



MicroVest Structures First Syndicated Microfinance Loan among US Funds

MicroVest delivers more efficient capital to D-MIRO, an Ecuadorian MFI, via a USD 2.0 million syndicated loan partnering three independent US funds under one loan structure

Bethesda, MD December 21, 2006—MicroVest advances their reputation as an innovative investment vehicle in microfinance today by successfully completing a syndicated loan among three independent US funds: MicroVest I, The Calvert Social Investment Foundation and The Dignity Fund. MicroVest serves as the lead agent for the transaction, responsible for origination, structure, and administration of the three-year, USD 2.0 million term loan extended to D-MIRO, based in Ecuador. D-MIRO will utilize the proceeds to fund continued growth in its microfinance portfolio where it operates in the outlying slums of Guayaquil.

“To my knowledge this deal marks the first truly syndicated loan in the microfinance industry between completely unrelated funds,” commented David Satterthwaite, CEO of Prisma MicroFinance, Inc. and Chief Editor of the MicroCapital Monitor, a news and research initiative focused on international investments. He calls for the support of others in the industry to promote this type of collaborative deal.

According to Matthew Speh, Director of Investments at MicroVest, “Syndicated loans represent the most efficient way to deliver customized financing to an MFI client while also providing the desired element of a diversified source of capital.” Syndications are commonplace in US corporate banking, but to date, most lending in emerging market microfinance institutions has been characterized by bilateral loan transactions where the MFI incurs redundant capital raising and legal costs associated with each lender. Savings derived from a loan syndication drive down the cost of capital on a commercial basis ultimately lowering interest rates charged to micro-entrepreneurs.

Douglas Young, a MicroVest Investment Fellow and lead analyst managing the D-MIRO credit relationship, explains the many benefits of syndication from a fund’s perspective. “In addition to saving time and expense for the MFI client, a syndicated loan offers other investment funds the opportunity to leverage trusted due diligence expertise in order to more readily achieve geographic diversification while optimizing administrative resources.” MicroVest’s due diligence involved an analysis of D-MIRO’s credit policies and procedures, assessment of risk management, loan portfolio sampling, client visits, and interviews with the MFI’s executive management, external auditor, rating agency (MicroRate), regulators, and competitors.

By working together, commercial microfinance funds can offer the lowest possible blended rate to the MFI while also decreasing the risk to their investors. MicroVest sees this type of loan structuring as the next natural step in the development of the industry and looks forward to participating in future collaborations as they become more common in the coming years.



About D-MIRO:

The Fundación Para el Desarrollo Microempresarial D-MIRO, Misión Alianza- Ecuador, is an unregulated MFI founded as a project of the Norwegian Mission Alliance and currently incorporated as an Ecuadorian Foundation. The company serves over 11,000 clients in the outlying slums of Guayaquil with a portfolio of over USD 6.6 million (average loan size of approximately USD 600), making D-MIRO the country's 9th largest MFI in terms of clients and 11th largest in terms of portfolio.

About Calvert Social Investment Foundation:

Calvert Foundation is a 501(c)3 nonprofit organization that uses the power of investments as small as \$1,000 to channel affordable capital to lower-income communities in all 50 U.S. states and in over 100 countries around the world. Calvert Foundation manages a diversified portfolio of over \$100 million in high social impact investments that has helped to create over 190,000 jobs for low income people, built or rehabilitated over 8,500 affordable homes, and financed more than 11,000 nonprofits, cooperatives, and social enterprises. Calvert Foundation is a separate entity from Calvert Group Ltd. and its products should not be confused with any Calvert Group-sponsored investment product.

About Dignity Fund:

The Dignity Fund, L.P. is a private investment fund formed in 2005 as a vehicle for accredited individual investors to bring needed capital to the microfinance industry to fuel the social empowerment of the poor. The Dignity Fund specializes in providing smaller, financially viable, high growth MFIs with catalytic debt capital, allowing the MFIs to reach more poor entrepreneurs. The Dignity Fund is based in the San Francisco Bay Area and works in close partnership with the leading microfinance networks and microfinance investment funds.

About MicroVest:

MicroVest I, LP (MicroVest) is a \$25 million private equity fund providing debt and equity capital to microfinance institutions in emerging markets. As the first private microfinance investment fund in the United States, MicroVest's goal is to link capital markets to the entrepreneurial poor by expanding the capacity of profitable MFIs throughout the world. MicroVest is based in Bethesda, Maryland and was founded by CARE, MEDA, and the Seed Capital Development Fund—three non-profit organizations with longstanding credibility and investments in the microfinance industry.