

Microfinance in the Arab World: Shaping the Industry's Future

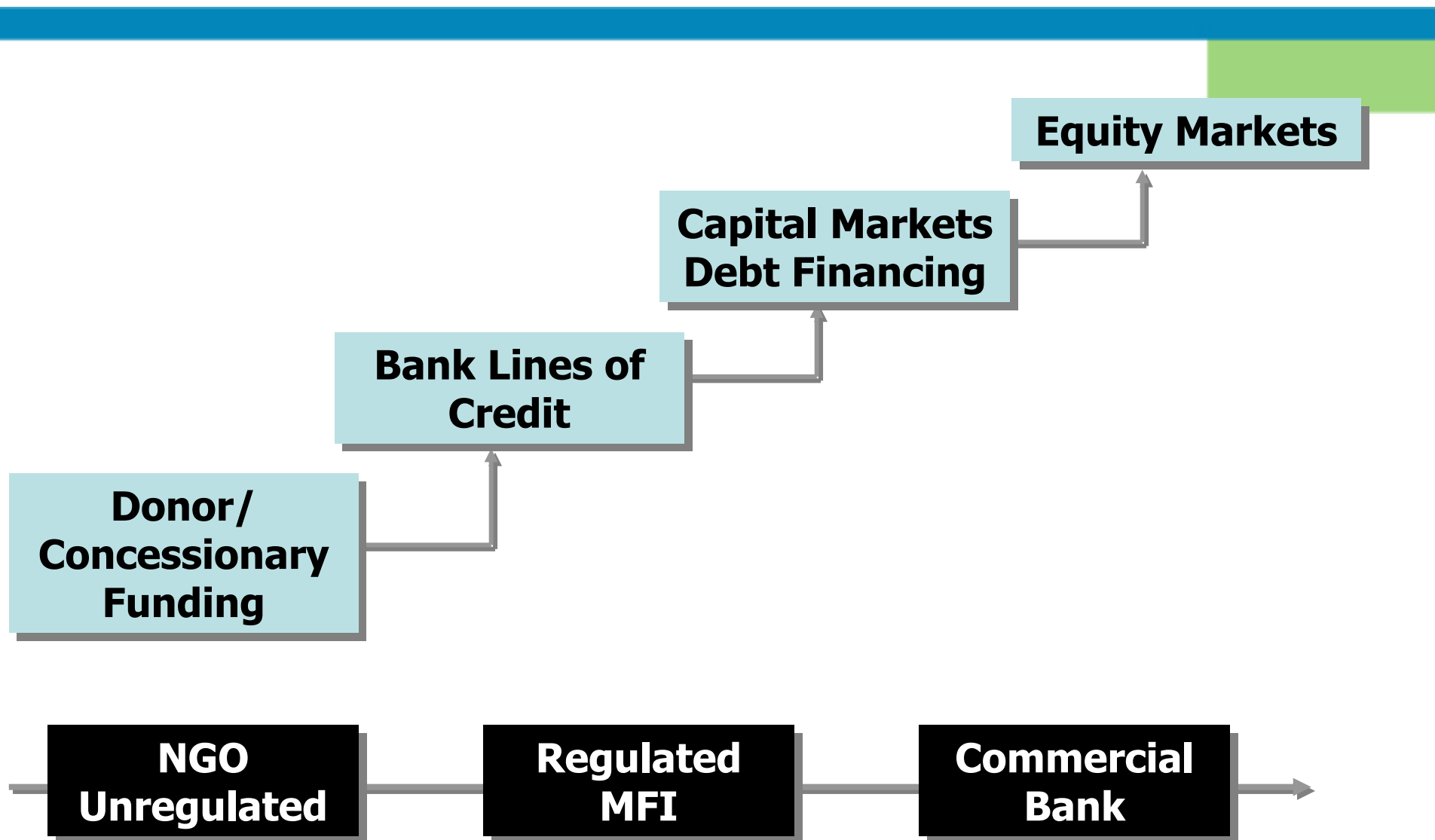
First Annual Conference of SANABEL, Microfinance Network of Arab Countries

Utilizing Commercial Funds: MFW's Experience

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Key Steps in Financial Integration



Components of Citibank/USAID Loan Structure



Basic Elements

- 1 year term
- 7.25%
- US \$1min (amount contingent on meeting performance targets)

Structural Elements

Collateral: None

Guarantees: USAID 100%

What Funders are Looking for: Donors vs. Commercial Lenders

Areas of focus	Donors	Commercial Lenders
Outreach	x	
Sustainability	x	x
Legal Status		x
Ownership		x
Sound Management	x	x
Systems (MIS, Financial Management, Internal Controls)		x
Collateral		x
Portfolio Quality	x	x
Profitability		x

Immediate Next Steps in MFW's Financial Integration Process



- Develop relationships with several local and international lenders
- Continue to reduce operational costs in relation to the loan portfolio to be able to handle higher financing costs
- Continue to maintain excellent portfolio quality
- Follow up to a rating assessment conducted in 2002