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20 April 2015

Agenda Item 4

Mobilizing investment for development

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



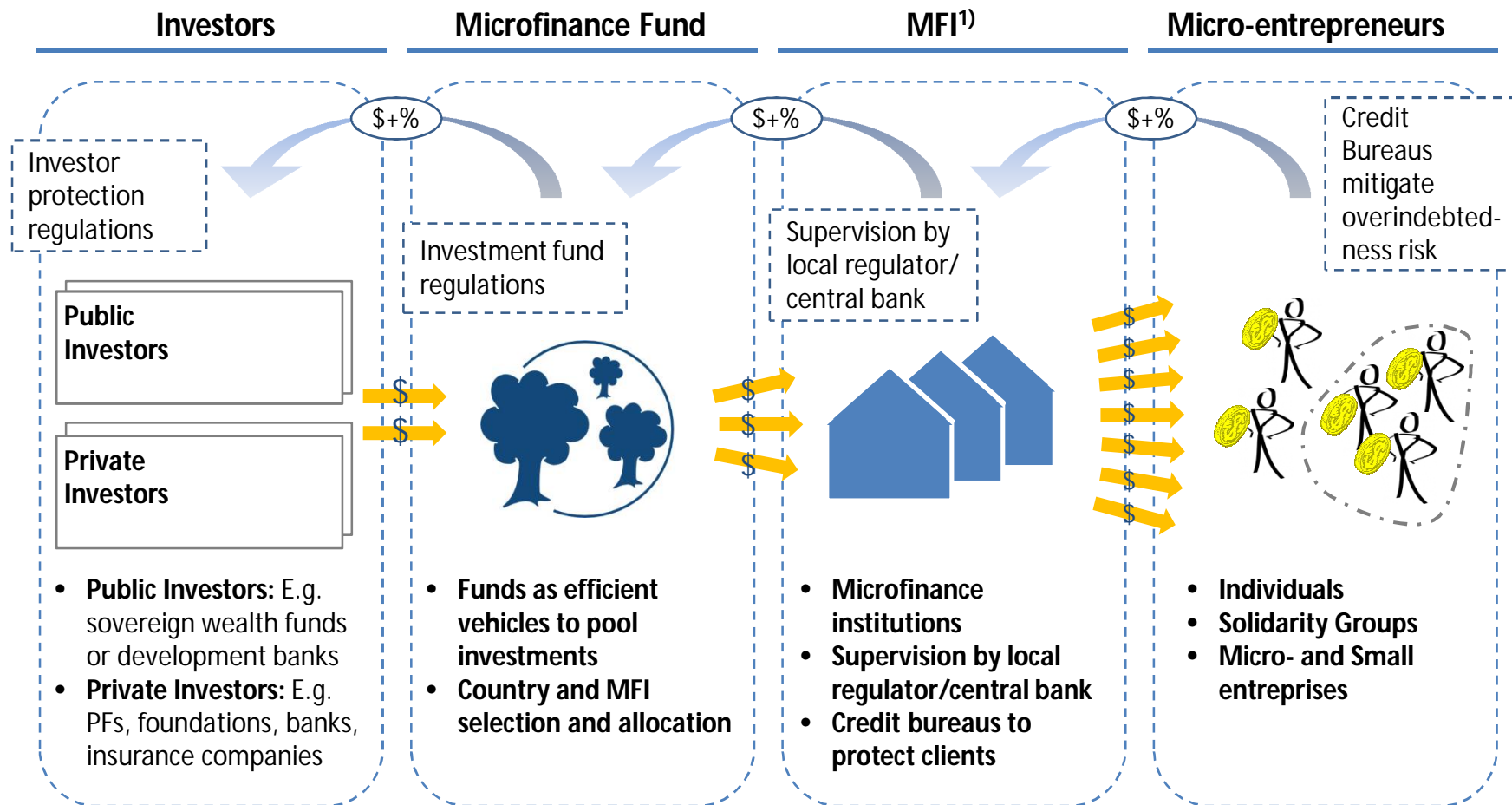
BlueOrchard
Impact Investment Managers

Mobilizing investment for development



Dr. Patrick Scheurle, Chief Operating Officer
UNCTAD, Geneva, 20 April 2015

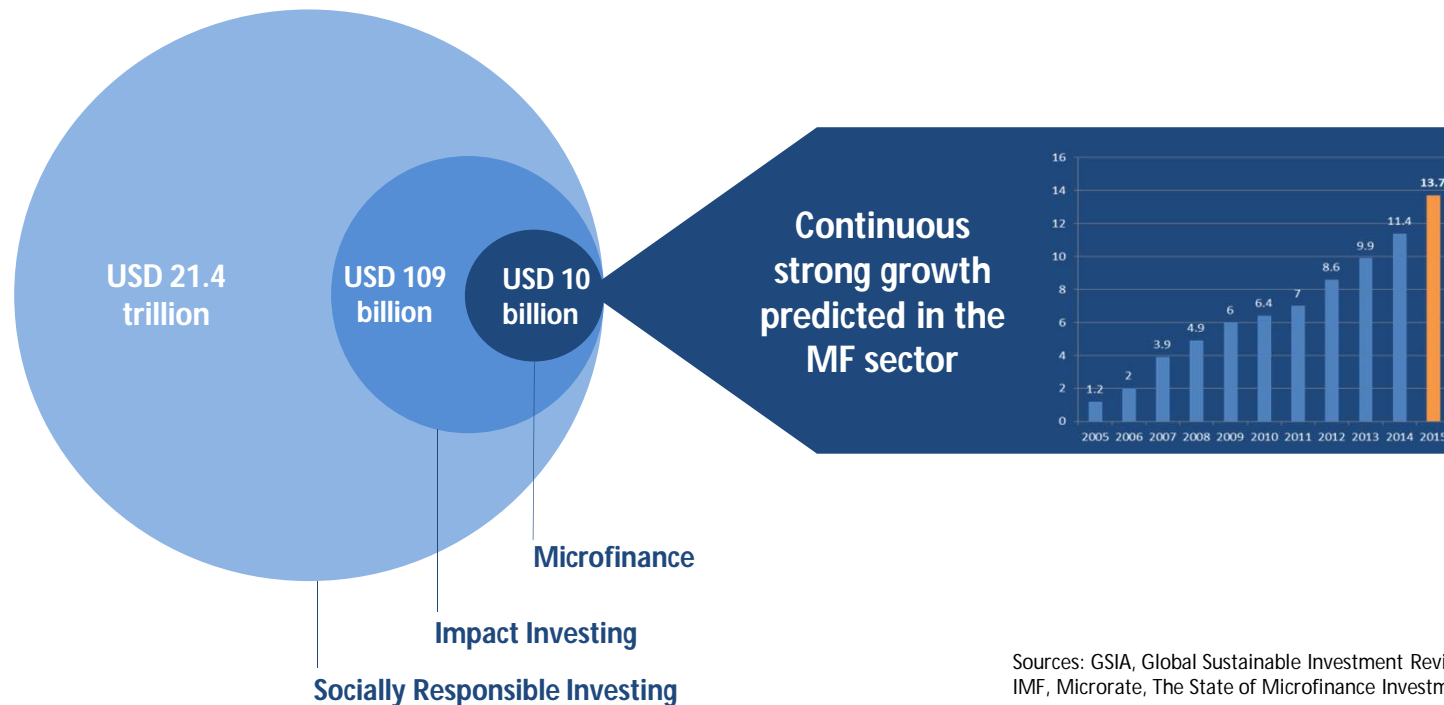
The microfinance value chain: Connecting capital markets to Microfinance



1) Microfinance Institution
20 April 2015












Impact investments provide a growing pool of funding to tap into for SDG

- **Impact Investing**, fastest growing asset class, has more than **doubled in size over the past two years**
- Expected growth rate 2015: **15-20%**
- **South and East Asia** and **Sub-Saharan Africa** are strongest growing investment regions



Sources: GSIA, Global Sustainable Investment Review 2014
IMF, Micorate, The State of Microfinance Investments 2013

BlueOrchard develops and manages innovative private and public-private investments with impact

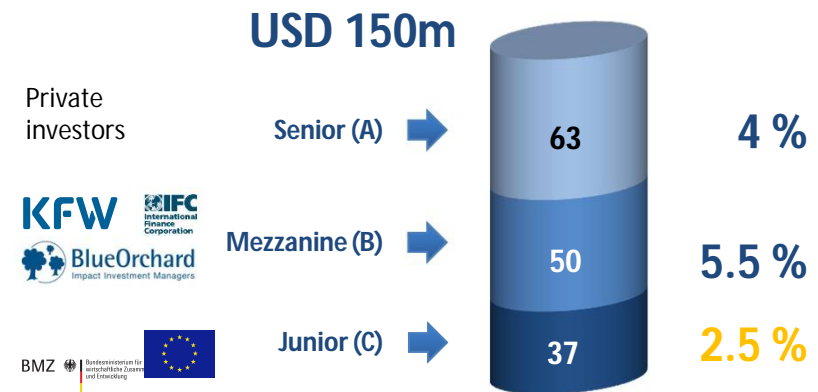
| | | |
|---|--|---|
| <p>2001</p> <p>BlueOrchard Microfinance Fund (former Dexia Micro-Credit Fund) Senior debt, fully hedged</p>  | <p>2004</p> <p>BlueOrchard Microfinance Securities 1 (BOMSI) Senior debt, 6 years</p>  | <p>2005</p> <p>Saint-Honoré Microfinance Fund Senior debt, hard currency (merged with BOMF/DMCF 2011)</p>  |
| <p>2006</p> <p>BBVA Codespa Microfinanzas Senior debt, Latam, some LCY (closed in 2011)</p>  | <p>2006</p> <p>BlueOrchard Loans for Development 2006 (BOLD 2006) CDO Senior debt, 5 years</p>  | <p>2007</p> <p>BlueOrchard Loans for Development 2007 (BOLD 2007) CDO Senior debt, 5 years, FT award</p>  |
| <p>2009</p> <p>Microfinance Enhancement Facility (MEF) Sr. Debt "liquidity fund", co-managed</p>  | <p>2010</p> <p>Microfinance Growth Fund (MiGroF) The "Obama" fund for Latam</p>  | <p>2013</p> <p>Microfinance Initiative for Asia (MIFA) – Debt Fund Fund for Asia</p>  |
| <p>2014</p> <p>Regional Education Finance Fund for Africa (REFFA) Fund for Africa</p>  | <p>2015</p> <p>Climate Insurance Fund (CIF) Climate fund</p>  | |

Example: Microfinance Initiative for Asia – structure, outcomes, and lessons learned

Goals

- MIFA is the first microfinance initiative of its size to exclusively target the poor in Asia
- Two main objectives:
 - to **create and enhance institutional capacity** for sustainable microfinance delivery
 - to strengthen **linkages with** domestic and international **capital markets**

Target investment structure (in USD m)



Social Performance¹⁾

| | |
|---|-----------|
| Total # of clients reached by MFIs in the portfolio | 1,927,411 |
| % of rural clients | 60 % |
| % of female clients | 66 % |
| % of individual lending | 82 % |
| Average loan size to clients across MFIs | USD 1,825 |
| Median loan size to clients across MFIs | USD 892 |

¹⁾ data based on the latest available data from MFIs in the portfolio.
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Lessons learned



- know-how and tools for financing development are in place, but coordination among actors is needed
- highly effective public-private partnerships
 - funding
 - technical assistance
 - investment managers and DFIs
- **Create attractive environment for investors by forming partnerships**

The creation of an attractive environment for investments is key

Recommended action

Mobilization

Engage in partnerships with private sector and act as catalysts

e.g. as fund or technical assistance sponsor

Channeling

Establish attractive environment for investors and investments 

e.g. remove barriers for foreign investment

Impact

Empower people to find their own solution 

e.g. foster entrepreneurship

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