

IFC and Amarth: Women Focused Social Financing Solution



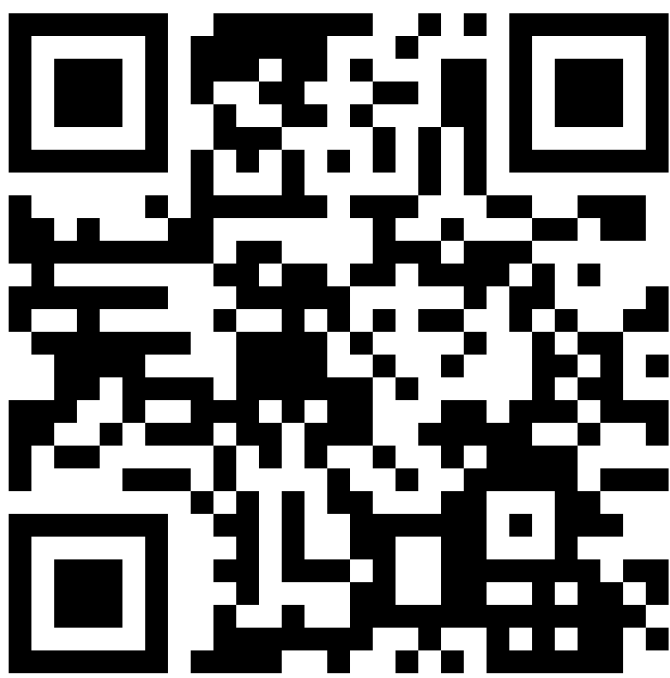
IFC and Amarth launched an innovative facility to provide micro-finance loans to under-served female micro entrepreneurs in rural Indonesia. The structure uses many features of the loan book securitisation markets to create a bankable structure for the financing of a recycling portfolio of micro-loan receivables originated on Amarth's P2P lending platform. With this, Amarth can tap financing, including from offshore impact investors, that could be scaled up to \$206 MM.

Women-owned businesses make up a significant portion of Indonesia's MSME sector (97% of the workforce), but face a US\$21.2 billion financing gap. Ultra-microenterprises, estimated at 44 million, lack access to commercial bank finance.

Amarth's active borrowers grew from 45,000 in 2017 to over 1,000,000 in 2023. The Facility aims to address financing gaps for ultra-microenterprises in underserved areas, adding millions of new borrowers. Indonesia's rural villages will benefit indirectly from Amarth's loans which act to strengthen local economies, reduce income inequality and alleviate poverty.

The Amarth and IFC legal teams, working closely with their business teams, collaborated to create a transaction structure that provided investor protections, complied with Indonesian micro-lending laws, and was not overly restrictive on Amarth's operations. Watiga Trust, a Licensed Trust Company regulated by MAS in Singapore, acted as security trustee and corporate services provider for the SPV borrower, contributing critical expertise. Pinsent Masons helped IFC structure the transaction by applying its global market knowledge.

The project has significantly increased Amarth's lending capacity. Amarth's active borrowers grew from 45k in 2017 to over 1 MM in 2023, with an average loan size of approximately US\$325. IFC sees significant potential to expand this tailored legal architecture in Indonesia and other jurisdictions for micro-lending businesses. As Amarth transitions to a tech-led, cashless model, it will enhance micro-lenders' capacity and improve loan portfolio quality.



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