

## Join the social investor community by committing to coordinated action during the COVID-19 crisis

Investors in the inclusive finance industry as well as the larger impact investing markets are facing a burning question: how do we balance our social promises while maintaining the financial sustainability of our portfolio? This is not an easy question to answer in good times - and is even more difficult during a global crisis.

Moreover, finding this balance on its own is not enough. Addressing the challenges of COVID-19 requires both common purpose and coordination. Only by working together can like-minded investors meet their social and financial objectives and thus safeguard the interests of all stakeholders: clients, staff, communities and investors.

Two initiatives have taken on this call for coordination and agreed on common efforts and transparency:

1. A group of leading impact investment fund managers (also known as Microfinance Investment Vehicles or MIVs) signed a Memorandum of Understanding (MOU) on “Coordination among MIVs in response to Covid 19”. Together, these nine fund managers have approximately USD 15 billion of assets under management, invested in more than 80 emerging and frontier markets around the world.

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[Download the MOU](#)

2. A group of microfinance investors and other stakeholders in inclusive finance agreed on a common Pledge on “Key principles to protect microfinance institutions and their clients in the COVID-19 crisis”. The original signatories are 20 MIVs, platforms and other key actors of the financial inclusion sector, working in Africa, Latin America, Asia and Europe.

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These two agreements address two key needs:

1. The Pledge outlines the objectives and principles by which investors will guide their coordination on a broad array of issues, from financial decisions regarding the investments themselves to protection of clients and staff, coordination of technical assistance, management of foreign exchange risk and other issues.
2. Meanwhile, the MoU provides a specific process and framework for managing debt rescheduling, loan workouts, and related actions aimed at limiting the financial risk – and the risk of illiquidity in particular – that financial service providers face due to COVID-19.

In addition, the signatories of the MOU developed a common template – the [Crisis Assessment Tool](#) – which financial providers can use to provide regular updates to their investors pertaining to their financial situation. A large number of investors have informally agreed to employ this common reporting tool for institutions requesting debt rescheduling and related financial support, which will greatly reduce the reporting burden on MFIs, many of whom are being asked by their investors to report their financial situation on a monthly and even bi-monthly basis. It also supports coordination among investors by ensuring that all have access to a common set of data.

**SPTF and e-MFP invite investors and fund managers to endorse and sign these initiatives.** These will be hosted on the [covid-finclusion.org page](https://covid-finclusion.org) dedicated to investor initiatives, along with accompanying documents. On this page, in addition to existing signatories, new investors can publicly commit to observe one or both of these agreements. Any investor interested in doing so should email [contact@e-mfp.eu](mailto:contact@e-mfp.eu).