



Press Release

MEF welcomes M&G as new private investor with USD 90 million in Notes.

Luxembourg, 20 January 2020

The Microfinance Enhancement Facility is pleased to welcome M&G Investments among its investors. Subscription agreements were signed in November 2019, with the funds to be drawn down in the full amount by May 2020. The USD 90 million in new Notes from M&G will allow MEF to fund some 52,000 additional loans to micro-enterprises through its partner financial institutions around the world.

Since its launch in 2009, MEF has grown and matured to manage a high-quality global portfolio of loans. The Fund was initially conceived as a blended public-private structure to provide liquidity to microfinance institutions in the wake of the global financial crisis. In the interim, the microfinance market itself has deepened and matured. This deepening has been met with increasing interest from private sector investors. Against this backdrop, two of MEF's foundational public investors, EIB (the European Investment Bank) and FMO (the Dutch entrepreneurial development bank), are in the process of exiting the Fund with their investments being replaced by private capital. This exit is in line with their initial intention. The arrival of M&G, further diversifying MEF's institutional investor base, is a clear signal that private capital markets have an increasing appetite for well-structured impact investment opportunities.

William Nicoll, Head of Institutional Fixed Income at M&G, commented: "We're seeing increasing demand from investors seeking to achieve positive social or environmental impact through their investments. Micro-enterprise can have a huge impact on sustainable development. Through our commitment to MEF, our clients have the opportunity to lend for impact by financing micro-entrepreneurs to improve economic and social outcomes in developing countries."

"We are very proud to welcome M&G to the institutional investor group that supports our fund," said **Ihno Baumfalk, Chairperson of the MEF Board of Directors**. "The increasing diversity of our investor base demonstrates once more the ability of an adequately structured blended finance impact fund, such as MEF, to attract both public capital and institutional investors, thereby contributing to the improvement of the livelihood of micro-entrepreneurs and households in developing countries around the globe".

With over USD 2 billion disbursed since the Fund was launched in February 2009, MEF has supported more than 230 financial institutions active in microfinance in 55 developing countries and has enabled them to provide loans to over 500,000 end borrowers. MEF's partner institutions have a strong developmental profile with an average outstanding loan amount of USD 1,730 per end borrower, 80% of whom are women. Having grown the share of local currency lending in its portfolio to 62% as of 30 September 2019 (all local currency loans fully hedged to USD), MEF continues to de-risk many of its investee institutions from currency fluctuations.

The Fund's global mandate, investments sourced through four leading Investment Advisors, and the support of committed DFI shareholders all combine to position MEF as a cornerstone of the microfinance industry. Founding investors in MEF – IFC (the International Finance Corporation, the private sector arm of the World Bank Group), KfW (the German Development Bank) and OeEB (the Development Bank of Austria) – confirmed again in 2017 their confidence in MEF and renewed their funding commitments through 2025. These complement the underlying commitments of the first loss shareholders of MEF – KfW, acting for the account of BMZ (the German Federal Ministry for Economic Cooperation and Development), SIDA (the Swedish International Development Cooperation Agency) and OeEB.

About M&G Investments

M&G Investments is a leading international asset manager, known for its long-term and conviction-led approach to investing. The aim is to grow customers' wealth and improve their world by investing with care. For further information about M&G, please consult <https://global.mandg.com>

About MEF

MEF was initiated in 2009 by KfW (the German Development Bank) and IFC (the private-sector arm of the World Bank Group) as a joint initiative with OeEB (the Development Bank of Austria). As of 30 September 2019, the Fund held total assets of USD 690 million invested in 125 financial institutions in 42 countries. MEF's mission is to provide a stable and reliable source of funding to financial institutions thereby contributing to the improvement of the livelihood of micro-entrepreneurs and households in developing countries around the globe.

For further information about MEF, please consult www.mef-fund.com or e-mail info@mef-fund.com.