

# Microfinance and Sustainability

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## Sustainability: a corporate and global challenge

*“Creating long-term value for our shareholders while concurrently ensuring the enduring viability of our human and natural resource base is an important part of our business philosophy.”*

Dr. Josef Ackermann

**Spokesman of the Board, Chairman of the Group Executive Committee, Deutsche Bank**

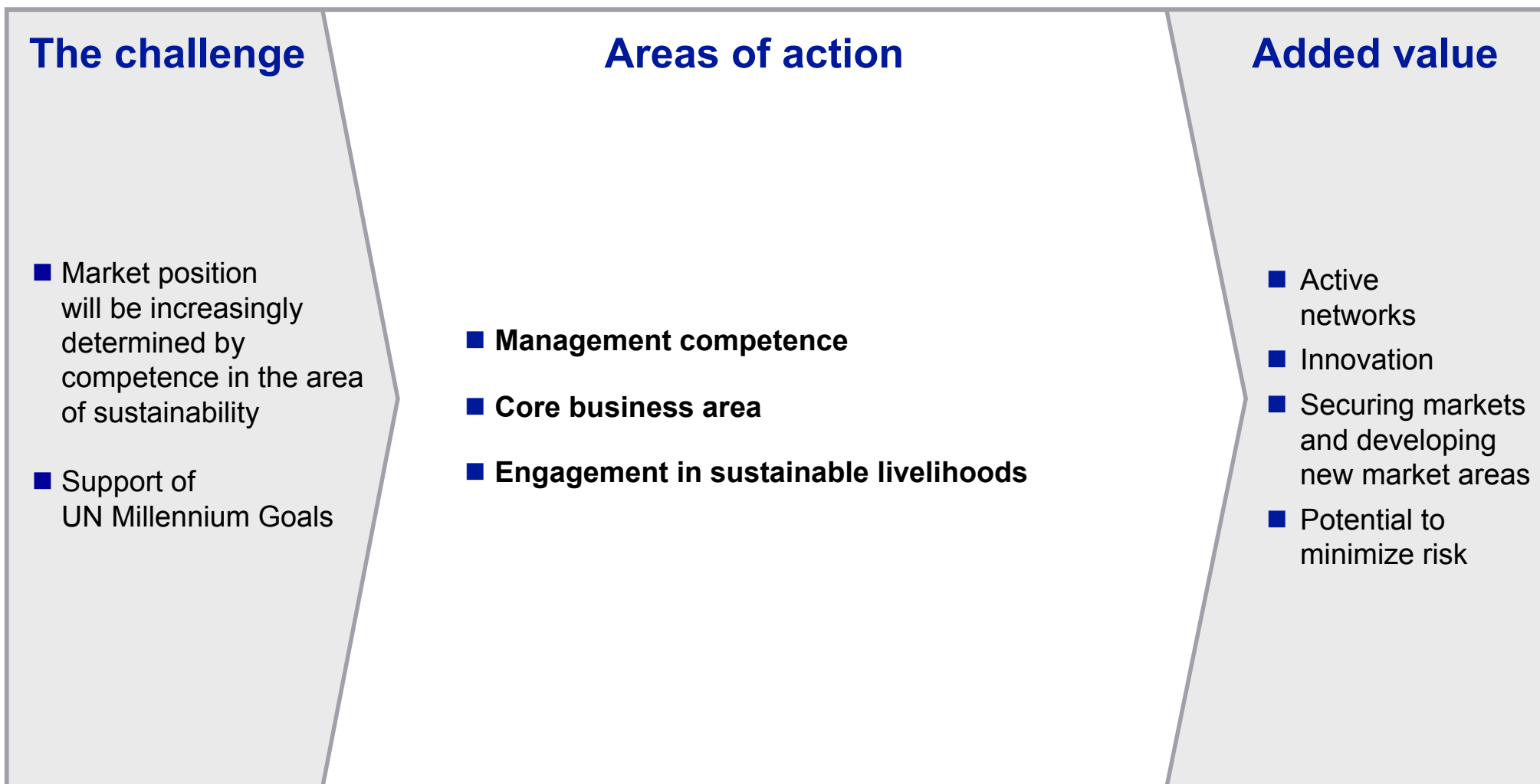
*“... if we cannot make globalization work for all, in the end it will work for no one.”*

Kofi Annan

**Secretary General of the United Nations**



# Sustainability – the new paradigm in corporate management





## Reasons why...

### **Creating regional and local business structure means**

- “Helping the people to help themselves”
- Closing the gap between developed and less-developed countries
- Stabilizing socio-political systems in less-developed countries

### **Trading with developing countries means**

- Securing our own economic situation
- fair trade

### **Creating local financial networks means**

- Sharing knowledge based on best practice
- Cultural diversity
- Strengthening local markets/domestic banks
- Platform for mainstream business



Long-term strategic commitment of private sector (business case)



# New business orientation – Deutsche Bank Microcredit Development Fund

## Goal

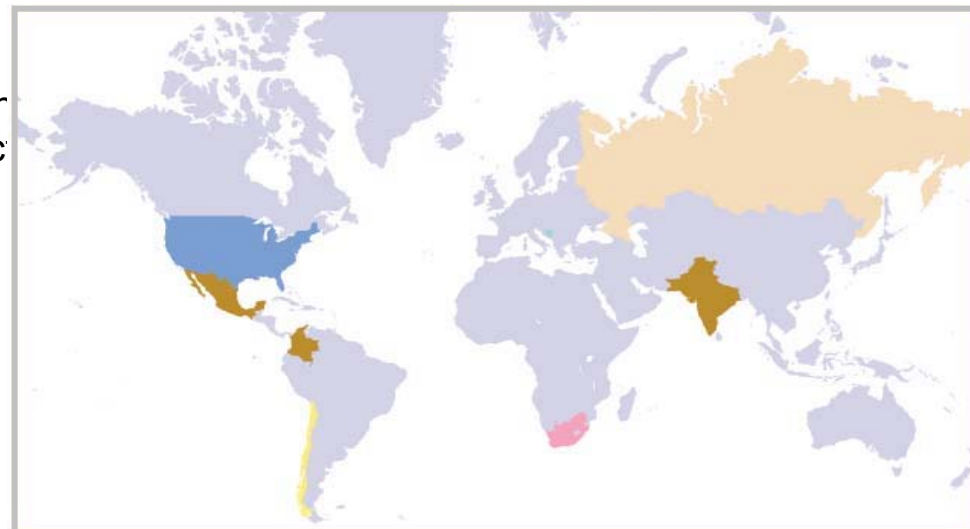
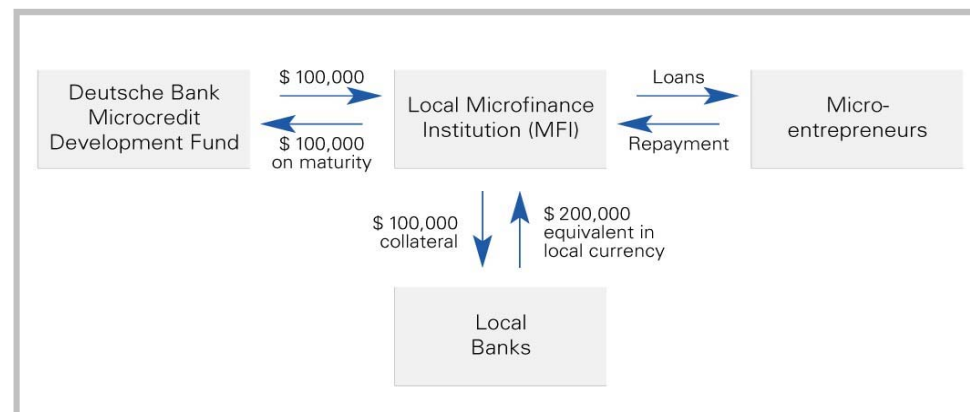
- To help Micro Finance programs reach scale and long-term durability as sustainable institutions

## Background: Deutsche Bank Microcredit Development Fund (DBMDF)

- Established in 1997
- Managed by Deutsche Bank Americas Foundation
- Offers low-interest loans to Micro Finance institutions (MFIs) around the world
- Since 1997 the DBMDF has invested 3.4 million U.S. \$ in loans to 35 MFIs in 21 countries with a cumulative impact nearly 47 million U.S.\$

## A typical Deutsche Bank MDF loan structure

- 2 percent annual interest rate
- Quarterly interest payment in USD
- 5 year maturity
- No amortization of principal





# Global Commercial Microfinance Consortium

The Consortium's strategy is to service opportunistically the increased commercial debt capital demand through partnership/risk sharing with local financial institutions and MFIs.

- Sponsor's global footprint will provide a competitive advantage in local alliance building
- Collaboration with local banks and MFIs to provide local knowledge and relationship "bank"
- Defray foreign exchange risks to financial intermediaries
- Indirect social benefit "spin-off" by creating linkages between local MFIs and the microfinance sector

