

## Press Release

### *The Microfinance Enhancement Facility receives EUR 40 million from the German Federal Ministry of Economic Cooperation and Development*

**Luxembourg, 6 January 2021**

The Microfinance Enhancement Facility (MEF) is pleased to announce EUR 40 million of additional first loss capital provided by KfW (the German Development Bank), acting on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), paid in on 28 December 2020. These resources will strengthen the MEF's capital structure and increase protection to senior investors from the potential financial impact of loan losses. They will also increase the Fund's potential to leverage additional private sector capital.

Since its launch in 2009, MEF has grown to manage a high-quality global portfolio of USD 579 million as of September 2020. 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. The Covid19 crisis has renewed the importance of the MEF as a crisis response vehicle. The Fund continues to disburse much-needed liquidity to solvent portfolio companies whose borrowers have been hit hard by the Covid19 crisis. BMZ funds will be leveraged by MEF to support over 100,000 Covid19-affected clients of financial companies in emerging markets. These companies provide access to finance for productive purposes to individuals and small companies at the base of the economic pyramid. On-lending of BMZ resources will support an estimated 250,000 jobs in these markets. Moreover, this additional capital will allow the Fund itself to maintain adequate risk limits which will support new relationships in higher risk Covid19-affected economies. This in turn will send an important signal of constancy both to the market itself and to MEF portfolio companies.

“The COVID-19 pandemic is exacting a heavy price on the economies of the poorest countries in the world. KfW (with support from the Federal German Ministry for Economic Cooperation and Development) is pleased to be able to provide additional first loss capital to the Microfinance Enhancement Facility, especially at this critical juncture, thus allowing the fund to further expand its business in support of microfinance markets in developing and emerging economies.” said **Dr. Jan Martin Witte, Director Global Equity and Funds at KfW Development Bank.**

“We are very pleased to receive this valuable support from our long-time partner BMZ” said **Ihno Baumfalk, Chairperson of the MEF Board of Directors.** “As a crisis response vehicle, MEF relies on the structural risk enhancement provided by our key shareholders to attract further investors from other investor segments, including an increasingly large participation of private sector capital invested in Junior Shares and Notes”.

#### **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). 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. With over USD 2.3 billion disbursed since inception, MEF has supported more than 264 financial institutions active in microfinance in 58 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 1,800 per end borrower, 84% of whom are women. Having grown the share of local currency lending in its portfolio to 63% as of September 2020 (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.

For additional information, please consult [www.mef-fund.com](http://www.mef-fund.com) or e-mail [info@mef-fund.com](mailto:info@mef-fund.com)