The Multilateral Investment Fund

Carina Cockburn, Specialist MIF, Inter-American Development Bank (IDB) - Multilateral Investment Fund (MIF)
THE MULTILATERAL INVESTMENT FUND

An Overview

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AGENDA

The presentation will give a high level introduction to the MIF.

1. Background & Statistics
2. Project Areas
3. Business Model
4. Development Instruments
5. MIF in the English Speaking Caribbean
6. MIF Strategy
7. Project Selection
8. Application Process
The Multilateral Investment Fund (MIF) is a development assistance entity that supports private sector development in Latin America and the Caribbean, particularly Micro and Small businesses with high potential for poverty alleviation.

- The MIF was founded in 1993 as one of the Inter-American Development Bank’s business units focusing on the private sector

- US$1.7bn of cumulative resources committed to the MIF since 1993
  - 38 member countries
  - U.S.A, Japan and Spain are the three largest shareholders
  - U.S.A and Japan have veto power

- Governed by a Donors Committee
  - Comprised of all member countries
  - Responsible for approving operations and overseeing management
  - MIF is run by an autonomous office accountable to the Donors Committee

The MIF focuses on projects that have a high impact in generating employment and income opportunities for small producers and micro and small businesses.
The MIF has had a very productive first 15 years.

Number of completed projects: 590
Number of active projects: 550
% of active projects in C and D countries (a): 45%
Total amount disbursed to date: US$928 million
% of completed projects reaching their goals (b): 87%
Resources mobilized (counterpart and co-funding): $1.60 for every $1 invested
Number of partners/executing agencies: Over 500
Approx. number of micro and small businesses reached: Over 4 million through grants, microfinance and other financial products
Nearly 44% of completed projects and 65% of active projects support micro and small businesses directly.
The MIF business model consists of identifying, testing, and then fostering the replication of innovative approaches supporting private sector development, particularly micro and small business.

**Small Target Intervention**
MIF identifies and leads project design.

**Problem Constraining Private Sector Development**

**Opportunity to Achieve Developmental Impact**

**Demonstrate Viability**
Local partner implements project under MIF supervision.

**Sustainability and Replication**
MIF or outside institutions replicate and scale up successful projects.

Small interventions – averaging less than $1mm – seeking to demonstrate the viability of new products, markets, or models to promote micro and small businesses. Partnerships with “executing agencies”, which can be local private or public entities bringing specialized expertise and contributing with meaningful counterpart funding.

The MIF seeks projects that help overcome problems affecting micro and small businesses or that create an opportunity to achieve developmental impact (poverty reduction, employment).
The MIF has the flexibility of combining different development tools such as grants, loans and investments to maximize project impact.

Non-reimbursable grants for technical assistance projects:
- About 65% of allocated funds
- Small grants below $150K
- Large grants over $150K
- Line of Activity for Promotion of Small Enterprise Financing
- Calls for Proposals eg. Technology for Financial Inclusion

Loans, equity and quasi-equity products:
- About 15% of allocated funds

Any combination of grants and financial products:
- About 20% of allocated funds
- Social Entrepreneurship Program (SEP)

By having a broad range of instruments, the MIF can reach out to a wide diversity of clients with different needs.
MIF in the English Speaking Caribbean since 2000.

MIF English Speaking Caribbean:
- Barbados
- Belize
- Guyana
- Suriname
- The Bahamas
- Trinidad & Tobago

Direct financing approved since 2000:
- 84 projects
- MIF contribution US$33.65M

Regional financing benefitting the English Speaking Caribbean approved since 2000:
- 24 projects
- MIF contribution of US$56.61M
In 2010, the MIF launched its new strategy... the ACCESS FRAMEWORK.

ACCESS TO FINANCE
- Microfinance
- Early stage equity
- SME finance
- Financial services for low income populations

ACCESS TO MARKETS AND CAPABILITIES
- Market functioning
- Business capabilities
- Job skills

ACCESS TO BASIC SERVICES
- Engaging private sector to deliver basic services
- Climate Change

SPECIAL TOPIC
- Haiti
MIF looks for projects exhibiting the following characteristics:

- **Innovation**: Should introduce new approaches promoting private sector development & poverty reduction.

- **Demonstration Effect**: Should have the potential for being taken to scale/replicated.

- **Sustainability**: Should have a feasible plan & strong potential for financial sustainability once MIF financing comes to an end.

- **Partnership**: Carried out with local partners (contribute between 30%-50% of project costs).

- **Additionality**: Must show that MIF financing is essential to execution and is the most appropriate funding source.

- **Relevance**: Must be consistent with MIF Access Framework & support Country Strategies.
Application Process

- **MIF accepts project proposals all year round**

- **Submit to assigned MIF Specialist/Consultant:**
  - Barbados: Leanne Cumberbatch – leannec@iadb.org
  - Belize: Carina Cockburn – carinac@iadb.org
  - Guyana: Vashtie Dookiesingh – vashtied@iadb.org
  - Suriname: Steven Hofwijks – shofwijk@iadb.org
  - The Bahamas: Carina Cockburn – carinac@iadb.org
  - Trinidad & Tobago: Vashtie Dookiesingh – vashtied@iadb.org

- **Use Proposal Template in MIF Toolkit at:**

- **Steps in the process –**
  - Preliminary Proposal Analysis
  - Eligibility (Project Profile)
  - Project Design and Preparation (Donor’s Memorandum/Plan of Operations)
For further information: www.iadb.org/mif

Carina Cockburn    Vashtie Dookiesingh
MIF Specialist, Jamaica    MIF Specialist, Trinidad & Tobago
1.876.764.0820    1.868.822.6439
carinac@iadb.org    vashtied@iadb.org