

Microfinance Investor Forum Review

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Overview

This review presents and assesses two recent events aimed at improving capital markets involvement in microfinance. Both events, as listed below, combined MFI **investment readiness training** with an **investor forum** to better prepare MFIs to meet with potential investors and to provide investors an introduction to microfinance investment opportunities in their region.

Event	Dates	Place	Sponsor
Microfinance Investment Seminar	November 2006	Dead Sea, Jordan	Sanabel (www.sanabelnetwork.org)
Microfinance India – Investor Fair	October 2007	New Delhi, India	Access / Microfinance India (www.microfinanceindia.org)

The *Sanabel* seminar offered training to both MFIs and investors during a two day event. MFIs took one of two investment readiness tracks, based on their stage of development, while investors participated in a plenary sessions that offered them an overview of microfinance investments in their region and case studies on select leading MFIs. Four MFIs presented investment pitches to a panel of investors who awarded the best pitch and offered feedback on the presentations. During the seminar, other MFIs were able to observe the pitches made by the selected institutions, as well as informally mingle and meet with investors during meals and breaks. Appendix 2 presents the agenda for the seminar.

The investor fair and investment training offered by *Microfinance India* took place over several months. As pre-requisites for attending the fair, MFIs participated in an investment readiness course a few months before the fair and were required to contribute data and summary business plans in the form of a pitchbook. Investors received investment briefs on Indian microfinance and a directory of Indian MFIs attending the fair. During the actual fair – held on the afternoon and subsequent morning of the 2007 Microfinance India conference – investors set up stands and met with participating MFIs. Appendix 3 presents the brochure for the Microfinance India Investors Fair.

Based on the successes and shortcomings of the two events, this document provides recommendations for delivering successful investor events in conjunction with investment readiness training in the future.

Event Summaries

Summary of Investment Readiness Training

The purpose of the trainings was to provide early and growth stage MFIs with an overview of capital structure optimization, tools for securing, negotiating, and managing debt financing, and practical experience in presenting to investors in order to prepare MFIs for interacting with, and presenting to, investors at the respective investor events.

For the Microfinance India training, Grameen Foundation and Intellectap, with support from the Microfinance India organizer Access, designed and conducted an introductory-level Investment Readiness training course for MFIs on the cusp of accessing commercial sources of financing. The objective was to expand the MFIs' capacity to secure, negotiate and manage commercial funding, both domestically and internationally. The two-day training served as both a preparation and selection/screening forum for MFIs participating in the investor fair. The key outcome of the training was individual pitchbooks prepared by each MFI prior to the investor fair.

The Sanabel training, led by Grameen Foundation, covered similar topics as the India training in a more abbreviated format designed for a one day duration. It was geared towards a more sophisticated MFI audience – or those designated for the purposes of the seminar as “Track B”.¹

Summary of Investor Forums (Seminar and Fair)

Sanabel and Access each organized a forum to allow investors to meet, discover and learn more about microfinance institutions in the Arab states and India, respectively. These events aimed to improve investor familiarity with MFIs as investment prospects and to facilitate contact between MFIs and investors.

The Sanabel event included panel discussions from current investors (IFC, Citi, Grameen Foundation) offering an overview of current state of microfinance investment, including a discussion of recent innovative deals. Investors also attended a short course (MIX, Planet Rating) that used case studies to analyze performance and capital structure among Arab MFIs.

Access combined its Investor Fair with an afternoon session of the Microfinance India 2007 conference. A plenary session on equity investing in microfinance (Legatum, Aavishkaar, Dell Foundation, SKS, Oikocredit, Grameen Foundation, MIX) introduced the audience of investors, MFIs, and others to the need for and issues surrounding equity investments in Indian microfinance. A separate fair provided investors individual stands to set up meetings and make initial contact with local MFIs. Access and MIX provided investors with a directory of nearly 75 MFIs – including historical results and business projections – in order to facilitate investment

¹ Participants in the Sanabel Investor Seminar could either participate in Track A or Track B. Track A covered basic financial management concepts for early stage MFIs, while Track B, geared towards more mature MFIs, covered more complex capital markets and financing issues.

discussions between investors and MFIs. While MFIs at this event also prepared pitchbooks for investors, a winning pitchbook was selected outside the event. Instead, MFIs were encouraged to present their pitches to investors individually at their stands during the fair.

Investment Readiness Training: Results & Lessons Learned

Audience

India Training (August 2007)

A total of 56 MFIs and 96 participants attended the three trainings, held in Delhi, Kolkata, and Chennai. The participating MFIs ranged widely from regulated NBFCs who had secured commercial equity investments to small, multi-purpose NGOs that operated micro-lending programs as part of an overall portfolio of development activities. There are some clear benefits to having MFIs of different skill and experience levels in the same training room – for example, the younger MFIs can learn from the more mature ones – however optimally the differences in skill level would not be so extreme as to minimize the training’s relevance for all parties.

We discovered during the training that some MFIs were lacking understanding of basic financial ratios pertaining to MFIs while others were looking for guidance on topics not related to investment readiness, for example new product development. Ideally, participants would come in with a solid and consistent financial knowledge base from which to leverage learnings on more complex capital structure topics.

Jordan Training (November 2006)

The 30 participants had either self-identified as “Track B” or had been advised by Sanabel of which track would be most beneficial to them. This resulted in a participant group with a fairly uniform knowledge base, although there was still room for valuable cross-sharing of views and experience among participating MFIs. Most participants had secured some type of commercial or quasi-commercial financing and were interested in learning best practices for their future capital structure decisions and interactions with investors.

Training Course

The content of both training courses, outlined in the Appendices, covered many key investment readiness issues for MFIs, starting with an overview of capital structure concepts, discussion on how these concepts affect capital structure decision making and a summary of key features of various debt financing instruments. For the India training in particular, a case study of an Indian MFI’s capital structure evolution helped solidify these concepts. The course then transitioned to the investor’s perspective, covering key elements of a successful investment pitch and exercises focused on both legal and business aspects of negotiating with a commercial lender.

Participant feedback overall was positive for both courses, but indicated that many felt the courses were too short to cover such a breadth of material. Indeed, the material could easily have filled a full-week course, however, given the time frame and purpose, the courses succeeded in planting the seeds for these MFIs on a number of key concepts relating to capital structure and investment readiness. The trainers encouraged the MFIs that felt they needed more time to pursue additional in-depth training in capital structure and investor readiness.

The concrete output of the India training was an investor pitchbook that MFIs could share with investors attending the Investor Fair, and any other commercial investors they approach, while

the Sanabel training culminated in a mock investor pitch – both proved to be effective ways of consolidating and applying the learnings of the training.

Impact on preparedness

At the conclusion of both the Sanabel and Microfinance India trainings, most participants were able to demonstrate a heightened understanding of capital structure concepts, investors' perspectives, and key issues related to negotiating commercial financing as evidenced through classroom exercises and questions raised by participants. Given the more sophisticated knowledge base of the MFIs entering the Sanabel training, the MFIs came away with a more consistent understanding of key investment readiness issues.

During the Microfinance India training, while many MFIs demonstrated a solid understanding of the material, several MFIs appeared to be too early stage to be able to absorb and apply the material; in these cases a basic financial management/analysis training would have been more appropriate prior to investment readiness training. On the whole, however, participant reviews suggested that most MFIs felt the training was valuable and imparted an understanding of how to interact with investors at the fair.

Investor Forum: Results & Lessons Learned

Audience

Both MFIs and investors / fund managers participated in the respective investor seminar and fair.

MFIs invited to the Sanabel event included the spectrum of microlenders, but the seminar focused on the regional leaders who present their investment pitches to a panel of investors. This pre-selection made for a best case presentation of microfinance to investors – a wise choice given the reluctance of local capital markets in the region to support microfinance. For the India event, organizers decided to focus on the second tier of MFIs below market leaders and attracted 50 MFIs. Targeted Indian MFIs had little experience actually negotiating and securing any funding beyond bank loans. In reality, as investors who met with the participating MFIs related in interviews, experience ranged from a start-up MFI that had already secured equity to MFIs that did not understand the difference between debt and equity financing. Despite the great disparities in stages of development among participating MFIs, investors unanimously appreciated the opportunity to meet a broad slice of Indian microfinance institutions in a single event. Even investors experienced with India – like Lok Capital – stated that they met with MFIs that they had not previously heard of.

Sanabel and Access also targeted different *investors* for their respective events. Sanabel's seminar attracted a large number of local bankers from major markets such as Egypt, Morocco, and Jordan in an effort to increase banks' comfort level with MFIs and to view them as viable businesses worth financing. The mix of bankers with varying MFI experience proved fruitful. During MFI case study discussions, bankers with less experience of lending to MFIs benefited from exchanges with Jordanian and Moroccan bankers that have longer experience in the sector. The Microfinance India Investors Fair, in contrast, sought to create a comfortable space for non India-based investment funds to discover second tier and high growth start-up MFIs as potential investment opportunities. The Investor Fair attracted nearly 20 international investment funds, from experienced specialized microfinance fund managers with existing Indian exposure like BlueOrchard to recent creations like Adam Smith Ventures. Unfortunately, a few major players, such as Symbiotics and Developing World Markets, were notable by their absence.

Investor preparation and its impact

Investors at both the Sanabel and Access events received background preparation before events held with MFIs. This preparation aimed to increase investor familiarity with MFIs and the potential for investment opportunities in the sector. In both instances, investors and fund managers attended *panels* where other investors presented an overview of microfinance investments and discussed recent deals of interest to the sector: in Jordan, this session focused on guarantees and securitizations; in India, panelists addressed equity and the need for equity capital to support sector growth. Investors at both events also received *sector background information* on MFI and investment potential in the sector: the Jordan event offered hands on training and case studies to local bankers and investors on performance analysis in the Arab MFI sector; investors at the Microfinance India received an investor brief on Indian microfinance when they registered for the conference. Investors at the Microfinance India Investor Fair also received bound MFI directories that included: general MFI overview and contact information; historical financial statement and performance results; business plan projections and financing needs.

While the two approaches differed slightly in investor preparation offered, both events underscored the *need for channeling adequate information to investors* at events designed to bring investors and MFIs together and increase comfort with microfinance among capital markets actors. Arab bankers in the training course on MFI performance analysis expressed shock at MFIs leveraging their capital more than 1:1, but also professed little knowledge of MFI financial performance or historical credit risk in their underlying microcredit portfolios. At the Microfinance India conference, international microfinance fund managers interviewed for this review claimed little knowledge of common microfinance delivery structures, leading actors, financing or legal environment pertaining to Indian microfinance. In this regard, all of them found the MFI directory useful in identifying leading and up-and-coming MFIs and in focusing their time during the fair on the MFIs most likely to meet their investment criteria.

MFI / Investor interaction

Both events provided structured space for MFIs and investors / fund managers to interact. In the case of the Sanabel seminar, while informal exchanges occurred during breaks and meals, a panel structured to review and vote on **investment pitches** from leading MFIs allowed investors to learn more about the MFIs' funding needs and MFIs to get feedback from investors on how better to pitch themselves. This pitch offered investors a structured window into the region's leading MFIs, their performance and their financing needs. This interaction met the goal of introducing investors to the best possible opportunities as a way to increase their comfort level with the sector as a whole.

The Indian fair provided a structure for **formal meetings** between MFIs and investors / fund managers. By providing a separate space and slot in the conference agenda for each investor to set up shop and meet MFIs, the fair encouraged investors to schedule formal meetings with MFIs. By keeping all investors in one large room, it encouraged MFIs to set aside the necessary time to meet as many investors as possible. Conference organizers tried to facilitate meetings by collecting an MFI meeting list from investors, but this proved too cumbersome. Most investors said that they would rather receive the MFI directory before the event so that they could learn more about MFIs and schedule their own meetings in advance.

Recommendations

Drawing on the Sanabel and Access events, the following recommendations suggest ways to strengthen future microfinance investor forums, related MFI training, participant preparation, and

MFI / investor interaction. Recommendations marked with (*) indicate successes to replicate in future events.

MFI Investment Readiness Training

Audience:

- Screen entrants for basic financial and microfinance knowledge; consider segmenting all future trainings the course by level of maturity of the institution as was done with the Track A and B structure of the Sanabel training
- Ensure that basic knowledge of the balance sheet, income statement and financial ratios – as well as microfinance operations – be prerequisites for participating in the course, so that all participants come in with a solid financial knowledge base.
- Allow certain MFIs that may be considered ‘investment ready’ to opt out of the course, if it is to be a prerequisite for attending an investor fair.

Course content:

- Incorporate more discussion on equity into the course, given its increasing importance to MFIs in many markets.
- Consider adding another half-day or full day to the training, particularly if covering equity as well, to allow for a more gently paced learning environment.
- Consider localizing terminology and materials to a greater extent where possible. The trainings were designed to help MFIs understand the perspective of international investors, however ensuring local relevance is important as well.
- Closing the training with a mock investor pitch allows MFIs to consolidate and apply learnings in a safe environment (*).
- Exercises familiarizing MFIs with how to negotiate commercial funding documents exposes MFIs to standard legal and financial terms and negotiating techniques (*).
- Review drivers of capital structure decision making, to help MFIs move away from an opportunistic approach to raising financing (*).
- Exercises helping MFIs to understand the investors/lenders perspective are key to helping them present themselves in a more professional manner (*).
- Include a geographically relevant case study of an MFI’s capital structure evolution as a learning tool, wrapping in all concepts learned during the training (*).

Investor Forum

Audience:

- Ensure that MFI audience is appropriate for the goal of fair. Is it to showcase leading MFIs in flagging investment environment or raise the profile of second rung institutions in an active capital market? (*)
- Invite investors whose investment vehicles and strategies will match with local market conditions and MFIs financing needs (*).

Participant Preparation:

- Offer investment readiness training (see above) to MFIs who will attend the fair to improve their ability to understand and present their financing needs to potential investors. (*)
- Provide a short investor brief or other background document to investors as part of their registration packet (*).
- Create an MFI directory with basic historical results and business plan projects (*).
- Deliver all materials well in advance of the event to allow investors to prepare for meetings with MFIs.

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- Provide MFIs with an investor / fund manager directory that covers basic data on contacts, instruments, terms, and current investees.

Investor / MFI interaction:

- Organize formal spaces (stands, booths, rooms) in one large facility for investors to set up shop to meet with MFIs (*)
- Plan adequate meeting time for the investor fair into the conference agenda (if held in conjunction with a conference) to allow MFIs and investors to meet without the distraction of parallel events. (*)
- Ensure adequate participant preparation (see above) to ensure that both MFIs and investors can meet the right people, come prepared for meetings and present themselves and their organizations in the best possible manner.

Appendix 1.



Investment Readiness: Training Course

Course Overview:

As MFIs grow and achieve scale, many face challenges in securing financing in the amounts needed and under acceptable terms in order to effectively meet demand from clients. This session will address the following questions:

- How do an MFI's financing needs evolve as the MFI expands and achieves scale?
- How do key capital structure concepts impact financial decision making?
- What types of financing are available to MFIs at different stages of growth?
- What are the pros and cons of different types of commercial financing?
- How do I successfully approach commercial lenders/investors to secure funding?
- What are the key considerations in securing commercial financing?
- How do I negotiate for the best possible terms?

This session will address the above questions, providing CFOs/Finance Directors or CEOs with tools and skills to help their MFI source the most appropriate type of financing for its stage of growth, creating a platform for investment readiness -- the ability to attract and manage commercial financing.

DAY 1
1. Introductions & expectations
2. Capital structure overview <ul style="list-style-type: none">- Pre-test- Format:<ul style="list-style-type: none">o Lecture with Q&A- Content:<ul style="list-style-type: none">o Basic definitionso Terms and conceptso Trends & evolution using 2003-2005 datao How capital structure affects P&L
3. Key capital structure decision concepts <ul style="list-style-type: none">- Format:<ul style="list-style-type: none">o Lecture with Q&A- Content:<ul style="list-style-type: none">o Brief introduction to risks/returnso Key considerationso Maximizing value/minimizing costs (cost of capital)o Rateso Valuation basics
4. Industry context <ul style="list-style-type: none">- Format:<ul style="list-style-type: none">o Lecture with Q&A

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- Content:
 - o How regulatory environment affects capital structure

5. Range of financing instruments (debt focused)

- Format:
 - o Lecture with Q&A
- Content:
 - o MFI lifecycle and capital structure evolution
 - o Key features
 - o Pros/cons of different debt structures
 - o High level discussion on risk/return tradeoff of various financial instruments
 - o How capital structure concepts above play out with various financing options
- Distribute MFI case study for Day 2

DAY 2

6. MFI Case study

- Format:
 - o Case discussion, first amongst small groups, then by larger group
- Content:
 - o Highlight best practices and common mistakes
 - o How capital structure and legal form changed over 1996-2001
 - o Evaluate MFI's capital structure choices
 - o Discuss what course participants would have done different in the present
 - o Discuss both equity and debt considerations

7. Negotiating with investors: pitch book and term sheets

- Format:
 - o Lecture, role play, discussion
- Content:
 - o Basics and preparation, including business plan
 - 3-5 year funding strategy
 - o Building blocks for a successful investor pitch
 - Define value proposition
 - Understand target audience
 - Define areas investors want to hear to about
 - Highlight own values
 - Emphasize transparency
 - o Review pitch book template
 - o Banker role play
 - Sample pitch and real-time feedback
 - o Term sheet negotiation role play: how to negotiate a commercial loan term sheet. Key legal concepts, negotiating points, and negotiation strategies.

8. Wrap-up

- Final questions
- Concluding thoughts

Appendix 2



Microfinance Investment Seminar Agenda
 Hosted by Sanabel in Cooperation with the Union of Arab Banks
 Sponsored by the Grameen-Jameel Initiative and The Rockdale Foundation
 20th – 21st November 2006
 Dead Sea, Jordan

MONDAY, NOVEMBER 20, 2006

8:00 – 9:00 am	Seminar Registration for Microfinance Practitioners	
9:30 – 10:30 am	<p>Welcome. Overview of commercial investments in microfinance, the current state of investing in the Arab region and expectations for the seminar</p> <p><i>Essma Ben Hamida, Chair, Sanabel and Co-Director, ENDA Central Bank, Morroco or Moroccan Minister of Finance (To Be Invited) Consultant, Microserve (Invited)</i></p>	
10:30 am – 1:30 pm	<p>Training Session for MFIs Track 1</p> <ul style="list-style-type: none"> • Overview of Capital Instruments • Microfinance and Capital Markets • Why it makes sense to seek commercial funding <p><i>Louise Schneider, Women's World Banking Resource Person: Rocio Cavazos, Women's World Banking</i></p> <p>Coffee Break at Trainer discretion</p>	<p>Training Session for MFIs Track 2</p> <ul style="list-style-type: none"> • Preparing for a loan negotiation: investment committee insight • Factors to consider when determining debt financing alternatives • Negotiating a term sheet <p><i>Deborah Burand, Grameen Foundation Resource Person: Camilla Phillips Nestor, Grameen Foundation</i></p> <p>Coffee Break at Trainer discretion</p>
1:30 – 2:30 pm	Lunch	
2:30 – 4:30 pm	<p>Training Session for MFIs Track 1</p> <ul style="list-style-type: none"> • Who are the Investors • Attracting investors: the business plan • How to find the right investors <p><i>Louise Schneider, Women's World Banking Resource Person: Rocio Cavazos, Women's World Banking</i></p> <p>Coffee Break at Trainer discretion</p>	<p>Training Session for MFIs Track 2</p> <ul style="list-style-type: none"> • Evaluating possible deal structures • Managing foreign exchange risk • Amending, restructuring, or refinancing loans when problems arise • Managing multiple lenders <p><i>Deborah Burand, Grameen Foundation Resource Person: Camilla Phillips Nestor, Grameen Foundation</i></p> <p>Coffee Break at Trainer discretion</p>
4:30 –	Investor Pitch Workshop	

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6:00 pm	Four MFIs will present to the audience as if they were presenting to investors. Participants and experts will then have to opportunity to comment on presentations and ask questions about the real-life experiences of these MFIs that enabled them to attract commercial funding. Trainers: <i>Deborah Burand, Grameen Foundatiojn</i> <i>Louise Schneider, Women's World Banking</i>
6:00 – 7:00 pm	Seminar Registration for Bankers and Investors
7:00 – 10:00 pm	Welcome Reception and Dinner Welcome speech from keynote speaker. Opportunity to network with MFIs and bankers from around the region.

TUESDAY, NOVEMBER 21, 2006

8:30 – 9:00 am	Welcome to Bankers and Investors <i>Essma Ben Hamida, Chair, Sanabel and Co-Director, ENDA</i>		
9:00 am – 10:15am	Training Session for MFIs Track 1 <ul style="list-style-type: none"> Presenting yourself to a rating agency (thinking like a rater) <i>Louise Schneider, Women's World Banking</i>	Training Session for MFIs Track 2 <ul style="list-style-type: none"> Equity: <ul style="list-style-type: none"> Assessing the legal, financial, and governance implications of an equity offering Identifying your potential equity investors <i>Deborah Drake, ACCION</i> <i>Deborah Burand, Grameen Foundation</i>	Banker and Investor Panels I. Evaluation of MFIs as investments When looking at Microfinance Institutions (MFIs), how does an investor evaluate the risk of investment? While many MFIs are structured as NGOs, their asset size makes them look like corporates. Microfinance-experienced investors will describe their credit risk and investment analysis when evaluating MFIs. <i>Bob Annibale, Citigroup (Invited)</i> <i>Momina Aijazuddin, International Finance Corporation</i> <i>Heather Henyon, Grameen-Jameel Initiative</i>
10:15 am – 10:45 am	Coffee Break		
10:45 am – 12:00 pm	<ul style="list-style-type: none"> A closer look at investment options: choosing the "right" capital structure Risk management 	<ul style="list-style-type: none"> Understanding a Stock Purchase Agreement Understanding a Shareholders Agreement 	II. Financial statements, ratios and credit scoring of MFIs This session will review MFI financial statements, ratios and credit scoring

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	<i>Louise Schneider, Women's World Banking</i>	<ul style="list-style-type: none"> Governance considerations <i>Deborah Drake, ACCION Deborah Burand, Grameen Foundation</i>	<p>methodologies to provide a better understanding of MFI performance.</p> <p><i>Emmanuelle Javoy, Planet Rating Blaine Stephens, Microfinance Information Exchange (MIX) Standard & Poor's (tbd)</i></p>
12:00 – 1:30 pm	Lunch		
1:30 – 3:30 pm	<p>Training Session for MFIs Track 1</p> <ul style="list-style-type: none"> Evaluating financial terms, deal structures, credit enhancements Negotiating a bank loan <p><i>Louise Schneider, Women's World Banking</i></p>	<p>Training Session for MFIs Track 2</p> <ul style="list-style-type: none"> Establishing a credible valuation for your institution The nuts and bolts of transformation How to negotiate a bank partnership <p><i>Deborah Drake, ACCION Deborah Burand, Grameen Foundation</i></p>	<p>III. Investments in the Region to Date</p> <p>Investors will share terms, deal structuring, and risk evaluation they have used for investments in Arab MFIs that have been closed to date.</p> <p><i>Mohamed Amaliki, Societe Generale Marocaine Suha Tleel, Societe Generale de Banque-Jordanie Tunisian Bank Rep (TBD) Hesham Abbas, BNP Paribas Egypt (Invited)</i></p>
3:30 – 4:00 pm	Coffee Break		
4:00 – 6:00 pm	<p>Investment Pitch</p> <p>Four MFIs will make an investment pitch to investors and bankers. A Banker/Investor Panel will ask questions and give feedback.</p> <p><i>Banker/Investor Panel to be selected by October 15.</i></p>		
6:30 pm	Closing Dinner		

In Cooperation with:

Seminar Sponsors:



Appendix 3

Microfinance India Investment Fair October 09, 2007 New Delhi, India

Technical Associates



Introduction

Indian microfinance sector, reaching out to over 40 million clients and growing at over 50% annually is one of the largest and fastest growing microfinance markets in the world today. Indian microfinance stands at the forefront of the industry mainstreaming and commercialization. A number of microfinance institutions have attained the scale and portfolio size that is attracting the global investors to look at the Indian microfinance sector as an important part of their investment portfolio.

The surge of investor interest in the sector has led to a number of innovations in financing instruments, expansion strategies, process improvement and technology integration. Deals for portfolio securitization and buy-outs, managed portfolio, debt and equity investments are happening at a blistering pace. As the outreach of MFIs increases with scalable systems and stabilized operations, the demand for investment funds continues to grow as MFIs seek to aggressively build their portfolio and meet the client demand. An estimated 800 MFIs serve over 7 million clients besides 33 million clients being served directly by the commercial Banks through the self help groups. With over US\$ 3 billion in assets, the Indian microfinance industry has reached the critical mass needed to attract capital from global financial sector. Several microfinance dedicated funds have been established in the country, including Bellweather, Lok Capital, UNITUS and Aavishkaar- Goodwell. Sequoia Capital, Legatum, Citi, ABN AMRO and Standard Chartered have made an early start to invest in this fast growing market.

However, despite the impressive outreach and growth, the industry currently meets just about 15% of the demand and thus, there is a huge untapped potential for growth in the Indian microfinance industry. A conservative demand estimates the need for

over 7 billion dollars of investment funds in next 4 years, while there are other estimates, projecting the demand at anywhere between US\$ 10 billion to US\$ 30 billion.

Given this backdrop, the microfinance India platform proposes to organize a **Microfinance India Investment Fair on October 09, 2007 at New Delhi** that would bring investors and MFIs to discuss investment opportunities and instruments. Investors will set up booths that MFIs will visit with their investment pitch books to introduce their institution, business strategy, projections, performance indicators, financing requirements and learn about financing opportunities from the investors. A technical panel will discuss key issues in investment instruments, structuring and some of the recent deals.

The Investment Fair is being organized jointly by ACCESS Development Services, Microfinance Information Exchange (MIX), Grameen Foundation and Intellectual Capital Advisory Services (Intellicap) and CARE and will be organized alongside the **Microfinance India conference 2007** (Scheduled for October 9-10, 2007), which is the fourth in a series of annual conferences organized to provide a learning, sharing and visioning platform for the Indian microfinance industry. This conference attracts over 600 delegates from India and rest of the world, including microfinance practitioners, investors, commercial banks, policy makers, technology solution providers, insurance companies, academicians and researchers every year.

Expected outputs of the investment fair

For MFIs:

- Improve exposure to numerous investors, domestic as well as International
- Learn about microfinance investors, dedicated investment funds and investment instruments
- Learn about a variety of investment instruments available for MFIs
- Learn about structuring of some of the recent deals in the microfinance space
- Negotiate with potential investors about their funding needs
- Learn about specific investor interests and broaden their understanding of financing instruments

For Investors:

- Get unique picture of Indian MFI funding requirements and possible matches
- Reduce prospecting costs
- Increase exposure for fund in a large and fast growing market
 - To provide exposure on microfinance as an investment class and expand the pool of potential investee organizations.
 - To provide exposure to International and Indian investors to the opportunities in the Indian microfinance

- Expand the portfolio of prospective investee MFIs beyond the handful of well known leading MFIs and building new relationships with a set of second tier institutions that include solid performers and strong start-ups.

Who should attend

MFIs: Start up as well as established MFIs, looking to raise debt and equity investment for their microfinance programs.

Investors and Sponsors: International and domestic investors including global investment banks, commercial banks, social venture funds and specialized microfinance investment vehicles are the target audience of this first of its kind Investment Fair in Indian Microfinance industry.

Events leading to the fair

To ensure that the event is result oriented, the organizers have put in place an intensive plan to prepare the MFIs that will attend the investment fair. In collaboration with Grameen Foundation and Intellectap, a series of 2-day training programs on “Investment Readiness for MFIs” is being organized. Grameen foundation and Intellectap have in past made 8 offerings of the course on “Capital structuring” training over 80 MFIs from all over the world. These trainings will be offered at multiple locations in India (Delhi, Chennai and Kolkata) during August 2007. About 50 MFIs are expected to participate in these training courses.

- i. A standard template has been developed for MFIs to prepare and present their business plan and investment pitch book.
- ii. A brief profile of each of the participating investor and the MFI will be prepared in the form of a business directory. This directory will be published and shared with all the event participants.
- iii. A technical panel consisting of eminent resource persons from the field of microfinance and capital markets will be organized during the investment fair.

The discussion topics for the technical panel will include

- Overview of Indian microfinance sector and investment opportunities
- Investment instruments for Indian MFIs
- Structuring investments in microfinance
- Preparing the MFIs for the due diligence
- Presentation and Discussion on some of the recent deals in Indian microfinance

Event Structuring

The investors and event sponsors will be provided a booth with space for display of promotional material. MFIs will visit these booths with their investment pitchbooks to introduce their institution, projections and funding requirements and learn about financing opportunities from the various investors. A half-day technical session will be organized followed by time for one to one discussion between the MFIs and the investors

Registration information

Investors: Participation fee payable by the Investors for the investment fair is INR 20,000 / US\$ 500. The registration fee covers following:

- Participation in the Investment Fair by up to two representatives from each investor. (For additional representatives, please contact the organizers).
- One dedicated booth with space for displaying promotional material/ literature by the investors would like to set up. The booth will also have space for small meetings.
- Entry to the 2-day microfinance India conference being organized alongside the Investment Fair (scheduled for October 09-10, 2007 at the same venue).
- Investment Fair Kit, containing (i) a directory of all the MFIs participating in the Investment Fair and overview/ summary of their operational details (ii) A CD containing soft copy of the detailed Business Plans of participating MFIs (iii) A briefing note on Indian microfinance (iv) copies of all technical papers from the technical session at the investment fair
- Microfinance India conference kit
- Lunch, tea and snacks to be served during both the conference days.

The organizers will be able to provide additional facilities as needed on making requisite payment.

MFIs: The registration fee for the MFIs, covering registration to both the Investment Fair as well as the Microfinance India conference is Rs. 3800 per person (regular registration), and Rs. 3200/- per person (early bird registration till August 30, 2007). The registration fee for MFIs covers following:

- Entry for to the investment fair
- Investment Fair Kit, containing (i) a directory of all the investors participating in the Investment Fair (ii) A briefing note on Indian microfinance (iii) copies of all technical papers from the technical session at the investment fair
- All MFIs registering for the investment fair will also get a complimentary entry into the microfinance India Conference 2007 being organized alongside the investment fair on October 09-10, 2007 at the same venue.
- Lunch, tea/ coffee/ snacks to be served during both the conference days

Requirements for MFIs participating in Investment Fair:

- i. The MFI who wish to participate in the investment fair must have undergone training on Investment Readiness being organized during August 2007 at Delhi/ Kolkata/ Chennai or a similar course from Intellectap / Grameen Foundation earlier.
- ii. The MFI must have completed and submitted their investment pitch books in the standard template

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- iii. The MFI must provide their latest financial and performance data as per CGAP/MIX market standards. This will be uploaded on the MIX markets website to attract global investors.