

# **Towards a mature market**

## **Triple Jump**

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**The Global Microfinance Investment Congress**

**Paris, January 22, 2008**



# Agenda

- **About Triple Jump**
- **History and development**
- **Where to allocate the funds?**
- **Market developments**
- **What higher-segment MFIs need**
- **Where does this leave the fund manager?**
- **To be with the winners you need to ...**

# About Triple Jump

## A complete range of financial services to the microfinance sector

### Triple Jump B.V.

- Limited company
- \$145 M under management, 100 MFIs in 40 countries
- Team of 15 professionals
- 8 years of experience in MF

### Triple Jump Advisory Services

- Foundation
- TA provider,
- Focus on emerging MFIs (20 in portfolio)
- 2 senior consultants
- A pool of experienced consultants

# History and development

- Founded in June 2006 by ASN Bank, Oxfam-Novib, NOTS and Triple Jump management
- June 2006: Management of the **ASN Novib Fund**, return 2-4%
- February 2007: Management of the **Oxfam-Novib Fund**, return 0-1%
- May 2007: Special Advisor to the **SNS Institutional MF Fund** (for 25% of the fund), return exp. 5.5-7.5%
- June 2007: Sub-Advisor to **Calvert Social Investment Foundation**, return exp. 3%
- December 2007: Management of **NOTS Fund**, return exp. 5%

## Allocation of funds

Jumps to be realized	Phase of development	Funds and resources
1st phase	Emerging MFIs	<ul style="list-style-type: none"> <li>▪ Oxfam Novib (local currency loans)</li> <li>▪ TJAS</li> </ul>
2nd phase	Expanding MFIs	<ul style="list-style-type: none"> <li>▪ NOTS (loans, equity)</li> <li>▪ Calvert (loans)</li> <li>▪ TJAS</li> </ul>
3rd phase	Expanding/Mature MFIs	<ul style="list-style-type: none"> <li>▪ ASN Novib (loans, equity)</li> <li>▪ SNS IMF(loans, equity)</li> </ul>

Servicing MFIs in the different phases of their development

# Market developments

- Number of MIVs grew from 60 to 74 (+23%) in 2006 to 97 (+17%) in 2007\*
- Annual growth of MFI gross loan portfolios in 2006 almost 40%, average 5 years almost 30%\*
- Institutional investors enter the market with higher return expectations
- Higher segment MFIs have more options and improved bargaining position

\* Source: CGAP and Mixmarket

Market not yet saturated, but both investor and MFI becoming more demanding

# What higher segment MFIs need

- MFIs want to limit no. of lenders → higher investment size
- Leverage becomes a constraint → need for (quasi-) equity
- 70% of all debt is in hard currency\* → need for local currency

\* CGAP-Microrate survey 2005

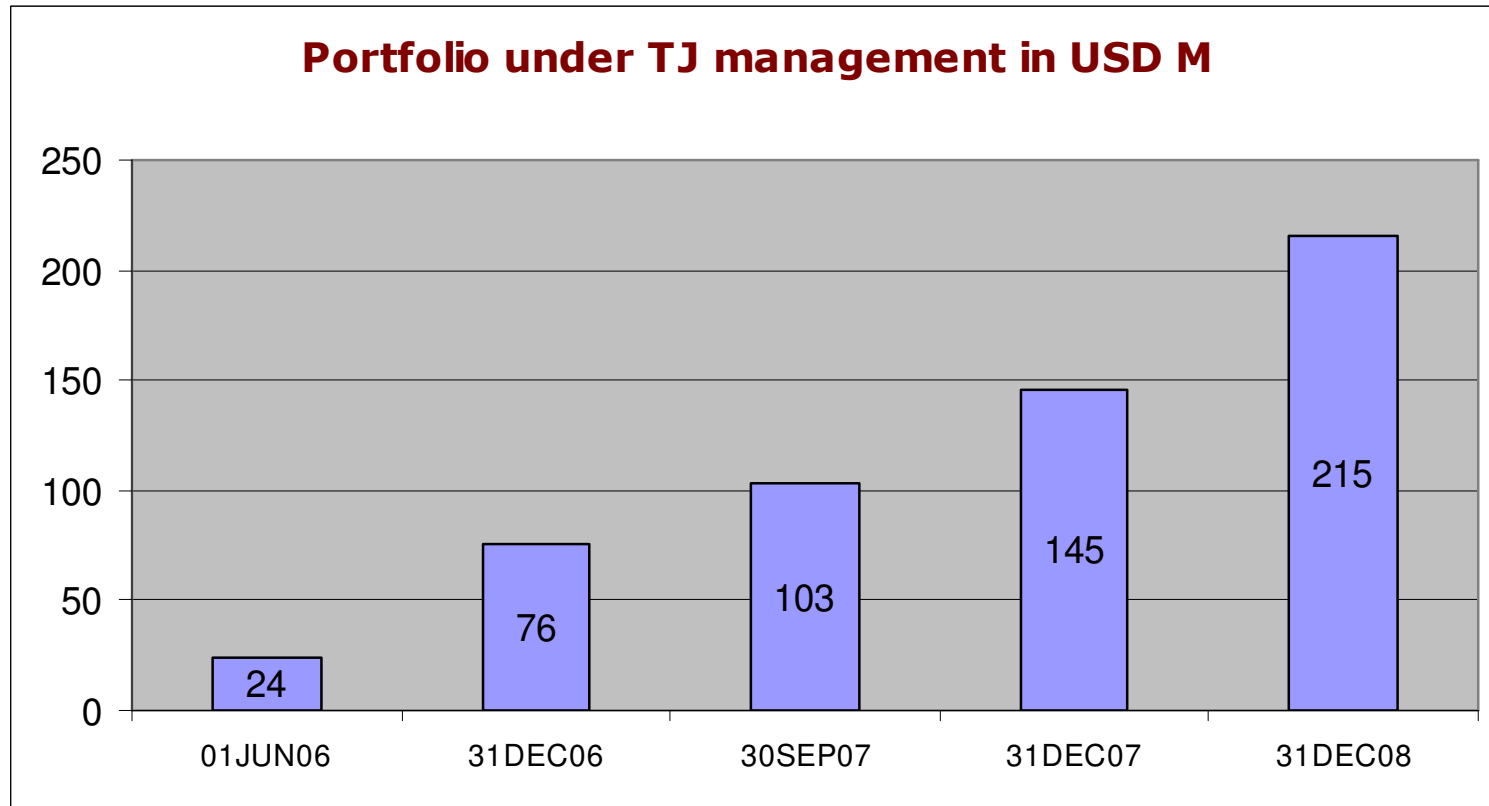
MFIs require scarcer products such as (quasi-) equity & local currency

# Where does it leave the fund manager?

- Increase size/number of funds under management
- Fund managers need to focus on scarcer products
- Speed and flexibility becoming more important
- Remain true to due diligence/monitoring standards

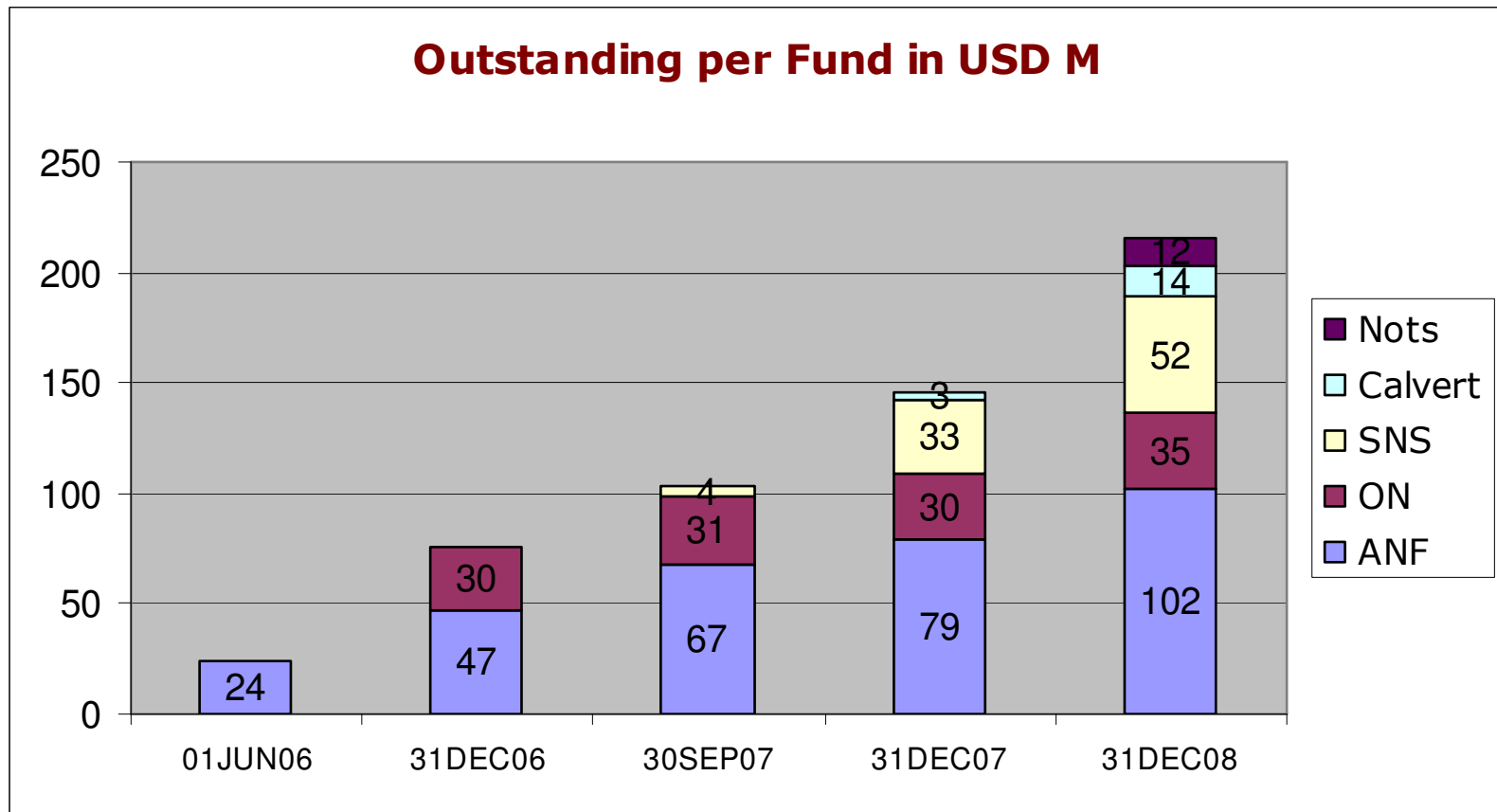
Increase efficiency and service level, continue investing in due diligence

# Solid growth is important, but...



Fund managers need to achieve economies of scale

# Diversification of products offered as well..



Grow with the MFI and serve it in all its development stages

## **To be with the winners you need to ...**

- Achieve economies of scale (lower cost to MFI, higher return investor)
- Offer a full range of financial services
- Improve your service level (speed, flexibility, closer to your client)