jgohary@ifc.org

SOUTH ASIA
Inessa Tolokonnikova, Regional Industry Manager | itolokonnikova@ifc.org

Contact Us
Headquarters
Washington, D.C.
IFC Corporate Relations
2121 Pennsylvania Ave., N.W.
Washington, D.C. 20433 USA
Telephone: 1 (202) 473-3800

IFC has offices in more than 80 countries around the world.

GLOBAL INDUSTRY FINANCIAL MARKETS
James Scriven, Global Industry Director, Global Industry Financial Markets, IFC | jscriven@ifc.org

SUB-SAHARAN AFRICA
Ian Weetman, Regional Industry Manager | iweetman@ifc.org

EAST ASIA AND THE PACIFIC
Aliou Maiga, Regional Industry Manager | amaiga1@ifc.org

CENTRAL AND EASTERN EUROPE
Timothy M. Krause, Senior Manager | tkrause@ifc.org

EUROPE AND CENTRAL ASIA
Edward B. Strawderman, Associate Regional Director | estrawderman@ifc.org

STAY CONNECTED

IFC Web And Social Media Resources
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CREDITS
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