

**Microfinance Investor Roundtable
October 24-25, 2006
Washington, DC**

Recommended Reading List

Tuesday, October 24, 2006

8:00 am **Breakfast provided**

9:00 – 9:30 am **Welcome & Introduction – Academy Hall**
Matthew Bishop, The Economist; Dana de Kanter, The SEEP Network;
Marnie Sigler, Omidyar Network

9:30 – 10:30 am **Optimising Capital Supply in Support of Microfinance Industry
Growth – Academy Hall**
Tilman Ehrbeck, McKinsey and Co.

The growth of microfinance services over the last ten years has been dramatic, but will pale in comparison to its growth over the next ten years. Future growth will require the tapping of traditional capital markets, and optimizing the allocation of capital to microfinance institutions is an important component of preparing the sector for this next phase of growth.

Paper: [Optimising Capital Supply in Support of Microfinance Industry Growth](#)

Presentation: [Optimizing Capital Supply in Support of Microfinance Industry Growth](#)

10:30 am **Morning Break**

11:00 -12:30 pm **Investors Respond: Panel Discussion and Q&A – Academy Hall**
Moderator: Matthew Bishop, The Economist
Panelists: Michael Rauenhorst, Deutsche Bank Americas Foundation;
Larry Reed, Opportunity International; Jean-Philippe de Schrevel,
BlueOrchard Finance, s.a.; Sandra Darville, Inter-American Development
Bank; Tilman Ehrbeck, McKinsey and Co.

A panel of speakers, each representing a different investment perspective, will react to and debate the proposed investment framework. Roundtable participants will also have an opportunity to ask questions, make comments and discuss the implications of the new framework with the panel.

12:30 pm **Lunch Provided**

2:00 – 3:30 pm

Investors React: Small Group Break-Out Sessions

Moderators: Deborah Burand, Grameen Foundation USA; Kylie Charlton, Unitus; Bill Harrington, MEDA; Kate McKee, CGAP; Larry Reed, Opportunity International; Louise Schneider Moretto, Women's World Banking; Laurie Spengler, ShoreBank International

Participants have the opportunity to break into smaller groups in order to facilitate richer debate and discussion and to ensure that participants have ample opportunity to express their opinions. These sessions will be moderated and the results of each group's discussions will be synthesized and shared with the larger group the following day.

3:30 pm

Afternoon Break

4:00 – 5:30 pm

Workshops (concurrent)

Foreign Exchange Risk

Moderator: Jim Bunch, Omidyar Network

Panelists: Ann Miles, BlueOrchard Finance, s.a.; Gary Mulhair, Global Partnerships

With international investors making local currency investments in debt or equity of microfinance institutions around the world, how can the foreign exchange (FX) risk of these investments be mitigated? Panelists and participants will discuss various aspects of FX risk in microfinance investments and will address the following questions: Are there different FX options available to different investors? Such as dedicated funds with broad geographic exposure, dedicated funds in a single geography or country, or investors looking to enter the space with a trial investment. What options are available for addressing investments in countries without highly liquid or hedgeable currencies? Can an appropriate FX strategy not only reduce risk but also enhance the return potential of an investment?

Presentation: [Foreign Exchange Risk in Microfinance](#)

Secondary Markets in Microfinance

Panelists: Frank Brown, Gray Ghost; Enrique Ferraro, ACCION Investment Management Company; Tomas Miller, Inter-American Development Bank

As part of its recapitalization, ACCION Investments facilitated the sale of Inter-American Development Bank's investment to Gray Ghost Microfinance Fund in 2006. Panelists will lead a discussion of specific issues that arose and lessons learned.

Presentation: [Secondary Markets in Microfinance: Issues and Lessons](#)

Improving Transparency Around Microfinance Investment Vehicles: What Can Investors Expect To Know?

Panelists: Hannah Siedek, CGAP; Sebastian von Stauffenberg, MicroRate

Foreign investment for microfinance is rapidly increasing and outstanding portfolio numbers reach US\$2.7bn. Around 40% of this money has been invested by more than 60 Microfinance Investment Vehicles (MIVs). These funds are very diverse in their investment instruments, their commercial orientation, and their geographic outreach. Investors – existing and potential – have trouble assessing and comparing the performance of these funds. The workshop will present the recently drafted “Reporting and Performance Indicators for Microfinance Investment Vehicles (MIVs).” In this context, discussions will be facilitated around the different perspectives and needs of public and private investors, the challenges in creating a single set of indicators for the diverse group of MIVs, and the feedback CGAP has already received in building consensus around such standards.

Presentation: [Review of Microfinance Investment Vehicle Market](#)

5:30 pm **Reception – Academy Hall**
Live Music By: The Potomac Jazz Project

Wednesday, October 25, 2006

8:00 am **Breakfast Provided**

9:00-10:30 am **Optimising Capital Supply in Support of Microfinance Industry Growth – Academy Hall**
Moderator: Matthew Bishop, The Economist
Panelists: Deborah Burand, Grameen Foundation USA; Kylie Charlton, Unitus; Tilman Ehrbeck, McKinsey and Co.; Bill Harrington, MEDA; Kate McKee, CGAP; Larry Reed, Opportunity International; Louise Schneider Moretto, Women’s World Banking; Laurie Spengler, ShoreBank International

This is a joint session with all roundtable participants as well as practitioners from The SEEP Network’s Financial Services Working Group and Investment Readiness Working Group to review the input gathered in the small group break-out sessions the previous day. Salient debates and areas of consensus will be highlighted and next steps for moving forward with the proposed framework will be outlined.

10:30 am **Morning Break**

11:00 – 12:30 pm **Workshops (concurrent)**

Mergers & Acquisitions in the Microfinance Sector
Panelists: Alex Silva, Antares/Omtrix

This session will highlight the importance of mergers and acquisitions in optimally scaling the microfinance sector. Participants will discuss actual

cases to understand the challenges to make mergers and acquisitions happen. The discussion will look at issues related to the governance and leadership incentives of non-governmental organizations and possible solutions.

Presentation: **Mergers and Acquisitions in the Microfinance Sector**

Risk in a Microfinance Investment Portfolio

Panelists: Brad Swanson, Developing World Markets; Professor Ingo Walter, New York University

Professor Ingo Walter will review the various aspects of risk portfolio managers deal with – systemic risk, market risk, contagion risk, etc. – and describe how these risks can be proxied and measured even for illiquid assets like investments in MFIs. Walter has developed a structure to model these risks, and will present data to demonstrate how microfinance performs against other benchmarks. Brad Swanson will moderate a response from fund managers with experience in alternative asset classes.

Presentation: **Can Microfinance Reduce Portfolio Volatility?**

Leveraging Non-Commercial Capital

Panelists: Damian von Stauffenberg, MicroRate; Aftab Ahmed, IFC; Sabina Dziurman, EBRD

Development organization, philanthropists, and other socially motivated investors have been largely responsible for financing the growth of the microfinance sector. There is evidence that private commercial investors are often “crowded out” by organizations offering MFIs subsidized capital. This session will explore empirical evidence and stated impacts of “crowding out.” It will also draw upon the participants’ experiences to discuss optimal ways of leveraging and redirecting this capital (e.g. investments in public goods or higher-risk MFIs).

12:30 pm

Lunch Provided

2:00 – 3:30 pm

Investor Association Discussion – Academy Hall

Steve Hardgrave, Omidyar Network; Sam Moss, Gray Ghost

Together, we will examine how a Microfinance Investor Association can help address the challenges of investing in microfinance and the needs of a growing number and breadth of investors.

Presentation: **Microfinance Investor Association**

3:30 pm

Afternoon Break

4:00 – 5:30 pm

Closing Notes and Next Steps – Academy Hall

Matthew Bishop, The Economist