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UNCDF Supports the Expansion of Opportunity International's Network of Community Banks into the Democratic Republic of Congo

A pledge of US\$2.5 million from the UN Capital Development Fund is helping to bring safe and affordable access to financial services to the Democratic Republic of Congo, one of the world's poorest countries, where only 1% of the population has access to a bank account

Oak Brook, Ill. May 3, 2011 - Building upon a successful track record of bringing affordable financial services to more than two million people working their way out of poverty in developing countries, [Opportunity International](http://www.opportunityinternational.org) today announced the expansion of its community banking network into the Democratic Republic of Congo (DRC). The expansion is due in large part to a US\$2.5 million grant from the UN Capital Development Fund's (UNCDF) MicroLead program, a fund that assists financial service providers in expanding into the world's least developed countries.

The important role of microcredit in the fight against poverty is well recognized and documented. Less well known, but potentially as important, is the high demand for savings opportunities for poor families and small and micro enterprises in developing countries. Many poor households are, in fact, net savers seeking convenient and safe deposits, which can also ultimately fund microcredit activities. This is particularly true in post-conflict and crisis environments, where safe savings services are not available.

Similarly, savings-based microfinance institutions have been found to be better positioned to weather periods of financial downturn, as is the case in the current global financial crisis, which has reduced the supply of capital from capital markets and donors to microfinance institutions. Microfinance institutions are in this way, able to principally fund themselves through local deposits, similar to ordinary retail banks. Furthermore, local funding is generally more stable and carries no foreign-currency risk.

Against this background, UNCDF launched MicroLead, a US\$27.8 million fund for developing savings-led market leaders for inclusive finance in the least developed countries. With substantial support from the Bill & Melinda Gates Foundation, MicroLead provides loans and grants to leading microfinance institutions and financial service providers on a competitive basis to facilitate their entry into least developed countries where access to finance is most limited.



UNCDF's grant will enable Opportunity International to bring affordable access to a suite of financial services including savings accounts, business loans and training in the DRC. Within its first three years of operation, Opportunity DRC expects to mobilize US\$4.7 million from 24,000 depositors, and disburse more than 47,000 small business loans. During that time period, Opportunity DRC also expects to add four full-service branches.

"Numerous studies have demonstrated that access to financial services such as savings, credit and insurance are critical to helping the poor build businesses to generate income, manage cash flow and protect against risk," said David Morrison, Executive Secretary, UNCDF. "One of the difficulties in building financial sectors that are inclusive of the poor is the absence of institutions that can provide a broad range of financial services on a sustainable basis. We are very proud to partner with Opportunity International, which for 40 years has offered a broad range of financial services to the world's poorest citizens. We are excited about the potential of this initiative to reduce poverty and accelerate progress towards the Millennium Development Goals by bringing affordable financial programs and services to the DRC."

Bringing Financial Services to Africa's Poorest Citizens

The DRC has an estimated population of 68 million, the third largest in sub-Saharan Africa, but is sparsely populated in relation to its geographic size of nearly one million square miles. The DRC is also one of the poorest countries in the world, with a per capita annual income of about US\$171 in 2009, according to the U.S. Department of State. Currently, only 1% of the DRC's citizens have access to basic financial services.

"Despite the extreme poverty, there is a tremendous need for financial services within the DRC," said Gilbert Lagaille, CEO, Opportunity DRC. "We will be leveraging the same technologies that we've used elsewhere in Africa. These include biometric-based savings accounts that allow clients to access their account using only a fingerprint, mobile banks, point-of-sale technology and marketplace kiosks that bring safe, secure access to financial services."

Expansion into the DRC is part of Opportunity International's "Banking on Africa" campaign, which was established to deepen the organization's penetration within rural areas to meet the needs of both agricultural and non-agricultural borrowers. "In building a financial infrastructure, Opportunity is breaking down barriers and giving small-scale entrepreneurs and farmers the tools they need to grow their businesses, protect their families from risk, and take an active role in driving their local economies," said Bill Morgenstern, CEO, Opportunity International. "We are pleased that UNCDF has chosen to invest in our expansion into the DRC. We look forward to achieving the same level of success with our community banking programs in the DRC, as we have had in Malawi, Mozambique, Rwanda, Ghana and other nations across Africa."

About UNCDF

UNCDF is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments – water systems, feeder roads,



schools, irrigation schemes – that will improve poor peoples’ lives. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. For more information, see <http://www.uncdf.org/>.

About Opportunity International

Opportunity International provides access to savings accounts, small business loans, insurance and training to over two million people working their way out of poverty in the developing world. Clients in more than 20 countries use these financial services to start or expand a business, provide for their families, create jobs for their neighbors and build a safety net for the future. Opportunity International’s “Banking on Africa” campaign aims to mobilize \$384 million in donations, client deposits and debt for its banks in Africa by 2012. Of the \$123.6 million to be raised in donations, Opportunity currently has more than \$114 million committed. For more information, visit www.opportunity.org.