Blue Financial Services secures US$15 million deal

Listed pan-African micro-financier, Blue Financial Services today announced another international loan with the signing of a US$15 million debt facility with the Opec Fund for International Development (OFID).

Eune Engelbrecht, Corporate Finance Executive at Blue commented, “Blue places a special focus on the under-banked communities across the African continent. We provide much needed financial services to those who are unable to receive it anywhere else. In addition, the sourcing of international wholesale funding at affordable rates is equally important to enable our clients to borrow at sustainable rates.”

“The facility from OFID has a seven year tenure and will be hedged against foreign exchange rate fluctuations. Funds are earmarked for lending activities in most of the 13 countries of operation, specifically concentrating on loans for small businesses and home improvement or housing finance.”

OFID is highly conscious of the potential benefits of aligning themselves with like-minded institutions and has identified with Blue Financial Services’ impact on empowering Africa’s underbanked and underserved.

Engelbrecht commented “The OFID facility comes at a time when most micro-financiers are struggling to raise funds due to the economic downturn. Blue understands that the distribution of these funds must be well calculated and controlled especially under the current market conditions.”

The OFID facility follows on the recently announced ZAR 130 million transaction concluded with Dutch entrepreneurial development bank, the Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden (FMO). This also brings the capital the Group has raised this year to over half a billion rand.

Blue expects to release its financial results for the year ended 28 February 2009 sometime next week.

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Note to editors

Blue Financial Services Limited
Blue is a pan-African micro-financier, currently one of the “big three” listed micro-financiers in South Africa. Of the three, Blue is the only micro-financier with a significant presence outside of South Africa, currently operating in 12 other countries on the continent. Already listed on the JSE’s ALTX and in Botswana, the Group plans further listings on the continent.

Blue presently services its clients through 300 branches staffed by more than 3,000 employees. The Group offers formally employed people in the LSM 2-7 brackets access to credit solutions such as small business loans, salary advances, home improvement loans, home loans and insurance. Blue is registered with the Financial Services Board (FSB) of South Africa, and the central bank in each of its operating countries.

Opec Fund for International Development

Following the First OPEC (Organization of the Petroleum Exporting Countries) Heads of State Summit in Algiers, Algeria in 1975, the Finance Ministers of Member Countries proposed the creation of a new multilateral financial facility to channel OPEC aid to developing countries.

Known initially as the ‘OPEC Special Fund,’ this facility was one of several bilateral and multilateral development institutions set up at around this time by the OPEC and Arab countries. Its resources were additional to those already earmarked for official development assistance (ODA) by the OPEC nations.

The Fund, which was originally intended to be a temporary facility, started operations in August 1976 with an initial endowment of $800 million and within little over a year its resources had doubled. By the end of 1977 it had extended 71 loans to 58 developing countries as well as channelling donations from its Member Countries to other development institutions including the IMF Trust Fund and the International Fund for Agricultural Development (IFAD). The OPEC Fund became a fully fledged, permanent international development agency in May 1980.