



Global Microfinance Investment Congress

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Chairman - Luxflag

Rationale for a microfinance label

- Increasing demand for capital by MF institutions
- Growing number of MIVs
- Investor demand for socially responsible investments
- Need to assist investors in their choice
- Investor confusion

Luxembourg response: LuxFLAG



The origins of LuxFLAG

- Spring 2006
Decision to create a recognisable “label”
granted by an independent agency
- July 2006
Seven Charter Members found LuxFLAG
- March 2007
Associate Members permitted

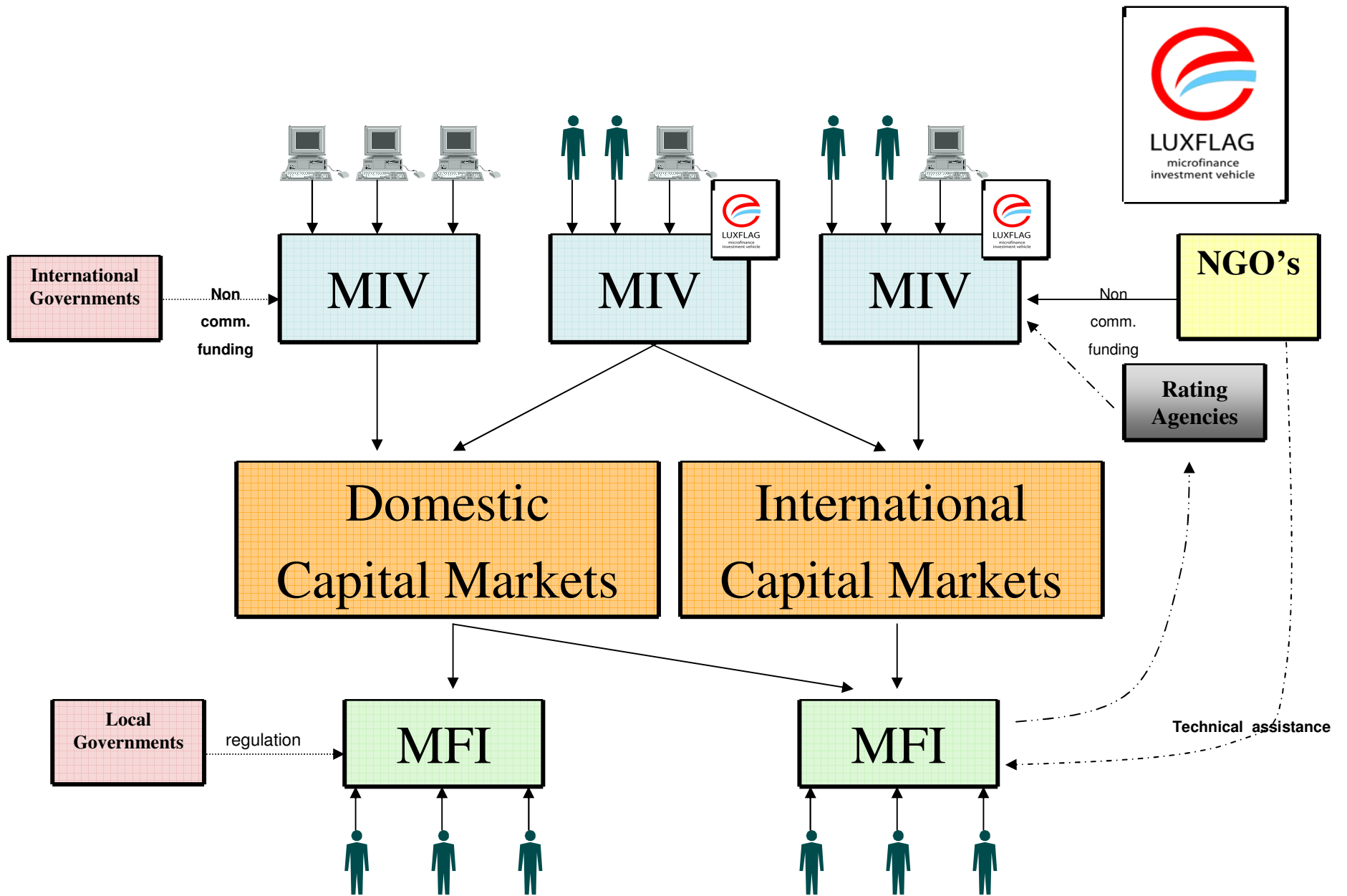


Purpose of LuxFLAG

LuxFLAG is an independent organisation that strives to provide confidence to micro-finance investors by awarding a distinctive label to eligible microfinance investment vehicles.

The award of a LuxFLAG label does not constitute a recommendation to investors or a guarantee of investment performance.





Luxembourg is strongly positioned in the “finance” of microfinance

Top ten MIV investments in microfinance (end 2006)

Name	Country	Total assets (million USD)
1.OikoCredit	Netherlands	201.3
2.European Fund for Southeast Europe	Luxembourg	179.9
3.Dexia Micro-Credit Fund	Luxembourg	107.0
4.Blue Orchard Loans for Development	Luxembourg	99.1
5.responsAbility Global Microfinance Fund	Luxembourg	86.0
6.Blue Orchard Microfinance Securities	USA	81.3
7.Global Commercial Microfinance Consortium	USA	71.0
8.XXEB Microfinance Securities	Luxembourg	60.0
9.Triodos-Doen	Netherlands	49.7
10.Gray Ghost Microfinance Fund	USA	44.9
<i>Top 10 total</i>		<i>980.2</i>

Source:
MicroRate, cf.
Minocha, Radhika
S., MicroRate “A
Survey of
Microfinance
Investment
Vehicles – 2007”
presentation, 2007

- 5 of the top 10 MIVs are domiciled in Luxembourg
- Multiple fund structures (UCI Part II, SICAR, SIF)
- Special purpose vehicles
- Overall, 21 Luxembourg MIVs control assets exceeding \$1.25 billion

LuxFLAG Microfinance Label

The LuxFLAG Microfinance Label is granted to microfinance investment funds that meet certain criteria. The criteria are selected to ensure that the fund is predominantly invested in microfinance.



Eligibility criteria

- MIV domiciled in Luxembourg or in a domicile with equivalent supervision
- MF portfolio $\geq 50\%$ of assets
- $\geq 25\%$ of MF portfolio invested in MFIs rated by a rating agency recognised by LUXFLAG

The first investment funds to receive a LuxFLAG Microfinance Label since 2006

- Dexia Micro-Credit Fund
- European Fund for Southeast Europe
- responsAbility Global Microfinance Fund





LUXFLAG

microfinance