



**Building a
Better World**



Development Finance: Local Expertise, Global Opportunities

For more than 20 years, CHF International has taken a leading role in providing financial services in developing economies, particularly in conflict and post-conflict areas. By improving access to development finance—loans for micro-, small-, and medium-sized businesses and for constructing or improving homes—CHF International has helped create jobs; improve living standards; boost local, regional, and national economic development; and bring needed capital to low-income populations.



CHF International: Financing the Future for Over Two Decades

Founded in 1952, CHF International has worked in over 100 countries and currently operates in more than 30 nations. CHF's mission is to serve as a catalyst for long-lasting positive change in low- and moderate-income communities around the world, helping people improve their social, economic, and environmental conditions. One key component of fulfilling that mission has been improving access to financial services.

In the last five years alone, CHF International has disbursed over 190,000 loans totaling more than \$428 million; quadrupled the value of its portfolio outstanding; maintained an average overall repayment rate of 98%; and become a leader in establishing microfinance programs in conflict, post-conflict, and post-disaster settings.

CHF currently oversees lending operations in 11 countries across Africa, Asia, Europe, Latin America, and the Middle East. As of July 2008, CHF International is managing a loan portfolio of \$103.9 million.

CHF International's lending activities are successful because our approach to "development finance" is demand-driven. This means that each of our loan programs is designed to suit the **diverse needs of the people they serve**. Rather than impose one single model, CHF engages a range of methodologies and partners to ensure that **quality financial services are made available to families and businesses who cannot get them elsewhere**.

Housing Microfinance: Building Vital Assets

CHF International understands that housing is essential to help low-income families build greater financial security. Home ownership can be directly translated into a secure financial asset, as it provides a source of collateral to use for obtaining new loans. These loans allow families to focus on enhancing their livelihoods; they can use the capital to send their children to school, for example, or start / expand a business. Since many micro-entrepreneurs run their businesses from home, a house also provides a stable base from which to begin.

For over three decades CHF has pioneered lending for home construction and improvement projects in countries spanning the world over. In addition, CHF has assisted other microfinance institutions, governments, and multilaterals in the provision of housing microfinance services, including implementation, product development, technical assistance, and market assessments.

Home Improvements



*In Mexico, Juan Felipe Sanchez Hernandez used a loan from CHF International's subsidiary **Fundación para la Vivienda Progresiva (FVP)** to substantially improve his home for his family of five.*

Serving the "Missing Middle" Market

In addition to providing loans for small businesses and households, CHF International has identified a "missing middle" market gap for financial services in local economies. **This refers to the market of small- and medium-sized enterprises (SMEs) that have between 10 to 100 employees and need loans ranging from \$35,000 - \$5 million.** These companies are seen as too large by most microfinance institutions and too risky for commercial banks. However, they have the highest potential for impact in a developing economy. SME financing allows such companies to break through the glass ceiling imposed by traditional banking methods and create new jobs which broaden the scope and sustainability of local economic development.

In late 2007, for example, CHF helped establish a non-bank financial institution, the Liberian Enterprise Development Finance Company (LEDFC) to provide financing and business development assistance to Liberian SMEs with loan sizes averaging \$250,000.

The Iraq Middle Market Development Foundation (IMMDF) provides loans from \$35,000 to \$5 million to Iraqi companies that would not otherwise be able to secure financing on reasonable terms. IMMDF has disbursed nearly \$60 million in loans since 2004, creating thousands of jobs for Iraqi citizens.

In addition, CHF manages a Loan Guarantee Fund for SMEs in West Bank & Gaza and offers loans from \$1,000 up to \$70,000 in its microfinance subsidiaries in Romania and Jordan.

As financial sectors evolve around the world, CHF hopes that these innovative institutions will encourage more players to move into the underserved middle market, thus spurring healthy competition and generating further economic growth.

Manufacturing a Middle Market



*In Jordan, entrepreneur Amer Ali Hasan Banat used a loan of \$19,800 from CHF's non-profit subsidiary – the **Middle East Micro Credit Company (MEMCC)** – to expand his business, which designs and produces filters for oil, air, hydraulics machinery, and other heavy equipment. With the added output, high product quality and local recognition, Amer has established his place in the market despite heavy low-cost foreign competition.*

A Lasting Impact in the Middle East

CHF International understands that access to financial services is crucial for populations to cope with political and economic uncertainties and to rebuild their lives – from housing security to economic infrastructure development. Beginning in the West Bank and Gaza in 1994, CHF has worked to facilitate this with a diverse range of programs and products throughout the region. To meet local needs and capacities, those programs have included, when appropriate, loan products that comply with Islamic religious and cultural practices.

In the **West Bank and Gaza**, the Ryada microfinance program provides housing improvement and small business loans to low- and moderate-income Palestinians, including some families living in refugee camps. Ryada aims to improve the economic difficulties faced by much of its population by providing citizens with a means to provide for themselves and thus have a stake in their country's future.

In **Lebanon**, CHF's Ameen s.a.l. has originated and serviced microenterprise and home improvement loans in partnership with private commercial banks since 2002. Following the July 2006 conflict, Ameen developed emergency and reconstruction loans to help households and small businesses recuperate their losses. With this provisioning, Ameen is able to remain a reliable resource for both existing clients and those who are turned away by the traditional banking community in the aftermath of war.

In **Iraq**, CHF's Access to Credit Services Initiative (ACSI) began operating in 2003, within months of the ouster of the Saddam Hussein regime. As access to formal banks was very limited, ACSI's microenterprise and housing loans offered opportunity to thousands who had no other financing options. Today, ACSI is the largest microfinance provider in the country. With an average 99% repayment rate on its loans ACSI demonstrates that people's financial needs can be met successfully, even in uncertain political and economic environments.

In **Jordan**, CHF's Middle East Micro Credit Company (MEMCC) has grown into one of the country's largest microfinance institutions. Established in 2002 to serve individuals and small businesses, MEMCC has recently expanded into small and medium enterprise loans in order to serve the growing and diversifying demands of its clients.

Driving Growth in the Middle East



*In Lebanon, Mohammad Annan has used a series of small loans from CHF's microfinance company **Ameen s.a.l.**, to expand his auto repair shop. This doubled his annual income, allowing him to send his children to better schools and pay for his daughter's wedding; thereby improving life for his entire family.*

The CHF Finance Group, LLC

The CHF Finance Group is a holding company for five locally registered microfinance companies owned by CHF International. The Group seeks to attract capital from socially conscious investors so that there are larger funds available to provide better services to more clients in both new and existing operations. Currently the CHF Finance Group members are:

BOSNIA | LIDER is a locally registered microcredit organization that offers a range of products, including housing loans, business loans, and multipurpose loans.

Portfolio outstanding: \$9.1 million | Active clients: 5,400+

JORDAN | Middle East Micro Credit Company (MEMCC) provides low-income families with micro- and SME loan products, in amounts ranging from \$1,000 to \$70,000.

Portfolio outstanding: \$15.3 million | Active clients: 6,900+

LEBANON | Ameen s.a.l. is one of the largest providers of microenterprise and home improvement loans in Lebanon; lending directly and on behalf of four private commercial bank partners.

Portfolio outstanding: \$9.8 million | Active clients: 10,770+

MEXICO | Fundación para la Vivienda Progresiva (FVP) offers home improvement and microenterprise loans to low-income maquila worker households in northern Mexico.

Portfolio outstanding: \$953,000 | Active clients: 1,450+

ROMANIA | Express Finance SA provides loans for micro-, small, and medium-size enterprises, as well as business development assistance through local partnerships.

Portfolio outstanding: \$17.4 million | Active clients: 2,700

Other CHF Lending Programs

In addition, CHF International provides oversight to six other development finance institutions:

AFGHANISTAN | The Afghanistan Microfinance Institution (AMFI Ltd.) offers small loans to rural-based entrepreneurs, as well as to urban entrepreneurs in and around the city of Kabul.

Portfolio outstanding: \$910,000 | Active clients: 5,000

COLOMBIA | CHF's program Express Microfinanzas provides second-tier loans and technical assistance to local microfinance institutions and direct loans to individuals through a local bank partnership.

Portfolio outstanding: \$8.2 million | Active clients: 500

GHANA | Boafo Microfinance Services Ltd. is a joint venture between CHF International and HFC Bank Ltd. that extends financial services to low- and moderate- income households in the capital city Accra and surrounding regions.

Portfolio outstanding: \$1.3 million | Active clients: 900

IRAQ | CHF's program the Access to Credit Services Initiative (ACSI) is the largest microfinance program in Iraq, serving thousands with a network of 300 staff.

Portfolio outstanding: \$25.9 million | Active clients: 17,900

IRAQ | Iraq Middle Market Development Foundation (IMMDF) is a non-profit established by CHF International and the Overseas Private Investment Company (OPIC) to provide middle market loans to Iraqi-owned businesses and financial institutions.

Portfolio outstanding: \$69.0 million | Active clients: 33

LIBERIA | The Liberian Enterprise Development Finance Company (LEDFC), is a licensed non-bank financial institution established by CHF, OPIC, and the RLJ Foundation to provide loans and business development assistance to Liberian small and medium enterprises (SMEs).

Portfolio outstanding: \$1.2 million | Active clients: 8

WEST BANK AND GAZA | CHF's program Ryada serves the local populations with housing improvement and small business loans.

Portfolio outstanding: \$11.1 million | Active clients: 4,100

WEST BANK AND GAZA | CHF, through the Middle East Investment Initiative of the Aspen Institute, manages a \$160 million **Loan Guarantee Fund** financed by OPIC that lends to small and medium-sized businesses.

Additional Development Finance Expertise

As one of the world's leading sources for information about the design and implementation of microfinance projects, CHF International has a cadre of seasoned development finance professionals. Their areas of expertise include:

commercial bank downscaling | bank partnerships | loan guarantee funds | loan tracking software development | agribusiness development | business development services | capital asset management | credit analysis, management, and monitoring | business evaluation and analysis | economic development | financial analysis | financial market development | portfolio management | market research and product development | subsector analysis | marketing | new business start-up | public-private partnerships | privatization and policy reform | cooperative development | tax law | strategic planning | training of trainers

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> Water and Sanitation

Since the mid 1990's, CHF International has combined our unique participatory methodology of working with communities, with our construction management know-how to numerous water and sanitation projects. Many of the programs have been completed in post-conflict or natural disaster situations, necessitating rapid construction methodology.

Since 2000, over 31,000 projects, including grey water systems, wells, latrines and water basins have been completed. CHF has also connected over 35,000 meters of sewage and water supply lines, improving sanitation and health of thousands of people. CHF's water and sanitation projects have also included numerous irrigation systems for farmers, supplying water to thousands of hectares of agricultural land, as well as a handful of solid waste management programs. These programs are comprehensive, low-cost, and integrate all phases including production of waste, transportation, storage and processing and disposal. By addressing each aspect, CHF not only curbs the issue at hand, but provides numerous jobs for the community at many skill levels as well as community wide education about the hazards of improper disposal of waste.



CHF International has worked on water and sanitation projects in over 15 countries, each time ensuring that there is local participation not only in the decision making process, but also the design and construction of the projects. Training on the maintenance and continual operations of the new system is always included in our projects, as people's ability to use the system is key to improving health and sanitation of the recipient community.

Examples of CHF's capacity in water and sanitation include:

- Dominican Republic – Post-Hurricane George Housing Reconstruction Program - \$8.3 million, USAID**
Following the devastating hurricane in 1998, CHF responded quickly with a program that not only provided new houses and housing reconstruction, but equipped 641 of these houses with new water and sanitation systems. For the three year duration of the program, CHF worked with local organizations to not only improve their current status, but increase their resilience to destructive natural disasters in the future.
- El Salvador – AHORA Housing Construction Project - \$20 million, USAID**
From 2002-2004, CHF constructed over 4,500 latrines and wash basins, 124 grey water collection tanks, 8,794 soak pits for these grey water systems and 191 leach fields. This, in addition to the construction of over 4,700 houses, encompassed a relief program for the victims of the February 2001 earthquakes in the region.
- Indonesia – Lamno Water and Sanitation Systems - \$1.2 million, AmeriCares**
Over the course of this program, from 2006-2008, CHF constructed over 5200 meters of drainage pipes, 267 septic tanks and three water towers. This program created a complete water sanitation system for the people of Lamno affected by the tsunami.
- Lebanon – Humanitarian Assistance in Lebanon - \$3.8 million and \$2.6 million, OFDA**
A program divided between two phases, the HAL program increased access to potable water, irrigation, and hygiene education promotion materials for Internally Displaced Persons as they returned to their homes and villages following conflict in the region in 2005. From 2006-2007, CHF laid nearly 16,000 meters of pipe for water transport, constructed 1,139 water reservoirs and installed 586 irrigation pipes to replace those previously damaged in the unrest. CHF worked with the local Water Authority in southern Lebanon on this project.



Ethiopia



Iraq



El Salvador



Haiti

Highlight of Recent Responses

| <i>Country</i> | <i>Program</i> | <i>Year</i> | <i>Results</i> |
|------------------------|--|------------------|--|
| Afghanistan | AADR | 2002-2003 | 64 wells |
| Colombia | PAE | 2002-2006 | 16 sewer lines |
| El Salvador | Permanent Housing I | 2001-2002 | 1,035 latrines, 570 gray water pits and 300 washing sinks |
| Ethiopia | GLAD | 2004-2005 | 82 wells |
| Ethiopia | SWISS | 2006-2007 | 180 pit latrines |
| Ethiopia | HANS | 2007 | 23 wells, 230 latrines |
| Haiti | Repairing Potable Water Systems | 200-2001 | 20 km water system pipes repaired |
| Honduras | Emergency Temporary Shelter | 1998-2000 | 1,938 latrines |
| Indonesia | HIRE | 2005-2007 | 783 wells, 842 septic tanks |
| Peru | Transitional Shelter Project | 2007 | 135 latrines |
| Sri Lanka | RASSL | 2005 | 429 permanent toilets, 966 water tanks |
| Sudan | SPEED | 2005 | 42 latrines, 13 wells |
| West Bank/ Gaza | CSP/CRSP/ VSP | 1999-2004 | 33 water supply, 16 health and sanitation projects |