



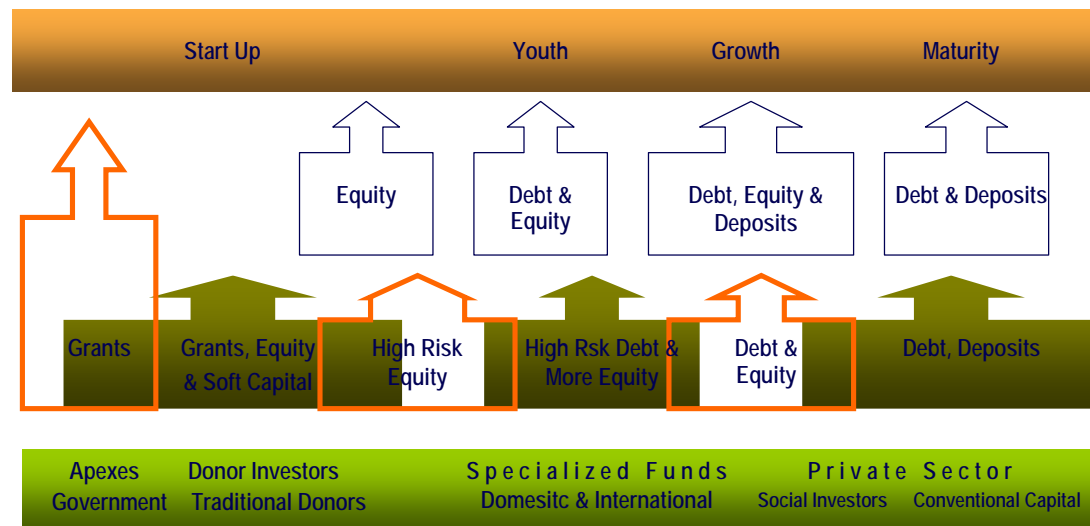
USAID
FROM THE AMERICAN PEOPLE

SUSTAINABLE FINANCING: HOW CAPITAL MARKETS ARE CHANGING MICROFINANCE

Marc de Sousa-Shields, Enterprising Solutions

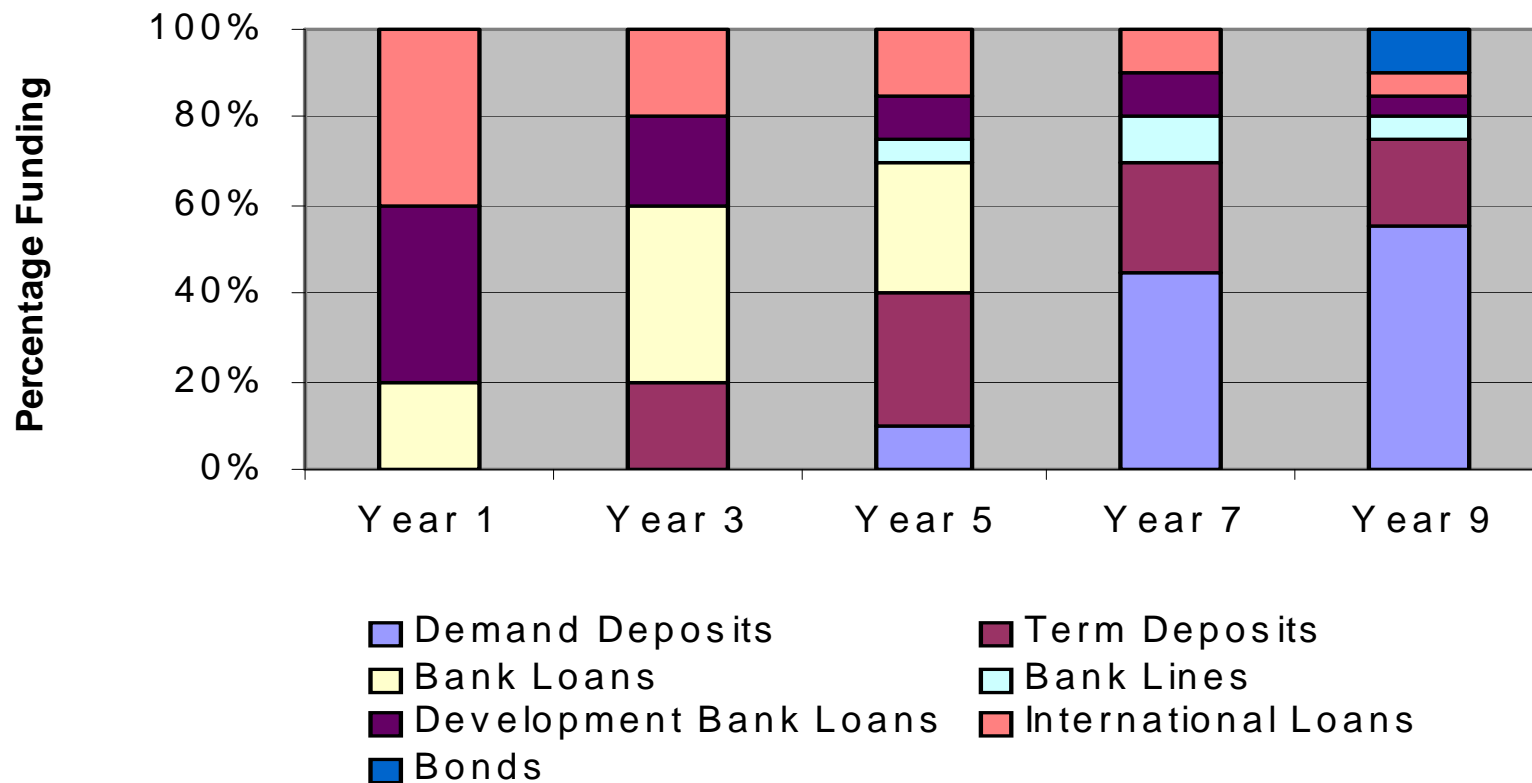
November 8, 2007

MFIS LIFECYCLE STAGES & TYPICAL FUNDING PATTERNS

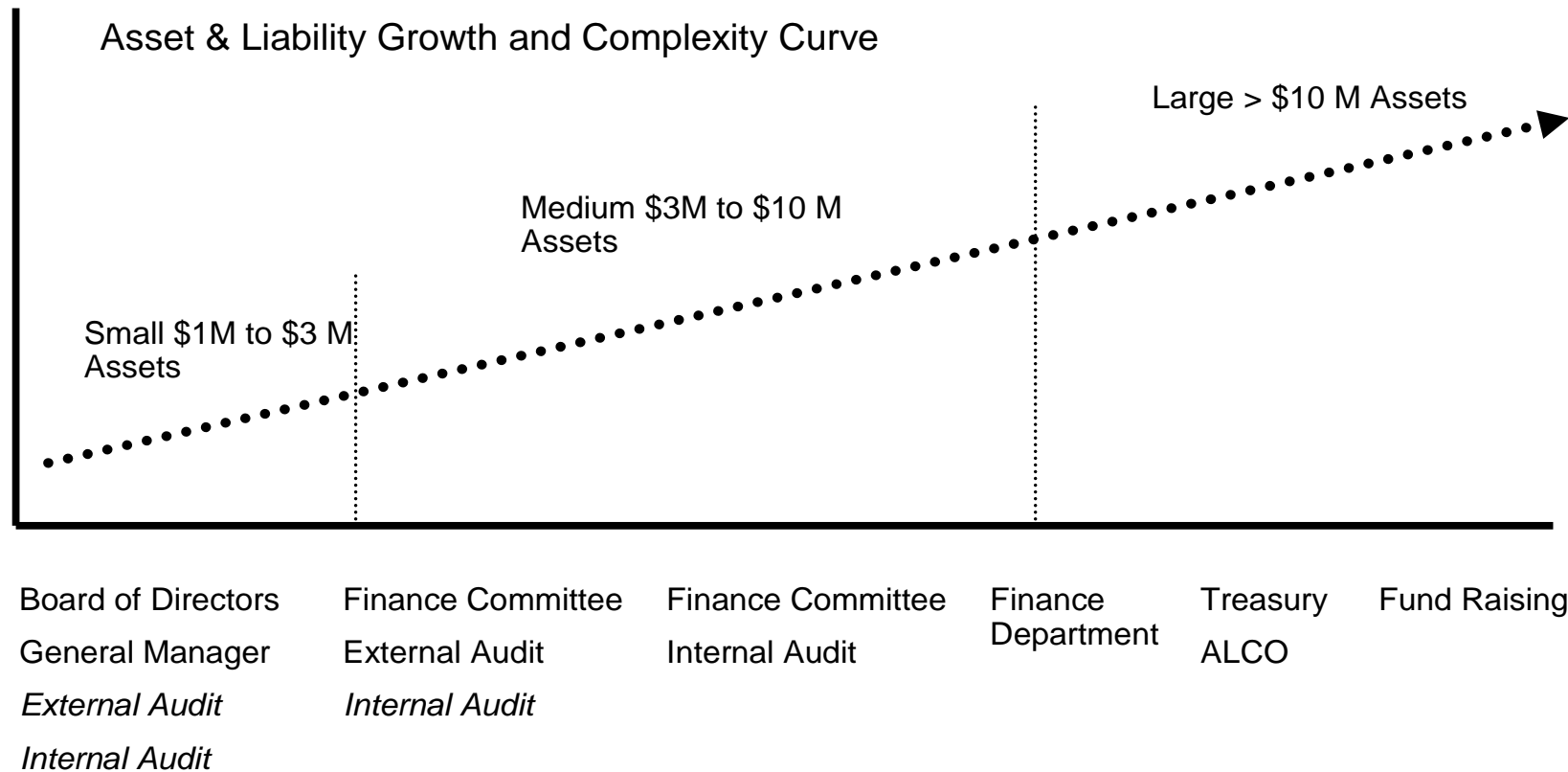


Capital sources listed along the bottom line are those that are predominant at a given stage of an institution's development cycle and are not mutually exclusive to other sources.

MFI FUNDING STRATEGY SCENARIO



EVOLVING FINANCIAL MANAGEMENT & OVERSIGHT



As the volume and complexity of assets and liabilities increase, the number and type of internal bodies responsible for financial management increases.

There is no set evolution of structure, though that show is typical of many MFIs. The bodies found italicized on the X axis are optional but recommended bodies at this these points in a MFIs development.

MFI FUNDING STRATEGY MAXIMS

Number One

“Laying down the foundations for a strategic funding plan cannot start soon enough”

Number Two

“Be Transparent about the Positives and the Negatives”

Number Three

“Your Portfolio is the best Security a Lender Can Have!”

Number Four

“Flexible Terms Lead to Higher Pricing but can be Worth it!”

Number Five

“Don’t look for capital when you need it, but when you don’t.”

FUNDING STRATEGY MAXIMS

Number Six

“Clients are on both sides of the Balance Sheet”

Number Seven

“Investors have very short attention spans until due diligence begins”

Number Eight

“It takes a long time to gain a good reputation but only a moment to lose it”

Number Nine

“Raise Capital All the Time”

Number Ten

“If you don’t aim for 100% private capital you will never be sustainable”