

IAMFI

INTERNATIONAL ASSOCIATION OF MICROFINANCE INVESTORS

INTRODUCTION

Members of the microfinance community, representing a broad range of perspectives, have expressed support for the formation of an investor-oriented association to address, in particular, the needs of a growing number of market-driven investors and investment vehicles.

Recently, a Working Group (Appendix) was formed to assess the level of industry support for an investor association, clarify its purpose, and lay a strategic foundation for its establishment. The Group endorsed establishing the International Association of Microfinance Investors (IAMFI) and drafted a strategic direction for the association summarized as follows.

- IAMFI will be member-driven but also will seek collaboration and partnerships with other industry organizations and institutions.
- It will be a global organization.
- Complement the work of and, when appropriate, collaborate with existing organizations serving various segments of the microfinance industry (e.g., CMEF, CGAP, ACCION).
- Its vision is to generate sustainable investments from private sector sources to meet the growth of the microfinance industry.
- Its mission is to meet market-driven investor needs by providing credible information, a forum for discussion/consensus, improving the microfinance environment and helping members achieve investment objectives.
- Its objectives will focus on collecting and disseminating credible industry data, attracting informed investors and responsible investments, facilitating dialogue and cooperation within the industry, working to establish best practices, and exploring opportunities to influence public policy.
- It will be well-capitalized and sustainable.

CONTEXT

As the flow of capital to microfinance has moved from primarily donors to predominantly investor sources, capital to the field has dramatically increased. While once solely the domain of foundations and public institutions, the viability of an ever-growing number of capital-hungry microfinance institutions has attracted a broad range of private sector investors (individuals, corporations, foundations, investment banks, brokers, etc.) and spurred the creation of a large number of investment vehicles.

At the same time, this fragmented investment environment has been negatively impacted by a noticeable dearth of information, a low level of transparency and an absence of many of the investor services common to many asset classes. Further, given the youth of investment in microfinance, broadly accepted investment guidelines and standards remain largely undefined.

Existing industry groups have focused on microfinance institutions and those investing in them directly. The growing number of investors placing their capital in microfinance indirectly through investment vehicles, as well as the managers of these investment vehicles, would greatly benefit from a trade association that would address the aforementioned issues, provide a forum for information exchange and represent their interests within the field.

STRATEGIC OVERVIEW

Given the current context, Working Group members envisioned the launch of the International Association of Microfinance Investors (IAMFI), and reached consensus on the following characteristics:

Vision:

Generate sustainable investments from private sector sources to meet the growth of the microfinance industry.

Mission:

To address the needs of market-driven microfinance investors by:

- Providing access to credible information about the industry and investment opportunities;
- Establishing a recognized and easily accessed forum for investors;
- Improving the global environment for microfinance investing;
- Assisting members in achieving their investment objectives.

Values:

Integrity, transparency, independence, sustainability, inclusiveness, action oriented

Strategic Objectives:

- Collect, enhance and provide access to credible, objective industry data;

- Attract informed investors and responsible investments in microfinance through education;
- Serve as an independent forum to facilitate dialogue, communication and collaboration among investors and within the industry;
- Work to establish and disseminate best practices, guidelines and/or standards for microfinance investing, promoting efficiencies and accountability;
- Influence public policy and regulation to facilitate sustainable investment in microfinance

Membership

Membership in IAMFI shall be open to the microfinance investor community. Given IAMFI's strategic focus, the following membership categories will be established for investors and service providers most interested in commercial, market-driven investments in microfinance:

Limited Partners (LPs): An investor who invests in an investment vehicle rather than investing directly in microfinance institutions. This category would include active and potential investors.

General Partners (GPs): Refers to an entity that manages a fund or investment vehicle in which there are many other investors. This category would include public and private institutions.

Service Providers (SPs): An entity that helps advise, structure, consult or broker investments in the microfinance industry.

LPs will be IAMFI's focus. Members in all three categories, however, will have a major stake in IAMFI and there will be strong, unique value propositions for LPs, GPs and SPs.

Appendix

Working Group Participants

ELIZABETH FUNK

THE DIGNITY FUND / UNITUS
San Francisco, CA

GIL CRAWFORD

MICROVEST
Bethesda, MD

BRIAN CAYCE
JEANNE CRASS
SAM MOSS
STEVE HARDGRAVE

GRAY MATTERS CAPITAL
Atlanta, GA

SANDRA DARVILLE
TOMAS MILLER

INTER-AMERICAN DEVELOPMENT BANK
Washington, DC

BOB GELARDI
RUSS LEMIEUX

KELLEN COMPANY
Atlanta, GA

IAN CALLAGHAN

MORGAN STANLEY
London, England

HUGH WEBSTER

WEBSTER, CHAMBERLAIN & BEAN
Washington, DC

CRYSTAL HUTTER

OMIDYAR NETWORK
Redwood City, CA

ANN MILES

BLUE ORCHARD FINANCE
New York, NY