

PLANET MICROFUND

Since its creation in 2000, PlaNet MicroFund aims at providing funding for young Microfinance Institutions (MFIs). These institutions are selected on the basis of a stringent set of commercial, ethical and financial criteria.

I. OUR OBJECTIVES

PlaNet MicroFund's objectives are :

- To participate in the growth of MFIs' clientele and loan portfolio by providing them with loans designed to fund their lending activities.
- To accompany the most promising institutions as they move from the start-up phase of their development, characterized by a heavy dependence on subsidies, to a state of financial autonomy. This is achieved by providing loans to institutions. Loans can be renewed three times.
- To enable institutions to find other financial backers or investors by providing them with a letter of reference.

II. OUR TARGETS

The MFIs wishing to get a fund from PlaNet MicroFund must:

- Have outstanding loans of between **20,000 to 500,000 euros** on their balance sheet.
- Be a young MFI **operating in microfinance for more than 12 months**
- Have an **average loan amount inferior to 100% of GNP per inhabitant**
- Be consistent with PlaNet Finance's **Code of Ethics**.
- Be located in a country **rated A, B or C** (COFACE rating)
- Have **financial statements** (audited if available)

III. OUR SELECTION PROCESS

- Preliminary phase: **promotion of MicroFund**
 - In order to increase the number of applications, PlaNet MicroFund relies on three main vehicles: its partners, the networks of microfinance institutions and the institutions themselves.
 - The communication of PlaNet MicroFund particularly relies on PlaNet Finance's local offices.
- **Pre-selection** according to the eligibility criteria of PlaNet MicroFund.
- Analysis of the application by the **sending of a loan application form and an Excel file summarizing the MFI's financial statements** to get a better description of the funding project.
 - Three types of analysis are carried out for an application:
 - Internal analysis carried out by the MicroFund team.
 - External analysis carried out by a volunteer analyst (specialist in banking and microfinance services).
 - Follow-up of the application by a Credit Committee's member.
 - Recommendation of at least one external reference who can be a financial backer, a partner of the MFI, a person or an organization who knows well the MFI.
 - Recommendation of the local office or the local partner (PlaNet MicroFund systematically develops a local contact).
- **Decision of Credit Committee:** The committee is composed of 8 members : former bank or company directors, microfinance experts, Microfund's donors.
- **Contract** finalization, checking of the **above criteria** and **disbursement**.

Two other stages follow the investment process :

- Investment **Reporting** and **monitoring** are carried out by the sending of a bimonthly activity report all the way through the loan process.
- The **repayment** of the principal and the interests is made one year after the reception of funds.

IV. OUR PRODUCTS

Loan euros :

PlaNet Finance grants loans **between €5,000 and €40,000** with interest rates comprised **between 2% and 9%** for 1 year and after the decision of the Credit Committee.

Loan in dollars :

PlaNet Finance grants loans **between 5,000 USD and 50,000 USD** with interest rates comprised **between 6% and 12%** for 1 year and after the decision of the Credit Committee.

Loan in FCFA :

PlaNet Finance grants loans **between €5,000 and €40,000 in FCFA equivalent** with interest rates comprised **between 6% and 13%** for 1 year and after the decision of the Credit Committee.

Loan in other currencies :

Negotiations are under way in several countries in order to define the range of loans in local currencies.

The amount of the loan granted cannot exceed 35% of the institution's total debt after a possible PlaNet MicroFund financing or represent between 10% and 50% of the institution's loan outstanding..

V. OUR ACHIEVEMENTS

- After 4 years of activities, the PlaNet MicroFund has achieved :
 - **48 financings engaged** in around twenty countries for a total amount of **699,780 Euros**.
 - **14,944 microentrepreneurs** financed (estimation).
- PlaNet MicroFund has a **current portfolio** of **347,380 Euros**.
- **In 2005**, the financing activity of MicroFund has known a **strong growth** and it has already supported **12 microfinance institutions** (€227,015).

PLANET FINANCE

www.planetfinance.org

The Microfinance Platform

VI. CONTACT US

To get further information on PlaNet MicroFund, please send us an email at :
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