



CDSF Project Will Increase Microfinance Investment

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The Center for the Development of Social Finance (CDSF) in collaboration with Omidyar Network and the Taylor Jordan Donor Advised Fund of the RSF Global Community Fund has launched a project to apply securitization-style static pool analysis to the portfolio of a microfinance institution (MFI). CDSF expects to publish the results of the project later this year.

Static pool analysis, which includes the development of an institution- or product-level standard default curve, is a valuable analytical tool for MFI investors and MFI managers. The implementation of static pool analysis will expedite the replication and scaling of MFIs and build the investor confidence necessary for MFIs to access the capital markets. Static pool analysis for MFIs has been discussed theoretically, but its application to individual MFIs has been viewed as too esoteric and expensive. To encourage wider adoption of this analysis by MFIs, CDSF has undertaken a pilot project to complete a static pool analysis for a participating MFI partner at no charge. CDSF expects that the project will enable backers of the microfinance movement to identify the resources needed to widely implement microfinance static pool analyses.

CDSF founder Rupert Ayton reports that the project has been enthusiastically received by a broad spectrum of MFIs, networks, investor resources, funds, bankers, foundations, and aid agencies. Risk analysis experts Dr. Sylvain Raynes and Ann Rutledge, principals of R&R Consulting and authors of the capital markets best-seller *The Analysis of Structured Securities: Precise Risk Management and Capital Allocation*, are providing the quantitative resources. Gary Schurman, a finance industry veteran, will manage the MFI data at CDSF.

CDSF is currently evaluating MFI candidates for the project. Interested MFIs should contact CDSF by telephone or email at 650-401-6363 or Ayton@CDSoFi.org.

The Center for the Development of Social Finance is a non-profit organization working to create a wide understanding of social finance, global finance, and the economic factors that shape our communities.

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