



Reporting and performance indicators for Microfinance Investment Vehicles (MIV)

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The landscape : foreign capital in microfinance is booming

- FCI **3 billion USD**, Dec 2005
- 14 **IFIs** with **USD 2.5 billion** outstanding (50% growth),
 - 70% direct in MFIs and 30% in MIV
 - 74% debt and 15% equity
- **59+ MIVs** with over **USD 1+ billion** under management very diverse in structure, instruments, profit orientation, reporting regime, accounting practices
- **No metrics/tool** to evaluate and compare MIV performance, risk and return





The rationale: a tool to assess and compare MIV performance

- Background. Initiated by CGAP IFIs members and supported by several fund managers
- Objective: Performance indicators, and high level industry benchmarks on MIVs performance
- Audience: Investors and fund managers
- Expected benefits:
 - **Improve transparency on MIV performance,**
 - **establish fair level playing field,**
 - **stimulate investments in MIVs**



The process- research and consensus building

- Participatory process involving Microrate, Investors, capital market experts and fund managers
- Approach: respond to investor needs, build on existing fund standards (GIPS, EVCA), start small, minimize data collection effort
- Main milestones for consensus building
 - - advisory board with investors and fund managers
 - - first draft developed with Microrate and OxBP
 - - first round of comments (12+ organizations)
 - - second round of comments (pending)
 - - disclosure guidelines 3.01

Thanks!

The content: GIPS MIV

- Definition.
 - What is an MIV?
 - What's define a MFI
- Core recommended indicators
 - Asset Value
 - Return
 - Risk
 - Social performance
 - Management activity
- Other indicators for discussion
- General information on MIV





Issues for discussion

- Recommended next steps
- Applicability to all Microfinance funds
- Social performance indicators
- Comparability with emerging market indexes



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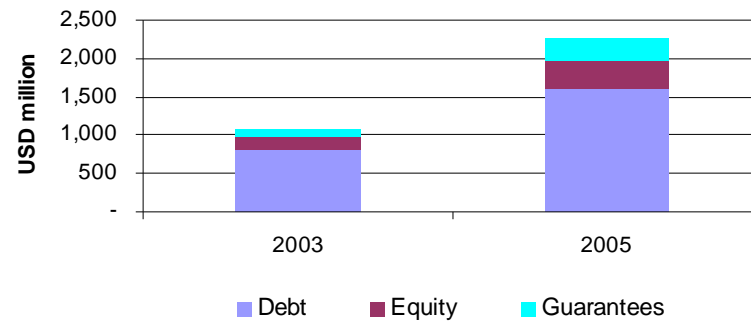
DFID

Building Financial Systems for the Poor

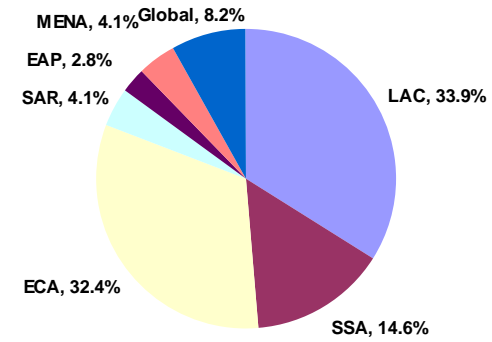


Annex - Graphs

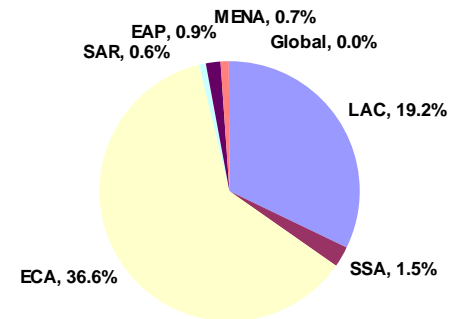
IFI outstanding portfolio (committed)



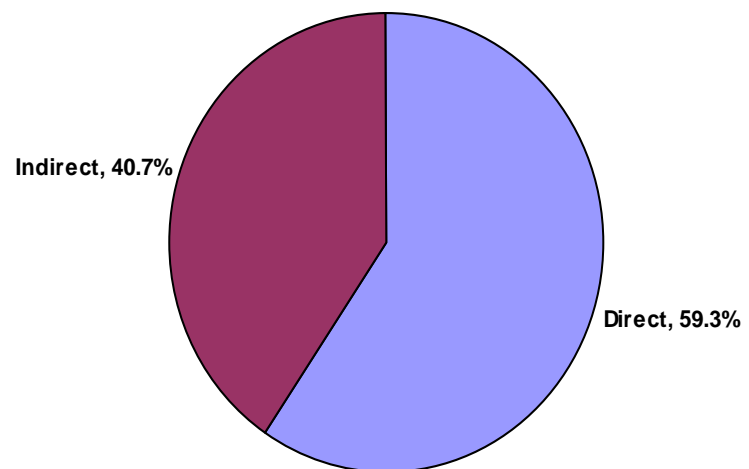
IFI investment - geographic distribution (2005)



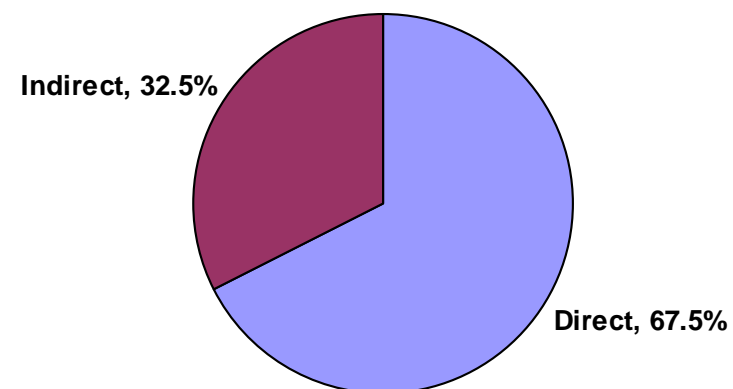
IFI investment - geographic distribution (2003)



IFI investment - microfinance portfolio (2003)



IFI investment - microfinance portfolio (2005)



MIV investment landscape

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