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Support to an Enabling Business Environment for MSMEs Development & Financial Inclusion

NBFIs Investment Readiness – March 21st , 2023

GOPA
WORLDWIDE CONSULTANTS

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NBFIs Investment Readiness

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Training Outline

- Facts and Figures
- Concessional Financing
- Funding Options for NBFI
- The process: from term sheet to contracting
- Are you ready for getting investments?
- Access to Finance Toolkit
- Case studies
- Conclusion

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Facts and Figures

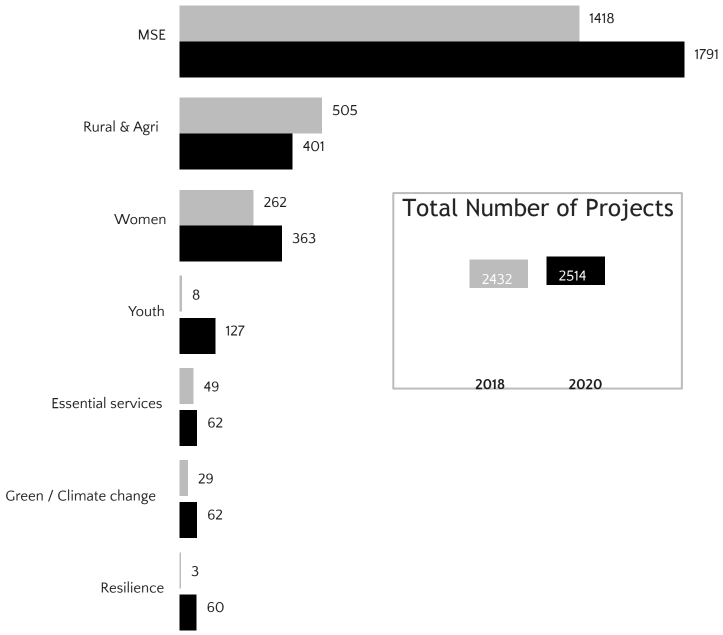
Facts and Figures

What do international financial inclusion funders fund? (Themes and funding purpose)

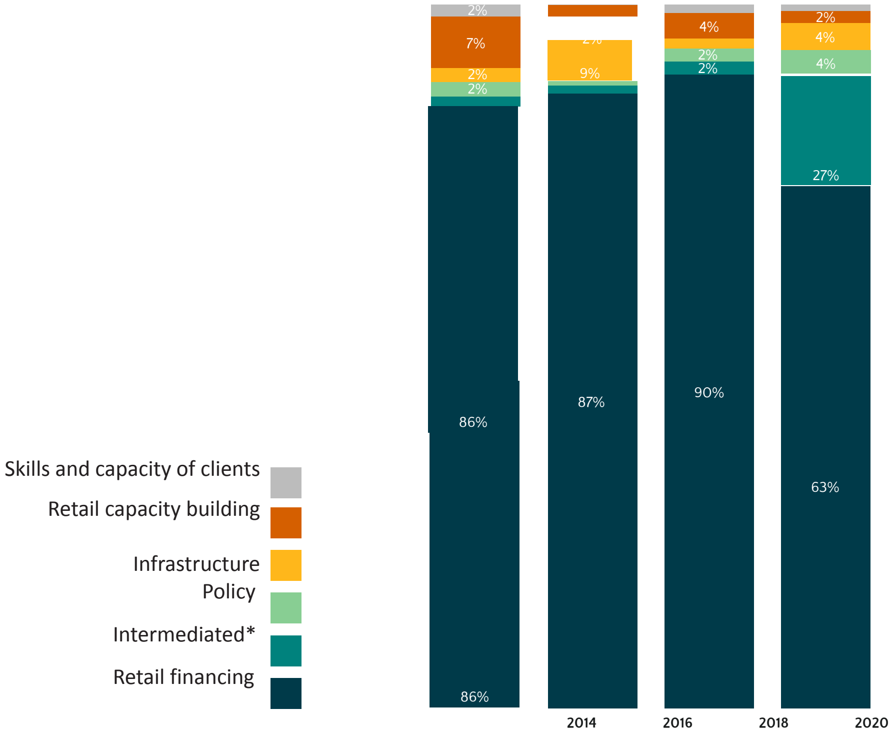
2020 CGAP Cross-Border Funder Survey

GLOBAL SNAPSHOT

Number of projects by theme (2018-2020)



Funding composition by funding purpose (2014-2020)



Notes: Data reflects project commitments converted to USD. More than one theme may be associated with the same project. **MSE** = Micro and small enterprises.; **Rural & Agri** = Rural and agricultural finance.

Reported funding purpose is defined as follows: **Retail Financing**: Direct funding to retail providers to finance their operations and growth; **Retail capacity building**: Direct efforts to strengthen retail providers to become more sustainable and deliver better and more responsible products; **Infrastructure**: Funding for all forms of infrastructure as well as support functions that advance financial inclusion; **Skills and capacity of clients**: Building the knowledge, skills, and behavior of clients; **Policy**: Regulation and supervision, government strategies and policies, consumer protection, advocacy; **Intermediated**: Financing for retail providers channeled through intermediaries. * The intermediated classification was enhanced in the 2020 edition and is therefore not analogous to previous editions.

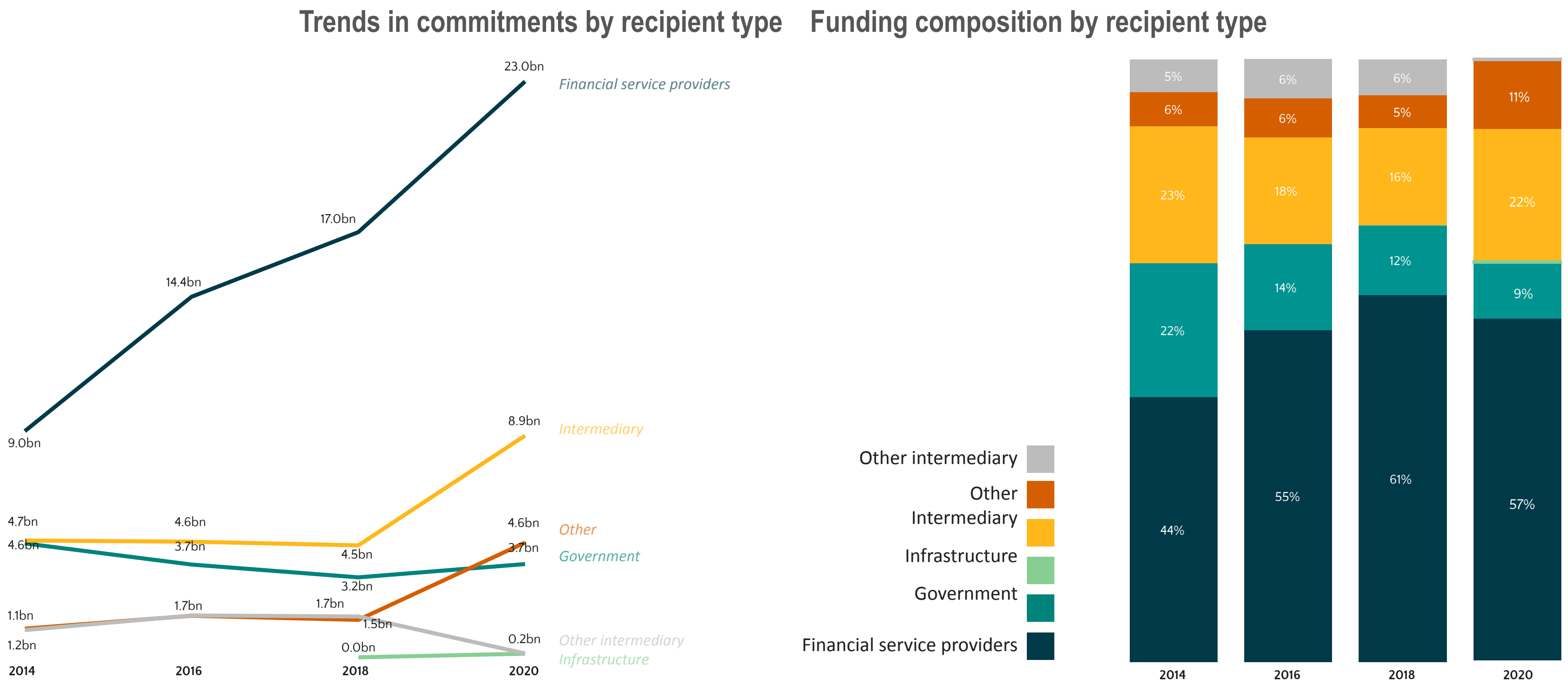
Facts and Figures

Who do international financial inclusion funders fund?

2020 CGAP Cross-Border Funder Survey

GLOBAL SNAPSHOT

Financial inclusion funding recipients (2014-2020)


Trends in commitments by recipient type

Funding composition by recipient type

Source: CGAP Cross-Border Funder Survey 2014-2020, n=18 funders

Notes: Data reflects project commitments converted to USD. **Other intermediary** = Other intermediary e.g. bank, apex; **Other** = Service providers, contractors, etc.

Facts and Figures

How do international financial inclusion funders fund?

2020 CGAP Cross-Border Funder Survey

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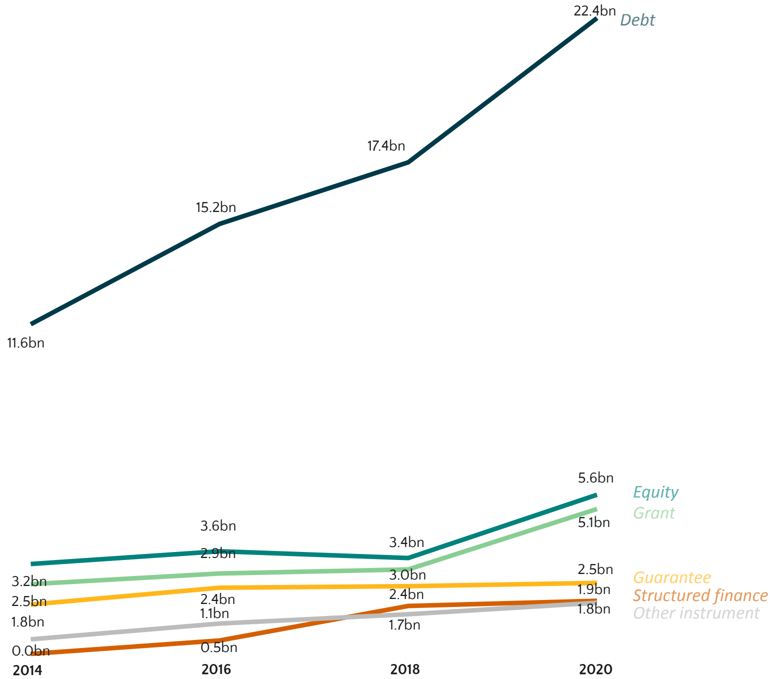
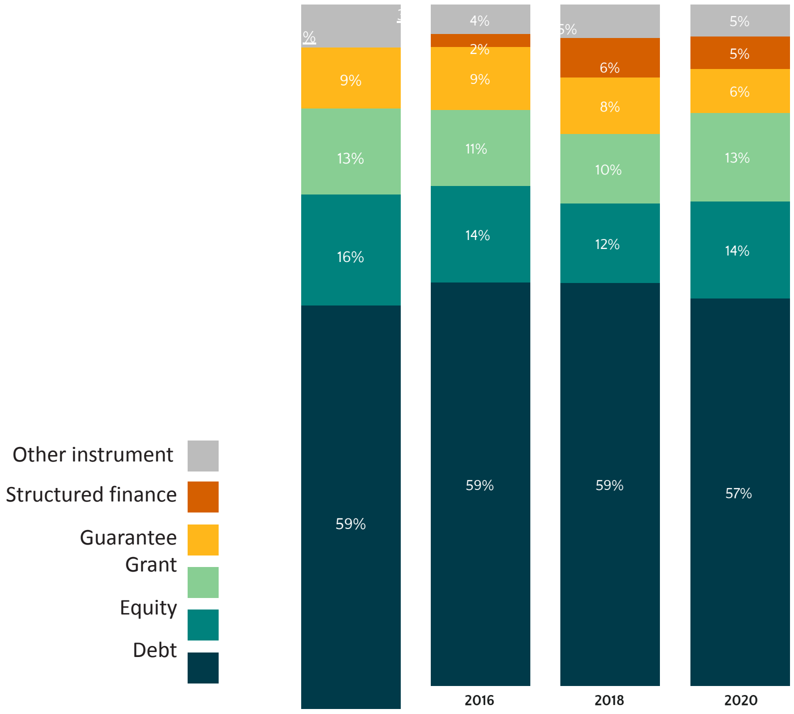
Financial inclusion funding instruments (2014-2020)

Trends in commitments by instrument



Funding composition by instrument



Source: CGAP Cross-Border Funder Survey 2014-2020, n=18 funders

Notes: Data reflects project commitments converted to USD. Other instruments include green bonds, compound bonds, etc.

Facts and Figures

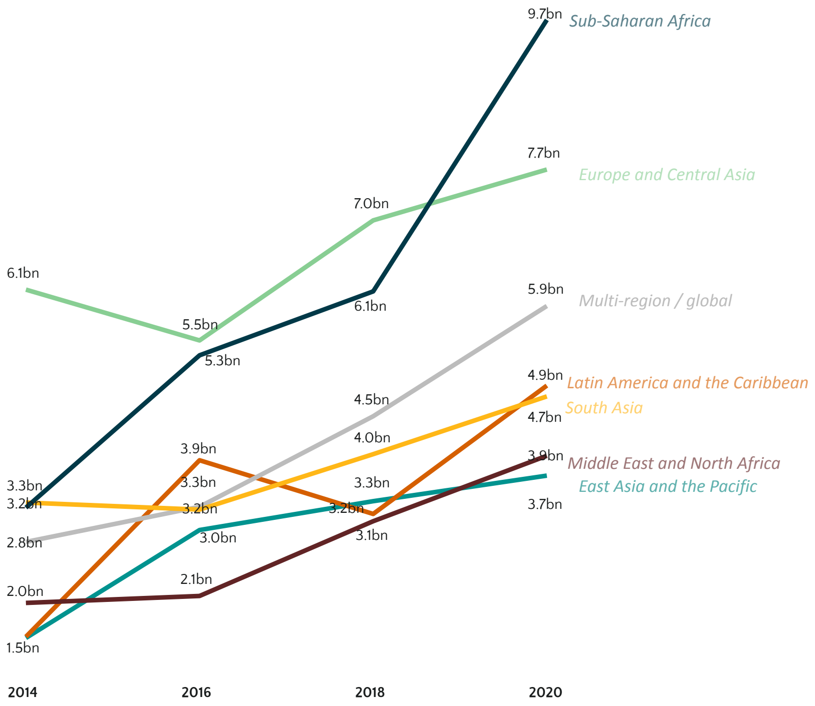
Where do international financial inclusion funders fund?

2020 CGAP Cross-Border Funder Survey

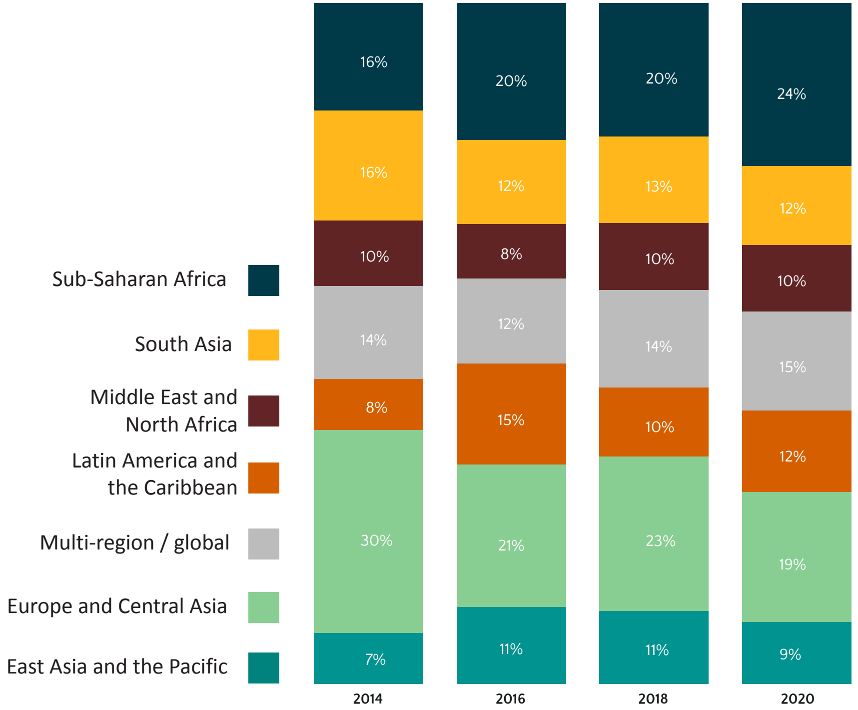
GLOBAL SNAPSHOT

Geographic allocation of financial inclusion funding (2014-2020)

Trends in commitments by region



Funding composition by region



Source: CGAP Cross-Border Funder Survey 2014-2020, n=18 funders

Notes: Data reflects project commitments converted to USD.

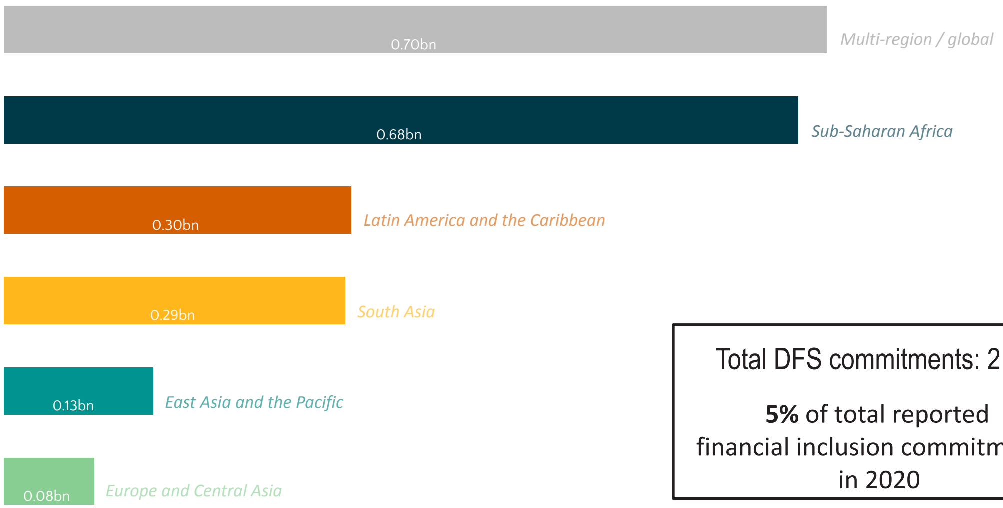
How much international funding is going to support digital financial services (DFS)?

2020 CGAP Cross-Border Funder Survey

GLOBAL SNAPSHOT

DFS funding commitments (2020)

DFS funding composition by region



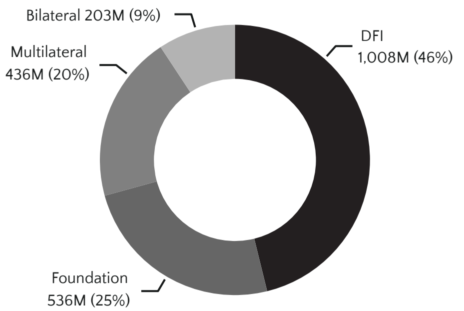
Total DFS commitments: 2.2bn

5% of total reported financial inclusion commitments in 2020

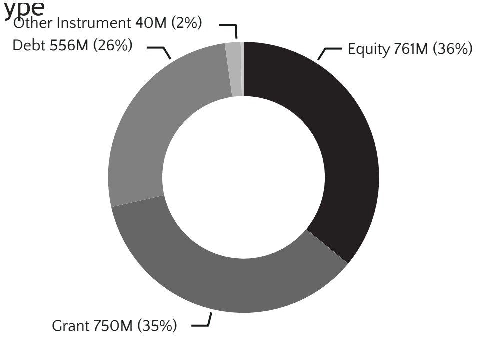
5%

of total reported financi
commitments in

DFS funding composition by funder subtype



DFS funding composition by instrument Type



Source: CGAP Cross-Border Funder Survey 2020, n=16 out of 18 funders surveyed with eligible DFS commitments

Notes: Data reflects project commitments converted to USD. Other instruments include green bonds, compound bonds, etc.

Facts and Figures

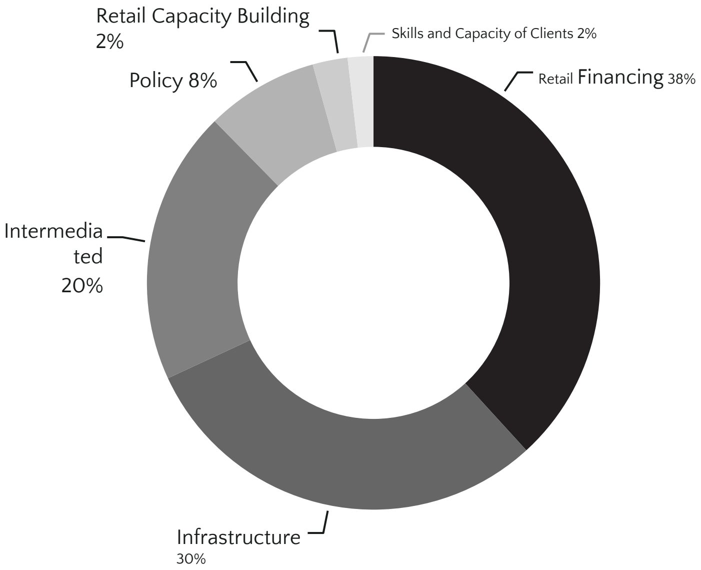
How much international funding is going to support digital financial services (DFS)?

2020 CGAP Cross-Border Funder Survey

GLOBAL SNAPSHOT

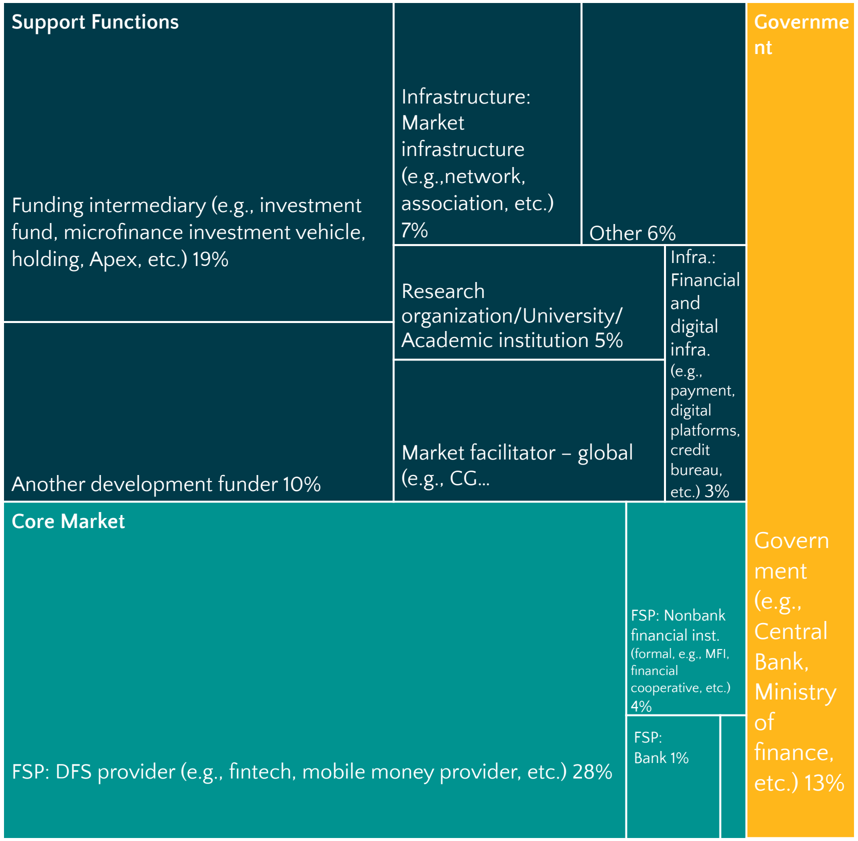
DFS funding commitments (2020)

DFS funding composition by purpose



Source: CGAP Cross-Border Funder Survey 2020,
n=16 out of 18 funders surveyed with eligible DFS commitments

DFS funding composition by recipient type



Notes: Data reflects project commitments converted to USD. Reported funding purpose is defined as follows: **Retail Financing**: Direct funding to retail providers to finance their operations and growth; **Retail capacity building**: Direct efforts to strengthen retail providers to become more sustainable and deliver better and more responsible products; **Infrastructure**: Funding for all forms of infrastructure as well as support functions that advance financial inclusion; **Skills and capacity of clients**: Building the knowledge, skills, and behavior of clients; **Policy**: Regulation and supervision, government strategies and policies, consumer protection, advocacy; **Intermediated**: Financing for retail providers channeled through intermediaries. The intermediated classification was enhanced in the 2020 edition and is therefore not analogous to previous editions. DFS projects are classified by the primary

Concessional Financing

Concessional Financing

What is concessional financing?

The aim of concessional financing is to promote economic development and poverty reduction by providing access to affordable financing for projects and programs that might not be feasible with commercial loans.

Concessional financing refers to a type of financial assistance that is provided to developing countries or other eligible borrowers on more favorable terms than conventional loans

Concessional financing may be provided by governments, multilateral development banks, or other international organizations.

The terms of concessional financing may include lower interest rates, longer repayment periods, and more flexible terms than traditional commercial loans.

Concessional financing can be used for a variety of purposes, including infrastructure development, education, healthcare, and social programs. It is often targeted towards the most vulnerable populations, such as women, children, and marginalized communities.

Concessional Financing

More favorable terms and conditions

- Lower interest rates
- Longer repayment periods
- Grace periods
- Flexible repayment terms
- Grant financing

Funding options for NBFIs

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Funding Options for NBFIs

What are the main obstacles your institution faced for accessing finance?

Funding Options for NBFIs

Obstacles for NBFIs financing

- Lack of knowledge on international funding tickets and institutions
- Under-developed NBFIs impeding them from accessing credit lines
- High cost for lending from local banks
- Registration / legal status of some NBFIs
- NBFIs are starting to recover from the COVID-19 crisis, but still there is pressure on asset quality.
- Questions remain about how restructured portfolios will impact NBFIs' longer-term solvency.
- Another crisis is on the horizon due to increased food prices, interest rates, and bottlenecks in supply chains.

Funding Options for NBFIs

Types and Tiers of NBFIs

A

Tier A

Well structured MFIs, regulated and sustainable with profitability.

B

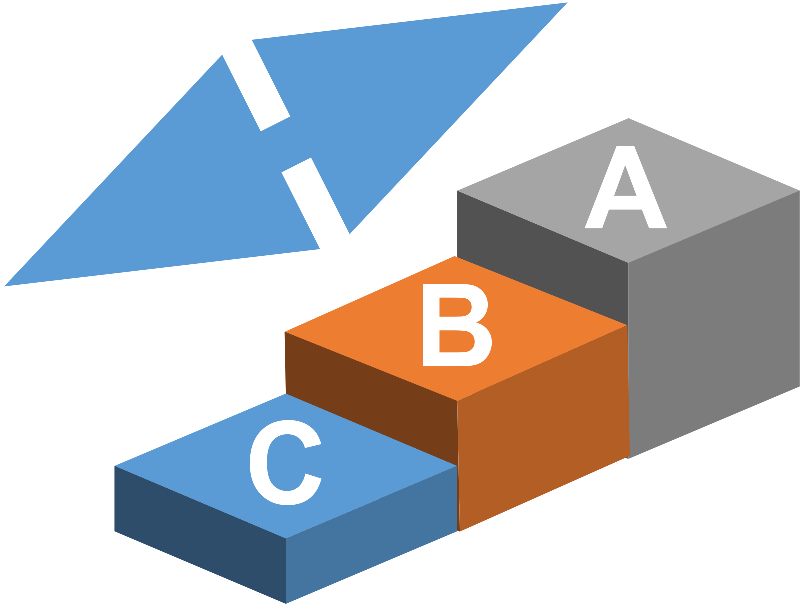
Tier B

Less structured, sustainable, low leveraged,

C

Tier C

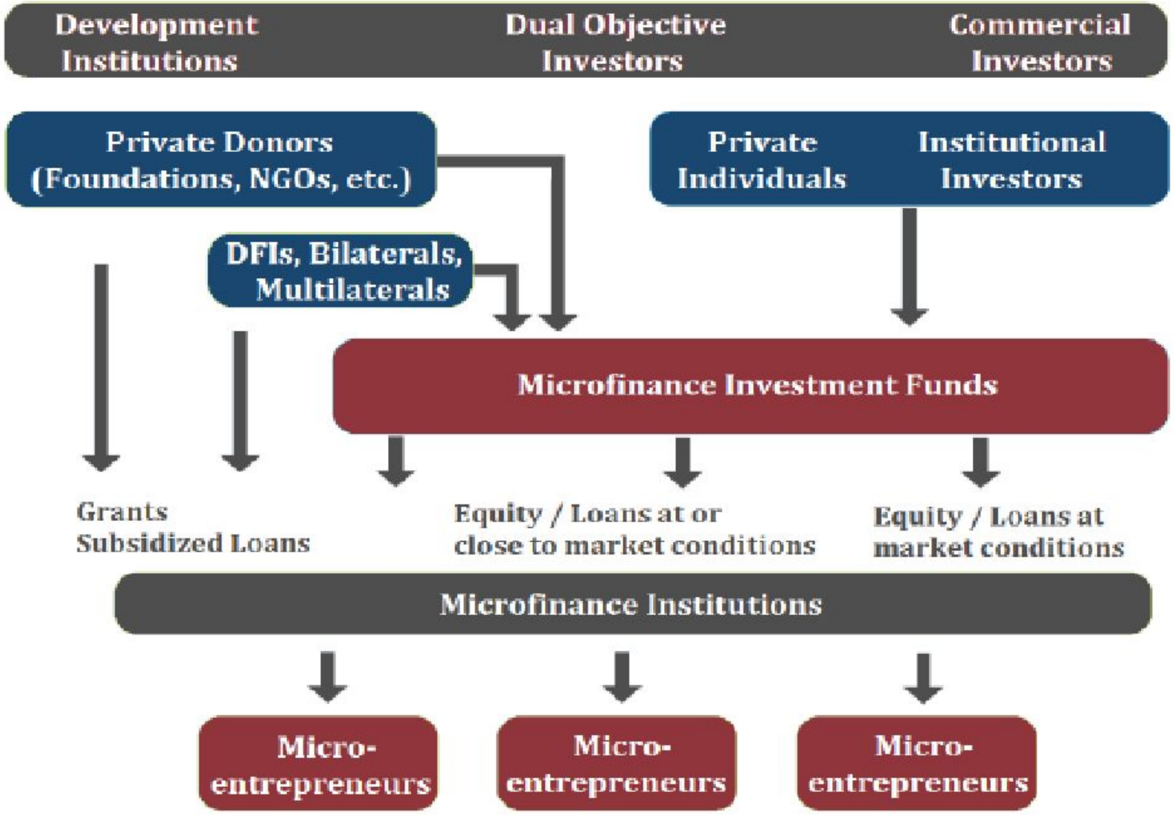
NGO and not for profit MFIs, Regulated, unsustainable



- Equity financing
- Debt financing
- Concessional financing
- Grants
- Crowdfunding

Funding Options for NBFIs

Funding Landscape of Microfinance Investments

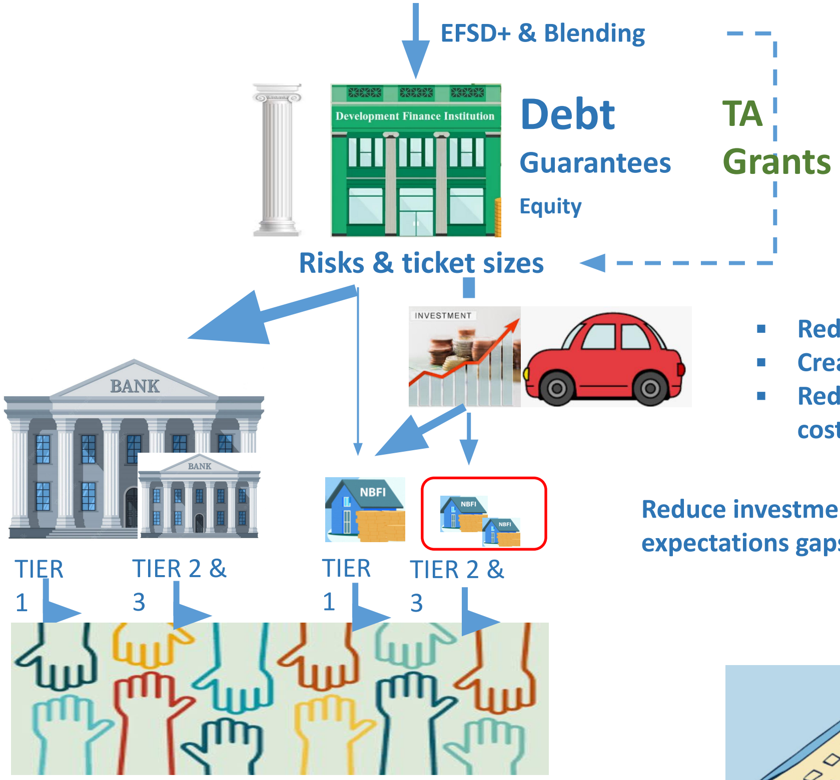


Source: Goodman (2006)

Funding Options for NBFIs

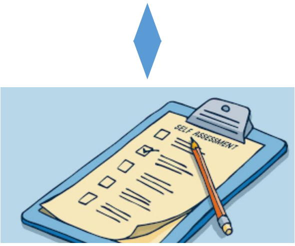
The case of the NBFI sector

European Commission



- Reduce risks
- Create markets
- Reduce transaction costs

Reduce investment, information, and expectations gaps



- Scaling up their interventions
- Capitalize on their agility and client proximity
- Take advantage of digitalization
- Further diversify their portfolios

Funding Options for NBFIs

Poll 1

What is the best funding option for NBFIs according to your experience?

- **Debit,**
- **Grants**
- **Equity investment**
- **Concessional loans**
- **Non of the above**

The process: from term sheet to contracting

The process: from term sheet to contracting

- Preliminary discussions
- Term sheet
- Due diligence
- Final negotiations
- Signing of agreement
- Disbursement of funds

The process: from term sheet to contracting

More in-depth

Investment Focus

- What social mission
- What target group

Financial return:

- Set perspective

Needs

Amount needed

For what?

Exit scenario

Instruments

debt?

capital?

grants?

Terms & conditions

Maturity: Match assets & liabilities

Currency

Conditions

Show you evaluated the potential demand

Source : European Investment Fund (EIF)

The process: from term sheet to contracting

What funders are looking for…

- Financial Performance
- Management and Leadership
- Regulatory Compliance
- Risk Management
- Market Position
- Industry Outlook

The process: from term sheet to contracting

What funders are looking for...

Governance

Board Members?
Specific Comittee?
Advisory Comittee?

Legal and regulatory Frame

Legal status?
Regulation?
Authorities?

Tax Frame

For the MFIs?

For the investors?

25

Source : European Investment Fund (EIF)

The process: from term sheet to contracting

What funders are looking for…

Team experience

Track-record

Business Plan

Legal documents (bylaws, book of procedures, blind agreement…)

Demonstrate on-lending capacity

Source : European Investment Fund (EIF)

The process: from term sheet to contracting

What do lenders expect in return?

Financial sustainability

Expect NBFIs to use the funding to achieve financial sustainability, which means generating sufficient revenue to cover operating costs and repay loans.

Social impact

Expect NBFIs to achieve specific social impact goals, such as promoting financial inclusion, reducing poverty, or supporting small and medium-sized enterprises (SMEs).

Compliance with regulatory requirements

Expect NBFIs to comply with certain regulatory requirements, such as maintaining minimum capital levels, reporting financial information, or adhering to specific lending standards.

Transparency and accountability

NBFIs to report regularly on their activities and financial performance, as well as the impact of the funding.

Repayment of loans

Expect NBFIs to repay the loans provided, with interest or other forms of repayment as specified in the agreement.

Funding Options for NBFIs

Poll 2

In which area do you have more difficulties to provide information?

- **Financial sustainability**
- **Social impact**
- **Compliance with regulatory requirements**
- **Transparency and accountability**
- **Repayment of loans (Liquidity Management)**

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Are you ready for getting investments?

Are you ready for getting investments?

What is your approach to get investments?

Are you ready for getting investments?

How to identify and approach NBFIs lenders

01

Research potential lenders: Start by researching potential lenders that provide financing to NBFIs.

02

Evaluate the lenders: Once you have identified potential lenders, evaluate them based on their reputation, track record, and terms of financing.

03

Prepare a business plan: Before approaching lenders, prepare a comprehensive business plan that outlines your organization's goals, strategies, and financial projections.

04

Develop a pitch: Develop a clear and concise pitch that outlines why your organization is a good candidate for financing and how you plan to use the funds. Highlight your organization's strengths, such as its track record of success, experienced

05

Reach out to lenders: Once you have identified potential lenders, reach out to them to express your interest in financing and request a meeting.

06

Follow up: After the initial meeting, follow up with potential lenders to provide additional information or answer any questions they may have.

Are you ready for getting investments?

How NBFIs should prepare for fundraising?
The business model

Define	Define the value proposition: NBFIs should clearly articulate their value proposition, which should explain how they provide unique and valuable services to their target market.
Develop	Develop a strong business plan: A strong business plan should outline the NBFI's strategy, operational plan, marketing plan, and financial projections.
Demonstrate	Demonstrate financial strength and stability: NBFIs should provide financial statements and other information that demonstrates their financial strength and stability.
Highlight	Highlight regulatory compliance: NBFIs should demonstrate that they comply with all relevant regulations and have appropriate risk management practices in place.
Leverage	Leverage technology: NBFIs should leverage technology to enhance their operations and differentiate themselves from competitors..
Leverage	Leverage Untapped markets, Refuges, Women-led businesses, Youth and Startups

Are you ready for getting investments?

Investment readiness

- Transparent financial performance information
- Compliance
- Application of industry standards, including client protection practices
- Sound governance and management
- High-quality loan portfolio
- Strong profitability and efficiency trends
- Cost-recovery pricing
- Strong ratings by professional raters
- Good prospects for growth
- Strong, visionary leadership/governance

Funding Options for NBFIs

Poll 3

In which investment readiness area are you the weakest?

- Transparent financial performance information
- Compliance
- Application of industry standards, including client protection practices
- Sound governance and management
- High-quality loan portfolio
- Strong profitability and efficiency trends
- Cost-recovery pricing
- Strong ratings by professional raters
- Good prospects for growth
- Visionary leadership/governance

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Access to Finance Toolkit

Access to Finance Toolkit

For Investors

- Promote investment products
- Communicate investment criteria and eligibility requirement
- Shorten due diligence time and cost
- Increase the pool of potential investees

For NBFIs Institutions

§ Understand better eligibility criteria

§ Have an overview of due diligence requirements (documentation & process)

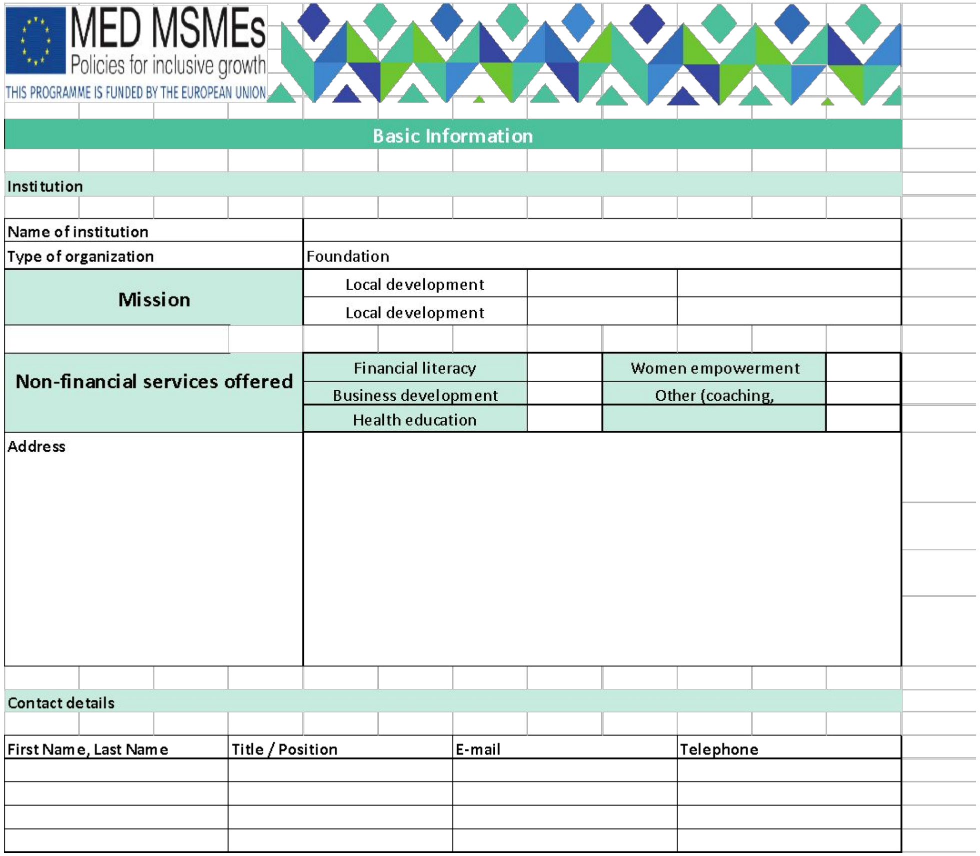
§ Can have an initial assessment / scoring of their ability to receive funding

§ Increase readiness

Access to Finance Toolkit

NBFI Information

- NBFI basic information
- Registration
- Mission and Vision
- Board of Directors
- Leadership and senior management
- Staffing



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Basic Information

Institution

Name of institution				
Type of organization	Foundation			
Mission	Local development			
	Local development			
Non-financial services offered	Financial literacy		Women empowerment	
	Business development		Other (coaching,	
	Health education			
Address				

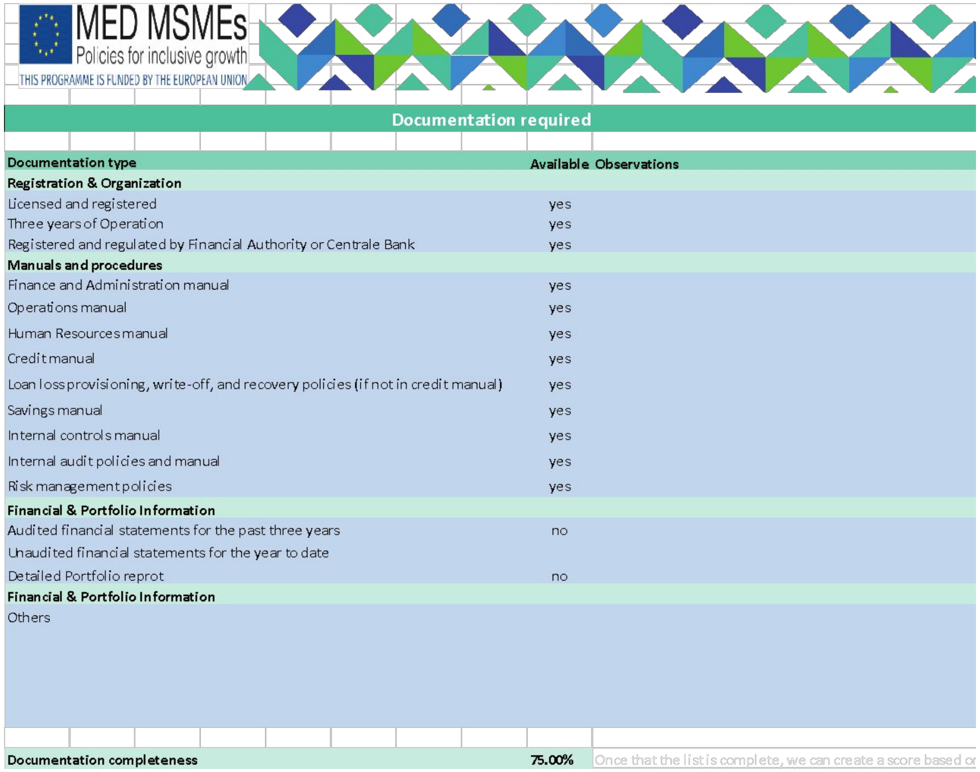
Contact details

First Name, Last Name	Title / Position	E-mail	Telephone

Access to Finance Toolkit

Documentation

- Registration & Organization
- Manuals and procedures
- Financial & Portfolio Information
- Other Financial & Portfolio Reports



Documentation required

Documentation type	Available	Observations
Registration & Organization		
Licensed and registered	yes	
Three years of Operation	yes	
Registered and regulated by Financial Authority or Centrale Bank	yes	
Manuals and procedures		
Finance and Administration manual	yes	
Operations manual	yes	
Human Resources manual	yes	
Credit manual	yes	
Loan loss provisioning, write-off, and recovery policies (if not in credit manual)	yes	
Savings manual	yes	
Internal controls manual	yes	
Internal audit policies and manual	yes	
Risk management policies	yes	
Financial & Portfolio Information		
Audited financial statements for the past three years	no	
Unaudited financial statements for the year to date		
Detailed Portfolio reprot	no	
Financial & Portfolio Information		
Others		
Documentation completeness	**75.00%**	Once that the list is complete, we can create a score based o

Access to Finance Toolkit

Qualitative Assessment Scoring

- Organization
- Governance
- Financial statements reporting
- Manuals and Procedures
- Social performance

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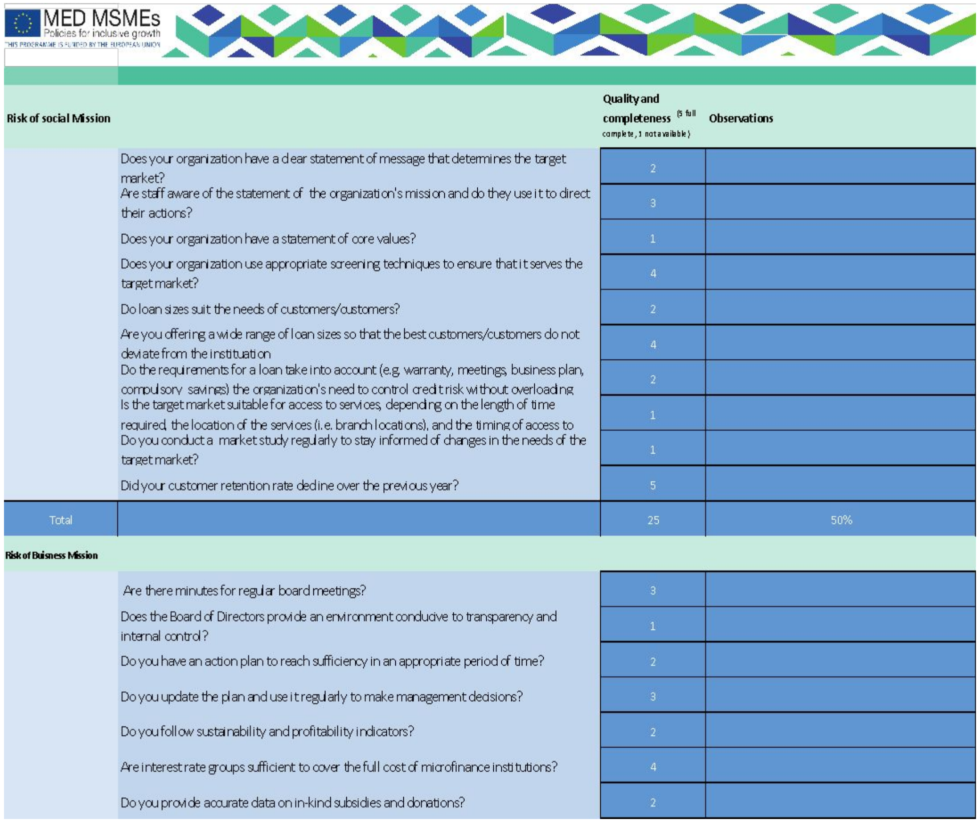
Organization	Issue	Quality and completeness (5 full complete, 1 not available)	Observations
	The institution is formally registered and regulated by the government.	2	
	The MFI have a clear mission that is embraced and implemented by its board and staff.	3	
	The MFI's management and board have the vision, ability, leadership, and experience to lead it, now and in the future.	5	
	The MFI have a clear target market it is trying to reach? Does it have a coherent strategy for reaching that market? How successful has it been in reaching it?	3	
	The institution has a clear approved organizational chart	4	
	The Institution preformed during the last three years an Internal reports monitoring clients at entry, dropouts, market assessments, and \ or other research	2	
	The institution has a clear description of financial products and non-financial services	4	
Total		23	66%
Governance			
	The MFI's board have the experience and commitment needed to provide fiduciary and strategic oversight of the MFI.	1	
	The board capable of enabling the MFI to achieve its mission, guiding its strategic direction, managing and mitigating risks, and ensuring accountability throughout the institution.	2	
	The board appropriately qualified, active, and experienced in fields such as banking, law, accounting, and social development.	3	
	All board members agree on the MFI's mission and strategic direction.	4	
	The board of directors has sub-board committees and meets regularly	5	
	Audit committee	5	
	HR committee	5	
	Executive committee	4	
	The institution keeps minutes of board meetings for the past two years	3	
Total		32	71%
Financial statements reporting:			
	The MFI has an Audited financial statements for the past three years	5	
	The institution has Unaudited financial statements for the year to date	2	
	The MFI prepare Budgets/projections: Annual budgets for the past three years approved by the Board of Directors.	2	
	The institution conducted an External reports about the MFI during the past two years, such as ratings, assessments, evaluations, SPI4 and impact studies	3	
	The institution has a Complete set of summary reports from the loan tracking system	2	
	Prepare and follow-up monthly and/ or quarterly operational performance	2	
	Prepare and follow-up monthly and/ or quarterly financial performance	3	
	Prepare and follow-up monthly and/ or quarterly individual branch's performance	1	

Access to Finance Toolkit

Risk Assessment Score 1/2

- Risk of social Mission
- Risk of Business Mission
- Risks of non-independence (dependence on others)
- Reputational risks
- Credit risk
- Fraud risks



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Risk of social Mission		Quality and completeness (5 full complete, 1 not available)	Observations
	Does your organization have a clear statement of message that determines the target market?	2	
	Are staff aware of the statement of the organization's mission and do they use it to direct their actions?	3	
	Does your organization have a statement of core values?	1	
	Does your organization use appropriate screening techniques to ensure that it serves the target market?	4	
	Do loan sizes suit the needs of customers/customers?	2	
	Are you offering a wide range of loan sizes so that the best customers/customers do not deviate from the institution	4	
	Do the requirements for a loan take into account (e.g. warranty, meetings, business plan, compulsory savings) the organization's need to control credit risk without overloading	2	
	Is the target market suitable for access to services, depending on the length of time required, the location of the services (i.e. branch locations), and the timing of access to	1	
	Do you conduct a market study regularly to stay informed of changes in the needs of the target market?	1	
	Did your customer retention rate decline over the previous year?	5	
Total		25	50%
Risk of Buisness Mission			
	Are there minutes for regular board meetings?	3	
	Does the Board of Directors provide an environment conducive to transparency and internal control?	1	
	Do you have an action plan to reach sufficiency in an appropriate period of time?	2	
	Do you update the plan and use it regularly to make management decisions?	3	
	Do you follow sustainability and profitability indicators?	2	
	Are interest rate groups sufficient to cover the full cost of microfinance institutions?	4	
	Do you provide accurate data on in-kind subsidies and donations?	2	

Access to Finance Toolkit

Risk Assessment Score 2/2

- Security risk
- Employee risk
- Financial management risks
- Inefficiency risks
- Information system risks
- External risks

	Do computer-processing contingency plans fall into the bank or microfinance institution's emergency preparedness plans?	2	
	Is the backup data system secured daily or sent to another location under appropriate storage conditions?	2	
	Do emergency procedures include power outages, restarts, information recovery and repair procedures?	2	
	Is there a driver's manual for the system and users that includes error messages with appropriate responses, restart and repair procedures?	2	
	Are disaater recovery plans tested periodically?	2	
	Is maintenance carried out according to a predetermined schedule and is it documented?	2	
	Have control systems been put in place for each source of data entering the automated system?	2	
	Is access controlled by user ID and passwords tracked and reported by the system?	2	
	Is there a separation of duties between programmers and computer operators?	2	
	Is document storage and control system in place?	2	
Total		46	40%
External risks			
	Have you complied with all relevant laws and regulations and have this been documented and reviewed?	2	
	Is there a strong legal system that allows the implementation of contract terms?	2	
	Do labor laws restrict the institution?	2	
	Do you follow customer/customer retention rates?	2	
	Can your organization access the list of distressed borrowers at the industry level or a credit enquiry system?	2	
	Does your organization know where it is in the market in terms of competition?	2	
	Do you have an emergency plan that has been reviewed and approved by the Board of Directors?	2	
	Does the plan provide appropriate alternatives to running the businessin the event of the destruction of your main centres or other vital facilities?	2	
	Are the records protected by making a copy of them and placing them in a secure store outside the property?	2	
	Have all staff participated in an emergency training program?	2	
	Has the Board of Directors ratified the foundation's insurance policy?	2	
	Do you require a formal analysis and study of all insuranceable risks and all types of coverage?	2	
	Are the expiration dates of the policies appropriately recorded to ensure the immediate payment of renewal premiums?	2	
Total		26	40%
Total Risk Exposure		458	47%

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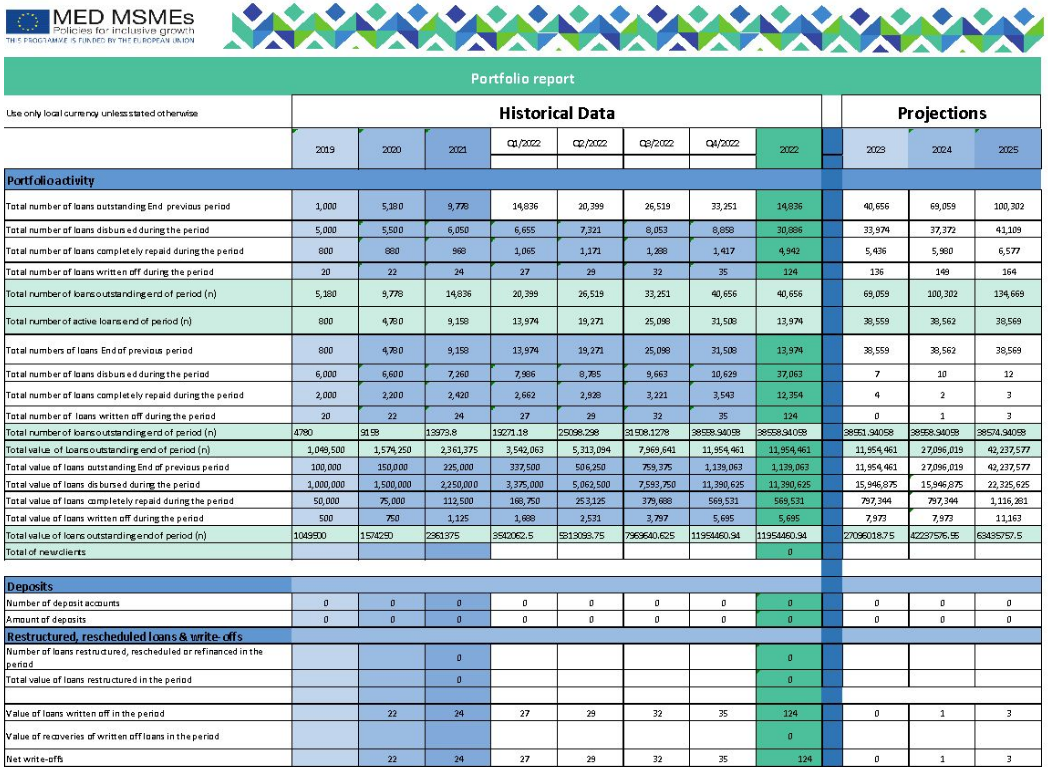
Access to Finance Toolkit

Portfolio details

- Portfolio Activity
- Deposits
- Restructured, and rescheduled loans & write-offs
- Staff loans
- Detailed PAR (amount) - Principal only
- Historical Data Active Loans per segment



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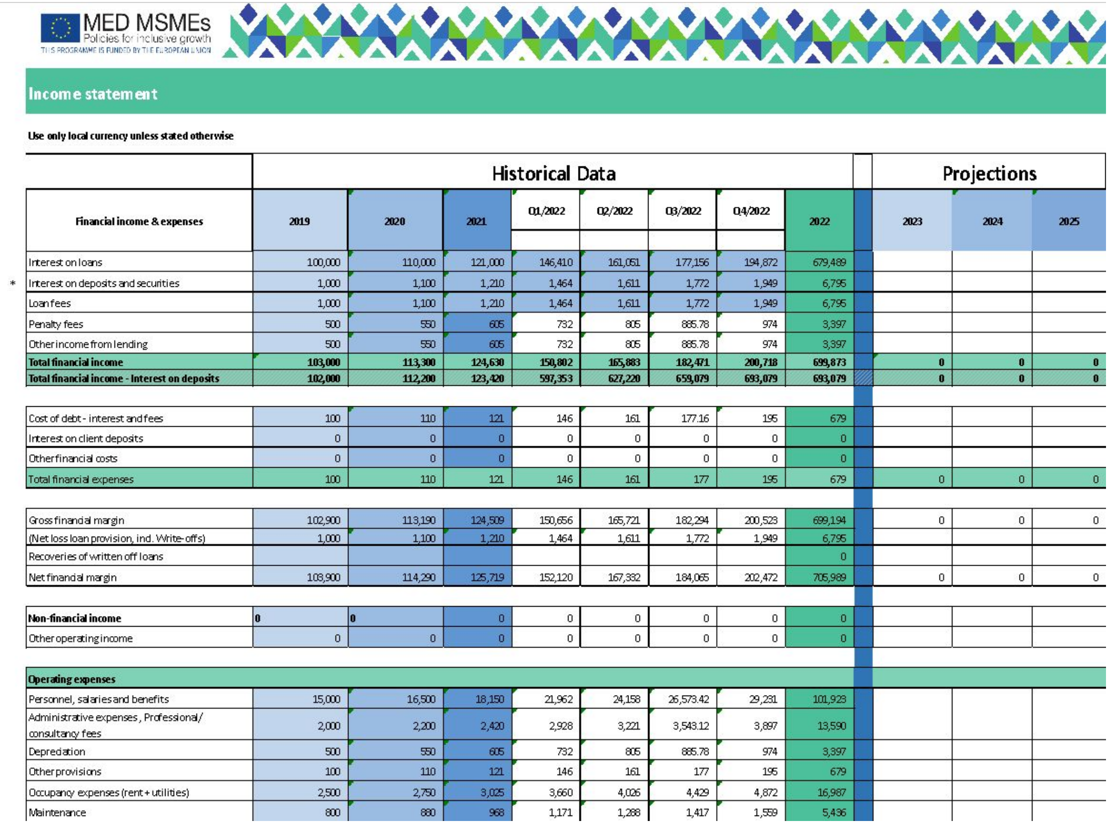
Portfolio report

Use only local currency unless stated otherwise	Historical Data								Projections		
	2019	2020	2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	2022	2023	2024	2025
Portfolio activity											
Total number of loans outstanding End previous period	1,000	5,180	9,778	14,836	20,399	26,519	33,251	14,836	40,656	69,059	100,302
Total number of loans disbursed during the period	5,000	5,500	6,050	6,655	7,321	8,053	8,858	30,886	33,974	37,372	41,109
Total number of loans completely repaid during the period	800	880	968	1,065	1,171	1,288	1,417	4,942	5,436	5,980	6,577
Total number of loans written off during the period	20	22	24	27	29	32	35	124	136	149	164
Total number of loans outstanding end of period (n)	5,180	9,778	14,836	20,399	26,519	33,251	40,656	40,656	69,059	100,302	134,669
Total number of active loans end of period (n)	800	4,780	9,158	13,974	19,271	25,098	31,508	13,974	38,559	38,562	38,569
Total numbers of loans End of previous period	800	4,780	9,158	13,974	19,271	25,098	31,508	13,974	38,559	38,562	38,569
Total number of loans disbursed during the period	6,000	6,600	7,260	7,986	8,785	9,663	10,629	37,063	7	10	12
Total number of loans completely repaid during the period	2,000	2,200	2,420	2,662	2,928	3,221	3,543	12,354	4	2	3
Total number of loans written off during the period	20	22	24	27	29	32	35	124	0	1	3
Total number of loans outstanding end of period (n)	4780	9158	13973.8	19271.18	25098.298	31508.1278	38558.94058	38558.94058	38561.94058	38568.94058	38574.94058
Total value of Loans outstanding end of period (n)	1,049,500	1,574,250	2,361,375	3,542,063	5,313,094	7,969,641	11,954,461	11,954,461	11,954,461	27,096,019	42,237,577
Total value of loans outstanding End of previous period	100,000	150,000	225,000	337,500	506,250	759,375	1,139,063	1,139,063	11,954,461	27,096,019	42,237,577
Total value of loans disbursed during the period	1,000,000	1,500,000	2,250,000	3,375,000	5,062,500	7,593,750	11,390,625	11,390,625	15,946,875	15,946,875	22,325,625
Total value of loans completely repaid during the period	50,000	75,000	112,500	168,750	253,125	379,688	569,531	569,531	797,344	797,344	1,116,281
Total value of loans written off during the period	500	750	1,125	1,688	2,531	3,797	5,695	5,695	7,973	7,973	11,163
Total value of loans outstanding end of period (n)	1049500	1574250	2361375	3542062.5	5313093.75	7969640.625	11954460.94	11954460.94	27096018.75	42237576.56	63435757.5
Total of new clients								0			
Deposits											
Number of deposit accounts	0	0	0	0	0	0	0	0	0	0	0
Amount of deposits	0	0	0	0	0	0	0	0	0	0	0
Restructured, rescheduled loans & write-offs											
Number of loans restructured, rescheduled or refinanced in the period			0					0			
Total value of loans restructured in the period			0					0			
Value of loans written off in the period		22	24	27	29	32	35	124	0	1	3
Value of recoveries of written off loans in the period								0			
Net write-offs		22	24	27	29	32	35	124	0	1	3

Access to Finance Toolkit

Income Statement

- Financial revenue from loan portfolio.
- Financial revenue from investment
- Interest and fee expense on funding liabilities
- Financial expense
- Loan-loss provision expense.
- Personnel expense
- Administrative expense
- Non-operating revenue
- Non-operating expenses



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Income statement

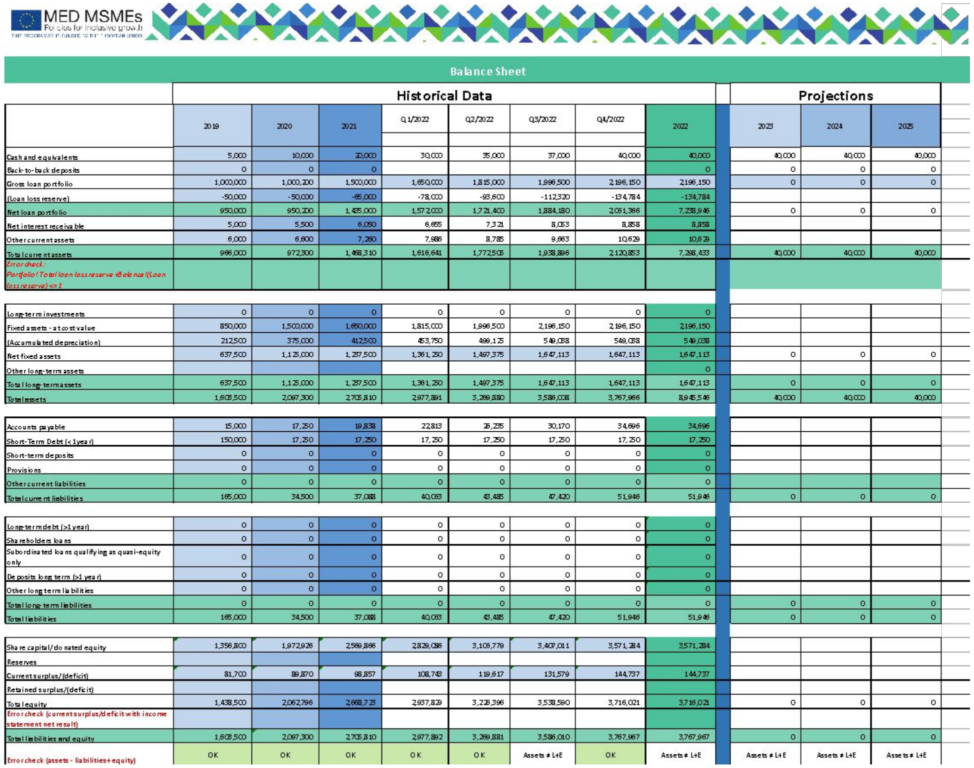
Use only local currency unless stated otherwise

	Historical Data									Projections		
Financial income & expenses	**2019**	**2020**	**2021**	Q1/2022	Q2/2022	Q3/2022	Q4/2022	**2022**		**2023**	**2024**	**2025**
Interest on loans	100,000	110,000	121,000	146,410	161,051	177,156	194,872	679,489				
* Interest on deposits and securities	1,000	1,100	1,210	1,464	1,611	1,772	1,949	6,795				
Loan fees	1,000	1,100	1,210	1,464	1,611	1,772	1,949	6,795				
Penalty fees	500	550	605	732	805	885.78	974	3,397				
Other income from lending	500	550	605	732	805	885.78	974	3,397				
Total financial income	**103,000**	**113,300**	**124,630**	**150,802**	**165,883**	**182,471**	**200,718**	**699,873**		**0**	**0**	**0**
Total financial income - Interest on deposits	**102,000**	**112,200**	**123,420**	**597,353**	**627,220**	**659,079**	**693,079**	**693,079**		**0**	**0**	**0**
Cost of debt - interest and fees	100	110	121	146	161	177.16	195	679				
Interest on client deposits	0	0	0	0	0	0	0	0				
Other financial costs	0	0	0	0	0	0	0	0				
Total financial expenses	100	110	121	146	161	177	195	679		0	0	0
Gross financial margin	102,900	113,190	124,509	150,656	165,721	182,294	200,523	699,194		0	0	0
(Net loss loan provision, incl. Write-offs)	1,000	1,100	1,210	1,464	1,611	1,772	1,949	6,795				
Recoveries of written off loans								0				
Net financial margin	103,900	114,290	125,719	152,120	167,332	184,065	202,472	705,989		0	0	0
Non-financial income	**0**	**0**	0	0	0	0	0	0				
Other operating income	0	0	0	0	0	0	0	0				
Operating expenses												
Personnel, salaries and benefits	15,000	16,500	18,150	21,962	24,158	26,573.42	29,231	101,923				
Administrative expenses , Professional/ consultancy fees	2,000	2,200	2,420	2,928	3,221	3,543.12	3,897	13,590				
Depreciation	500	550	605	732	805	885.78	974	3,397				
Other provisions	100	110	121	146	161	177	195	679				
Occupancy expenses (rent + utilities)	2,500	2,750	3,025	3,660	4,026	4,429	4,872	16,987				
Maintenance	800	880	968	1,171	1,288	1,417	1,559	5,436				

Access to Finance Toolkit

Balance Sheet

- Gross loan portfolio
- Performing portfolio
- Portfolio at risk.
- Restructured portfolio
- Loan-loss allowance.
- Net loan portfolio
- Net fixed assets
- Deposits.
- Commercial borrowings
- Total liabilities
- Total liabilities



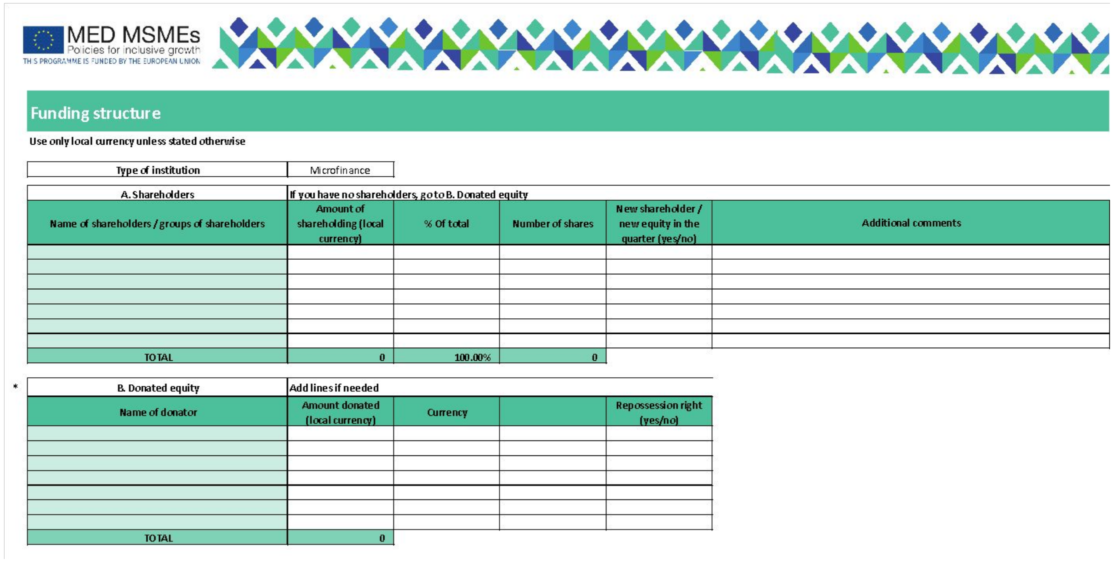
Balance Sheet

	Historical Data								Projections		
	2019	2020	2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	2022	2023	2024	2025
Cash and equivalents	5,000	10,000	20,000	30,000	35,000	37,000	40,000	40,000	40,000	40,000	40,000
Back-to-back deposits	0	0	0					0	0	0	0
Gross loan portfolio	1,000,000	1,000,200	1,500,000	1,650,000	1,815,000	1,996,500	2,196,150	2,196,150	0	0	0
(Loan loss reserve)	-50,000	-50,000	-65,000	-78,000	-93,600	-112,320	-134,784	-134,784			
Net loan portfolio	950,000	950,200	1,435,000	1,572,000	1,721,400	1,884,180	2,061,366	7,238,946	0	0	0
Net interest receivable	5,000	5,500	6,050	6,655	7,321	8,053	8,858	8,858			
Other current assets	6,000	6,600	7,260	7,986	8,785	9,663	10,629	10,629			
Total current assets	966,000	972,300	1,468,310	1,616,641	1,772,506	1,938,896	2,120,853	7,298,433	40,000	40,000	40,000
Error check : Portfolio! Total loan loss reserve 4Balance!(Loan loss reserve) <= 1											
Long-term investments	0	0	0	0	0	0	0	0			
Fixed assets - at cost value	850,000	1,500,000	1,650,000	1,815,000	1,996,500	2,196,150	2,196,150	2,196,150			
(Accumulated depreciation)	212,500	375,000	412,500	453,750	499,125	549,038	549,038	549,038			
Net fixed assets	637,500	1,125,000	1,237,500	1,361,250	1,497,375	1,647,113	1,647,113	1,647,113	0	0	0
Other long-term assets								0			
Total long-term assets	637,500	1,125,000	1,237,500	1,361,250	1,497,375	1,647,113	1,647,113	1,647,113	0	0	0
Total assets	1,603,500	2,097,300	2,705,810	2,977,891	3,269,880	3,586,006	3,767,966	8,945,546	40,000	40,000	40,000
Accounts payable	15,000	17,250	19,838	22,813	26,235	30,170	34,696	34,696			
Short-Term Debt (< 1year)	150,000	17,250	17,250	17,250	17,250	17,250	17,250	17,250			
Short-term deposits	0	0	0	0	0	0	0	0			
Provisions	0	0	0	0	0	0	0	0			
Other current liabilities	0	0	0	0	0	0	0	0			
Total current liabilities	165,000	34,500	37,088	40,063	43,485	47,420	51,946	51,946	0	0	0
Long-term debt (>1 year)	0	0	0	0	0	0	0	0			
Shareholders loans	0	0	0	0	0	0	0	0			
Subordinated loans qualifying as quasi-equity only	0	0	0	0	0	0	0	0			
Deposits long term (>1 year)	0	0	0	0	0	0	0	0			
Other long term liabilities	0	0	0	0	0	0	0	0			
Total long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	165,000	34,500	37,088	40,063	43,485	47,420	51,946	51,946	0	0	0
Share capital/donated equity	1,356,800	1,972,926	2,569,866	2,829,086	3,106,779	3,407,011	3,571,284	3,571,284			
Reserves											
Current surplus/(deficit)	81,700	89,870	98,857	108,743	119,617	131,579	144,737	144,737			
Retained surplus/(deficit)											
Total equity	1,438,500	2,062,796	2,668,723	2,937,829	3,226,396	3,538,590	3,716,021	3,716,021	0	0	0
Error check (current surplus/deficit with income statement net result)											
Total liabilities and equity	1,603,500	2,097,300	2,705,810	2,977,892	3,269,881	3,586,010	3,767,967	3,767,967	0	0	0
Error check (assets - liabilities+equity)	OK	OK	OK	OK	OK	Assets ≠ L+E	OK	Assets ≠ L+E	Assets ≠ L+E	Assets ≠ L+E	Assets ≠ L+E

Access to Finance Toolkit

Debt and Funding

- Shareholders
- Donated equity
- Shareholders' loans
- Debt (borrowings), (i) Outstanding and new funds



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Funding structure

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Type of institution	Microfinance

A. Shareholders — **If you have no shareholders, go to B. Donated equity**

Name of shareholders / groups of shareholders	Amount of shareholding (local currency)	% Of total	Number of shares	New shareholder / new equity in the quarter (yes/no)	Additional comments
TOTAL	0	100.00%	0		

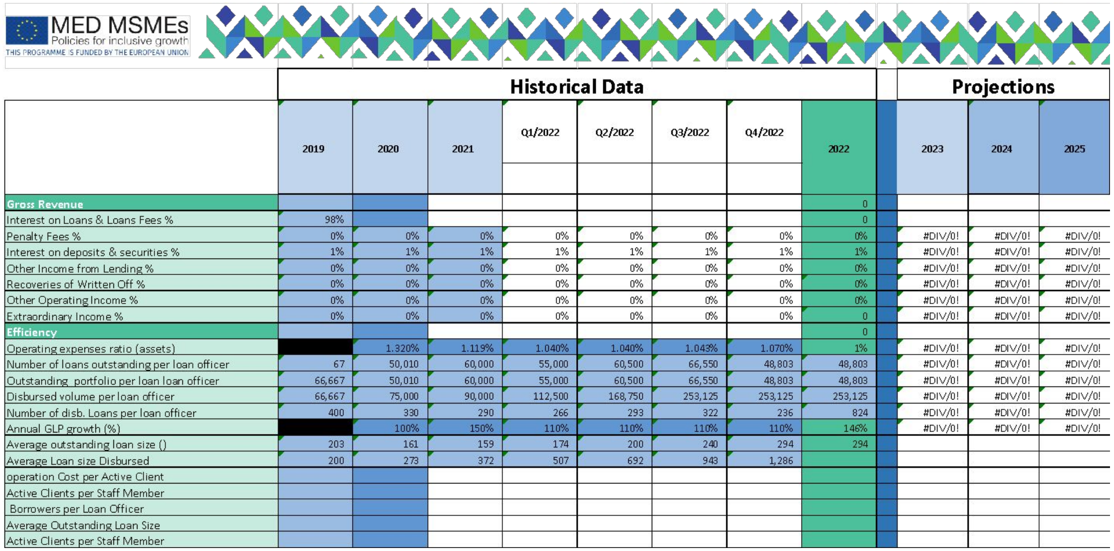
* **B. Donated equity** — **Add lines if needed**

Name of donator	Amount donated (local currency)	Currency		Repossession right (yes/no)
TOTAL	0			

Access to Finance Toolkit

Ratios

- Efficiency
- Sustainability and Profitability
- Portfolio Quality
- Staff and Management turn over
- Asset/Liability Management



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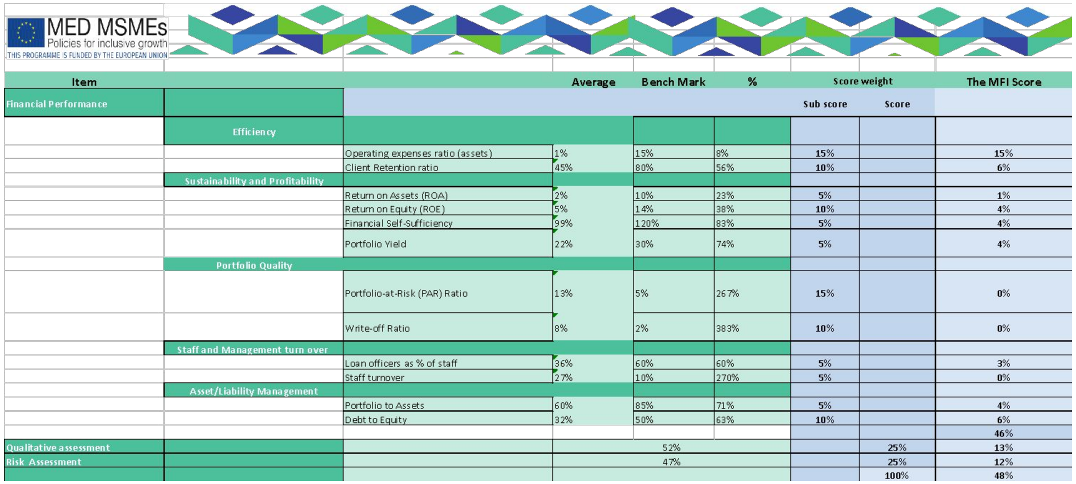
	Historical Data								Projections		
	2019	2020	2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	2022	2023	2024	2025
Gross Revenue								0			
Interest on Loans & Loans Fees %	98%							0			
Penalty Fees %	0%	0%	0%	0%	0%	0%	0%	0%	#DIV/0!	#DIV/0!	#DIV/0!
Interest on deposits & securities %	1%	1%	1%	1%	1%	1%	1%	1%	#DIV/0!	#DIV/0!	#DIV/0!
Other Income from Lending %	0%	0%	0%	0%	0%	0%	0%	0%	#DIV/0!	#DIV/0!	#DIV/0!
Recoveries of Written Off %	0%	0%	0%	0%	0%	0%	0%	0%	#DIV/0!	#DIV/0!	#DIV/0!
Other Operating Income %	0%	0%	0%	0%	0%	0%	0%	0%	#DIV/0!	#DIV/0!	#DIV/0!
Extraordinary Income %	0%	0%	0%	0%	0%	0%	0%	0	#DIV/0!	#DIV/0!	#DIV/0!
Efficiency								0			
Operating expenses ratio (assets)		1.320%	1.119%	1.040%	1.040%	1.043%	1.070%	1%	#DIV/0!	#DIV/0!	#DIV/0!
Number of loans outstanding per loan officer	67	50,010	60,000	55,000	60,500	66,550	48,803	48,803	#DIV/0!	#DIV/0!	#DIV/0!
Outstanding portfolio per loan loan officer	66,667	50,010	60,000	55,000	60,500	66,550	48,803	48,803	#DIV/0!	#DIV/0!	#DIV/0!
Disbursed volume per loan officer	66,667	75,000	90,000	112,500	168,750	253,125	253,125	253,125	#DIV/0!	#DIV/0!	#DIV/0!
Number of disb. Loans per loan officer	400	330	290	266	293	322	236	824	#DIV/0!	#DIV/0!	#DIV/0!
Annual GLP growth (%)		100%	150%	110%	110%	110%	110%	146%	#DIV/0!	#DIV/0!	#DIV/0!
Average outstanding loan size ()	203	161	159	174	200	240	294	294			
Average Loan size Disbursed	200	273	372	507	692	943	1,286				
operation Cost per Active Client											
Active Clients per Staff Member											
Borrowers per Loan Officer											
Average Outstanding Loan Size											
Active Clients per Staff Member											

Access to Finance Toolkit

NBFI Scoring

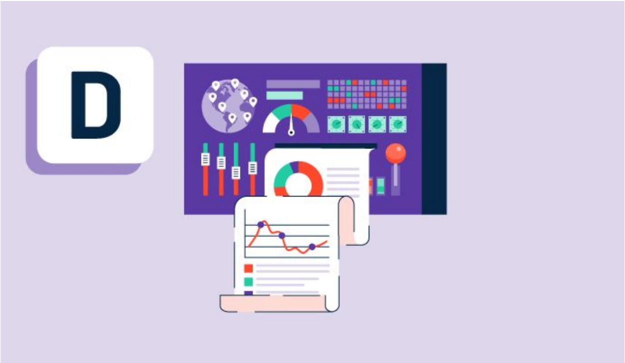
- Main Efficiency ratios
- Main Sustainability and Profitability ratios
- Portfolio Quality
- Staff and Management turn over
- Asset/Liability Management



Item			Average	Bench Mark	%	Score weight		The MFI Score
Financial Performance						Sub score	Score	
	Efficiency							
		Operating expenses ratio (assets)	1%	15%	8%	15%		15%
		Client Retention ratio	45%	80%	56%	10%		6%
	Sustainability and Profitability							
		Return on Assets (ROA)	2%	10%	23%	5%		1%
		Return on Equity (ROE)	5%	14%	38%	10%		4%
		Financial Self-Sufficiency	99%	120%	83%	5%		4%
		Portfolio Yield	22%	30%	74%	5%		4%
	Portfolio Quality							
		Portfolio-at-Risk (PAR) Ratio	13%	5%	267%	15%		0%
		Write-off Ratio	8%	2%	383%	10%		0%
	Staff and Management turn over							
		Loan officers as % of staff	36%	60%	60%	5%		3%
		Staff turnover	27%	10%	270%	5%		0%
	Asset/Liability Management							
		Portfolio to Assets	60%	85%	71%	5%		4%
		Debt to Equity	32%	50%	63%	10%		6%
								46%
Qualitative assessment			52%				25%	13%
Risk Assessment			47%				25%	12%
							100%	48%

Access to Finance Toolkit

Dashboard



DashBoard

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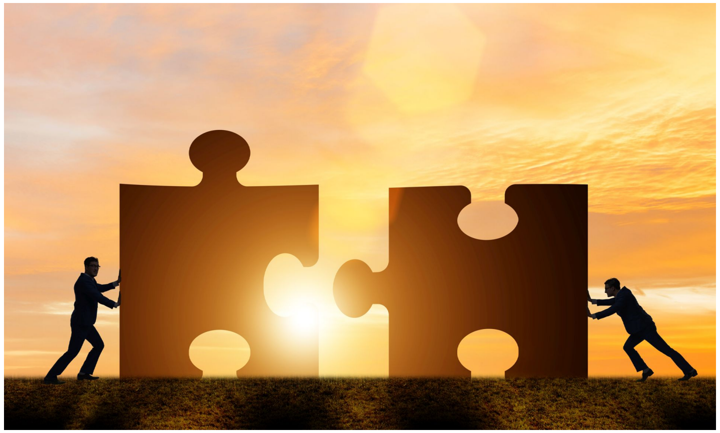
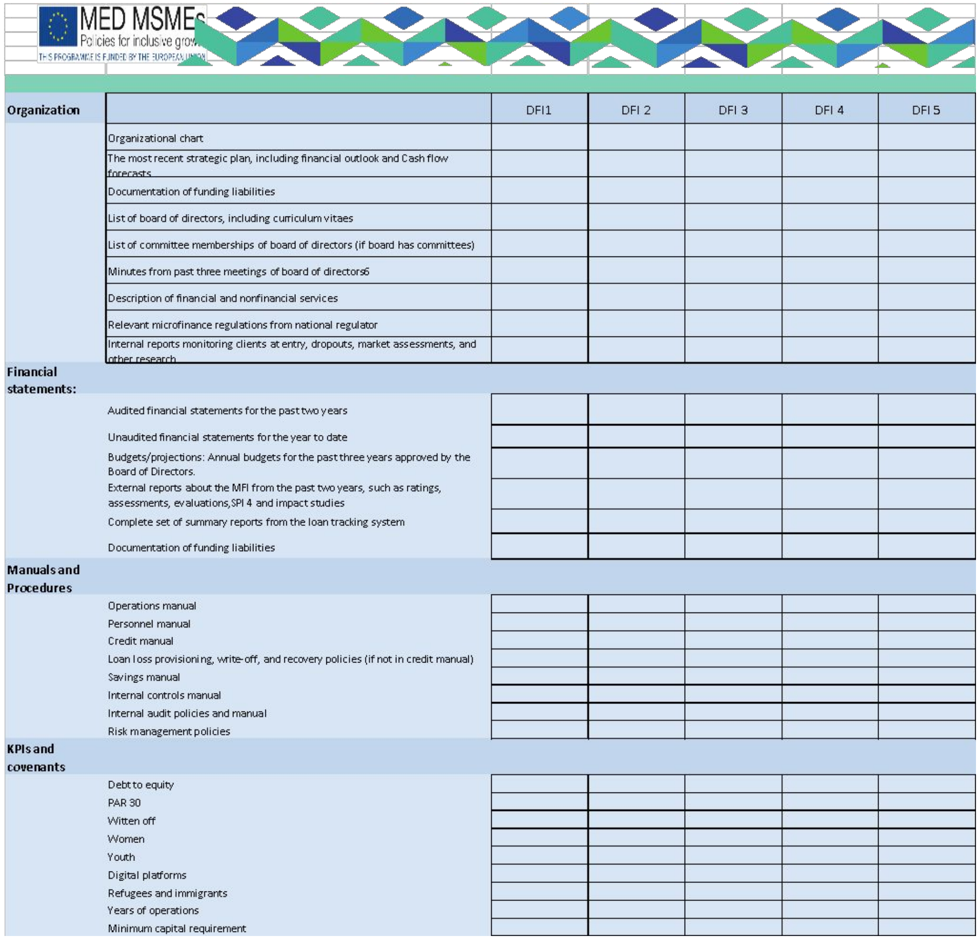
DFI Matching





Organization		DFI1	DFI 2	DFI 3	DFI 4	DFI 5
	Organizational chart					
	The most recent strategic plan, including financial outlook and Cash flow forecasts					
	Documentation of funding liabilities					
	List of board of directors, including curriculum vitaes					
	List of committee memberships of board of directors (if board has committees)					
	Minutes from past three meetings of board of directors6					
	Description of financial and nonfinancial services					
	Relevant microfinance regulations from national regulator					
	Internal reports monitoring clients at entry, dropouts, market assessments, and other research					
Financial statements:						
	Audited financial statements for the past two years					
	Unaudited financial statements for the year to date					
	Budgets/projections: Annual budgets for the past three years approved by the Board of Directors.					
	External reports about the MFI from the past two years, such as ratings, assessments, evaluations,SPI 4 and impact studies					
	Complete set of summary reports from the loan tracking system					
	Documentation of funding liabilities					
Manuals and Procedures						
	Operations manual					
	Personnel manual					
	Credit manual					
	Loan loss provisioning, write-off, and recovery policies (if not in credit manual)					
	Savings manual					
	Internal controls manual					
	Internal audit policies and manual					
	Risk management policies					
KPIs and covenants						
	Debt to equity					
	PAR 30					
	Witten off					
	Women					
	Youth					
	Digital platforms					
	Refugees and immigrants					
	Years of operations					
	Minimum capital requirement					

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Case Studies

Case Studies

Conclusion

Conclusion!!

Understanding the investors criteria for providing funding is critical

Having an overview of their investment processes & conditions is a must

Getting ready for receiving funding increases your chances of becoming eligible & saves you time / resources

Use the score of the financial toolkit to assess yourself!

Thank you !!!