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FOR IMMEDIATE RELEASE

New Report Explores Responsible Exit in Microfinance Equity Sales

Washington, D.C., 23 April 2014: A report released today by CGAP and the Center for Financial Inclusion at Accion (CFI) analyzes how equity investors can exit responsibly from microfinance institutions in which they have invested. "*The Art of the Responsible Exit in Microfinance Equity Sales*" provides a framework for development-oriented investors to use in evaluating their exit options and balancing their exit tradeoffs.

Based on interviews with 50 industry experts and an analysis of six case studies of equity sales, the report explores the concept of a responsible exit along four strategic decisions: when to sell, who to sell to, with what conditions and at what price.

Many microfinance investors have committed to responsible finance principles. With equity holdings increasingly maturing, they will be facing questions of how to ensure continued responsible behavior by microfinance institutions and the healthy development of the broader market. As the practice of selling equity in microfinance institutions is still evolving, the report draws on emerging investor experiences to highlight key exit-related decision points that investors will face, rather than setting out specific guidelines.

"Exiting responsibly is an art of tradeoffs," comments **Daniel Rozas**, lead author of the report. "There is no single approach to ensure a responsible exit. The final decision will be a balancing act between competing factors such as market context, size of share sold, ownership structure, governance arrangements or the stage of the institution's life cycle."

Deborah Drake, Vice President, Investing in Inclusive Finance, at CFI points out: "The topic of responsible exit is very timely as many equity investors in microfinance want to play an active governance role with their partners. They have an opportunity to raise the question of a responsible exit at the board level earlier and optimize the outcome."

The report also examines the special role of development finance institutions (DFIs) and how their exits can encourage responsible market development. "The way DFIs exit can send important signals to other market players." says **Katharine McKee**, Senior Advisor at CGAP. "By integrating dimensions of responsible market development in their exits decisions, DFIs can influence the market by way of example and crowding-in other investors."

About CGAP
The Consultative Group to Assist the Poor works toward a world in which everyone has access to the financial services they need to improve their lives. CGAP develops innovative solutions for financial inclusion through practical research and active engagement with financial service providers, policy makers, and funders. Established in 1995 and housed at the World Bank, CGAP combines a pragmatic approach to market development with an evidence-based advocacy platform to advance poor people's access to finance. Our global network of members includes over 30 development agencies, private foundations, and national governments that share a common vision of improving the lives of poor people with better access to finance. More at: www.cgap.org

About the Center for Financial Inclusion at Accion
The Center for Financial Inclusion at Accion (CFI) helps bring about the conditions to achieve full financial inclusion around the world. Constructing a financial inclusion sector that reaches everyone with quality services will require the combined efforts of many actors. CFI contributes to full inclusion by collaborating

with sector participants to tackle challenges beyond the scope of any one actor, moving from thought leadership to action. More at: www.centerforfinancialinclusion.org