

## Press release

Paris, March 2010

### According to PlaNIS, the crisis isn't the end for microfinance

During the last decade, the microfinance sector has benefited from a strong sustained growth thanks to a bigger interest from many international investors. In 2008, European funds assets dedicated to microfinance have increased by 31%. This growth has been supported by private investors (individuals and corporates) and public entities (Public Development Agencies): for instance, in 2008, the ResponsAbility's Global Microfinance Fund has almost doubled size with a growth by 96%.

In 2009, in a very tough economic environment which has been damaged by the crisis, specially affecting asset management, Responsible and social Investments funds dedicated to microfinance has continued to increase their fundraising, with a volume growth by 16% (the rate is excellent by comparison with the asset management market). Today, the total amount of RSI European funds dedicated to microfinance is about more than 6 billions USD.

Nevertheless, in 2009 and contrary to the previous years, the earning rates for RSI funds dedicated to microfinance have strongly decreased to a bracket between 1.74% and 2.31% for the year 2009 while they used to set up on an average of about 4%.

These results, largely under the sector performance track record, can be explained by:

- the increase of the credit risk in regards to the institutions:  
Outstanding payments linked to high risk portfolio, generated by credit repayment default caused by the micro-entrepreneurs, have increased in almost the whole countries, for reaching in certain areas an all-time high of 20%.  
All this, has obliged funds to sometimes settle very significant provisions on certain areas (especially in Nicaragua).
- the growing over-liquidity of a big part of the microfinance funds:  
The slowdown of the microfinance institutions development, combined to a more regulated credit policy, has implied a drop regarding the IMF financing demand.

In those circumstances, the funds dedicated to microfinance have reached all-time highs in terms of liquidity implying the drop of funds revenues. At the present time, PlaNIS estimates the total non-used liquidity by microfinance funds to 1 billion USD which represents about 20% of the asset under management.

- Local currencies volatility:  
At the origin of the costs increase regarding the exchange rate hedging, volatility also has an impact on funds revenues.

RSI funds specialised in microfinance hence has slowed down their growth and has become more prudent regarding the investments choices. This new situation leads them to be more advised by specialist in microfinance to mitigate the risks.

Despite hard market conditions, PlaNIS managed to publish good results on the year 2009. Its portfolio has increased by about 30% (from 119M USD to 153M USD in 2009), and the average return of the financing programs proposed to the advised funds has come about 9%.

These results proceed from its big ability in terms of sourcing, its high expertise of the market and its portfolio composed by attractive microfinance institutions despite the environment damaged by the crisis.

#### **About PlaNIS:**

In 2009, PlaNIS met 300 MFIs in 40 countries. 70 investment proposals were drawn up and close to 50 million USD were lent out to MFIs. Despite the financial crisis in 2009 PLANIS managed to offer the funds it advised with a financial return rate of 9.73% and a portfolio growth of 28.6%.

Despite harsh market conditions, PlaNIS has managed to maintain good results for the year 2009, especially throughout the fourth quarter.

PLANIS currently advises 9 microfinance funds and manages a 153-million-USD portfolio distributed among 75 MFIs across 30 countries, 4 of these funds are managed by responsAbility; PLANIS main partner.

PlaNIS is part of PlaNet Finance group and has the chance to benefit from its 13 years of expertise concerning microfinance.

#### **News :**

PlaNIS is partner of the **Micro Financial Services World conference**, organised by Hanson Wade from the 10<sup>th</sup> to the 12<sup>th</sup> of May 2010 in Amsterdam.

[www.mfs-world.com](http://www.mfs-world.com)

#### **About PlaNet Finance**

PlaNet Finance is a leading international non-profit organization with the mission to alleviate poverty through the development of microfinance. It increases the unbanked and underbanked's access to financial services. Based in Paris, PlaNet Finance's international network holds activities in close to 80 countries around the world and brings together 1,000 staff.

[www.planetfinancegroup.org](http://www.planetfinancegroup.org)

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