IFC Microfinance

Helping shape microfinance globally for over 20 years: building partnerships, fostering sustainability, expanding access and driving impact

MICROFINANCE AT A GLANCE

Microfinance is an important tool to improve livelihoods at the base of the pyramid. Access to finance via deposit accounts, payments, and credit has been shown to reduce poverty and enable the poor to build assets, increase incomes, and reduce their vulnerability to economic stress.

Worldwide, the microfinance industry is estimated at $60-100 billion. The industry has experienced rapid growth, with leading microfinance institutions growing by 20 percent per annum in recent years. While progress has been significant, approximately 2 billion people remain unreached by formal financial services. IFC is working to expand access to 1 billion of the world's unbanked by 2020, and microfinance is key to ensuring that adults globally have sustainable and affordable means to manage their financial lives.

OUR PORTFOLIO

IFC provides equity investments, lines of credit, risk sharing facilities, and advisory services to a range of financial institutions worldwide. As of June 30, 2015, IFC had over $4.5 billion in cumulative committed investments in more than 140 financial institution partners across 61 countries, providing microfinance services to more than 62 million clients. In FY15 alone, IFC made over $987 million in new investments, and delivered over $41 million of targeted advisory services to partners in 39 specialized microfinance projects.

OUR FOCUS AREAS

INSTITUTION BUILDING & STRENGTHENING

IFC supports microfinance providers to build and strengthen their operations by providing advice and training on portfolio management, strategic planning, responsible finance practices, and operational efficiency.

TRANSFORMATION

IFC supports transformation of microfinance providers into regulated commercial microfinance institutions or banks, enabling them to offer a broader range of services and build a diversified funding base.

RISK MANAGEMENT

IFC assists microfinance institutions in strengthening their risk management practices and offers workshops to raise awareness of the importance of sound risk management.

INNOVATIVE PRODUCT SOLUTIONS

IFC helps microfinance institutions design and streamline new products and distribution channels such as mobile banking, housing finance, and insurance.
Bancamia, Colombia

IFC assisted Bancamia's transformation process by providing advice on risk management, staff training, and product development, with an emphasis on rural microentrepreneurs. On the investment side, IFC provided two loans of $2 million to one of the two NGOs that founded Bancamia, and a $10 million equity investment in Bancamia. IFC support helped Bancamia achieve strong results: in 2011, Bancamia began offering saving products, and reached US$66 million in deposits by the end of that year. At that point, Bancamia's loan portfolio reached $422 million, serving more than 400,000 microentrepreneurs, 65% of whom are low-income women.

Ujjivan, India

Ujjivan Financial Services is a large-scale microfinance institution in India, a country with very low levels of access to formal sources of financing for the poor. Most of Ujjivan’s 1.1 million clients are women with little or no proof of income: vegetable vendors, sari weavers, carpet makers, and the like. After a microfinance crisis in the Indian state of Andhra Pradesh significantly curtailed investor appetite in the sector, Ujjivan turned to IFC for an $8.1 million equity investment to fund its future growth plans and provide confidence to other investors and lenders. This investment was part of IFC’s counter-cyclical approach to microfinance investments in India, helping Ujjivan and other clients keep financing large numbers of women borrowers. IFC is also advising Ujjivan in piloting a microfinance housing product as a pilot: micro and small loans for home improvements, construction, land acquisition, and property purchase.

ENDA Inter-Arabe, Tunisia

ENDA Inter-Arabe, Tunisia: Founded in 1990, ENDA Inter-Arabe (ENDA) has risen to become the largest MFI in Tunisia, and one of the most successful microfinance institutions in the Middle East and North Africa. Yet in 2011 ENDA was hit hard by the economic instability in the region triggered by the Arab Spring: many microfinance clients lost their livelihoods and were unable to make payments on time.

At a time when funding sources were scarce, IFC played an important countercyclical role, extending a local currency loan worth $6.5 million to ENDA. In parallel, IFC helped the institution further adapt its recovery strategy, develop and implement advanced risk management practices, portfolio monitoring, and adjust its products to client needs. While ENDA slowed its expansion to emphasize portfolio quality over volume, it kept the interests of its clients in mind. To this end, ENDA continued to serve agri-entrepreneurs in Tunisia’s rural areas and provided financial services to refugees from Libya. By June 2013, ENDA had over 226,000 active clients, 65 percent of them women, and a loan portfolio of nearly $90 million. Its portfolio at risk was 3 percent – among the lowest in the region.

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