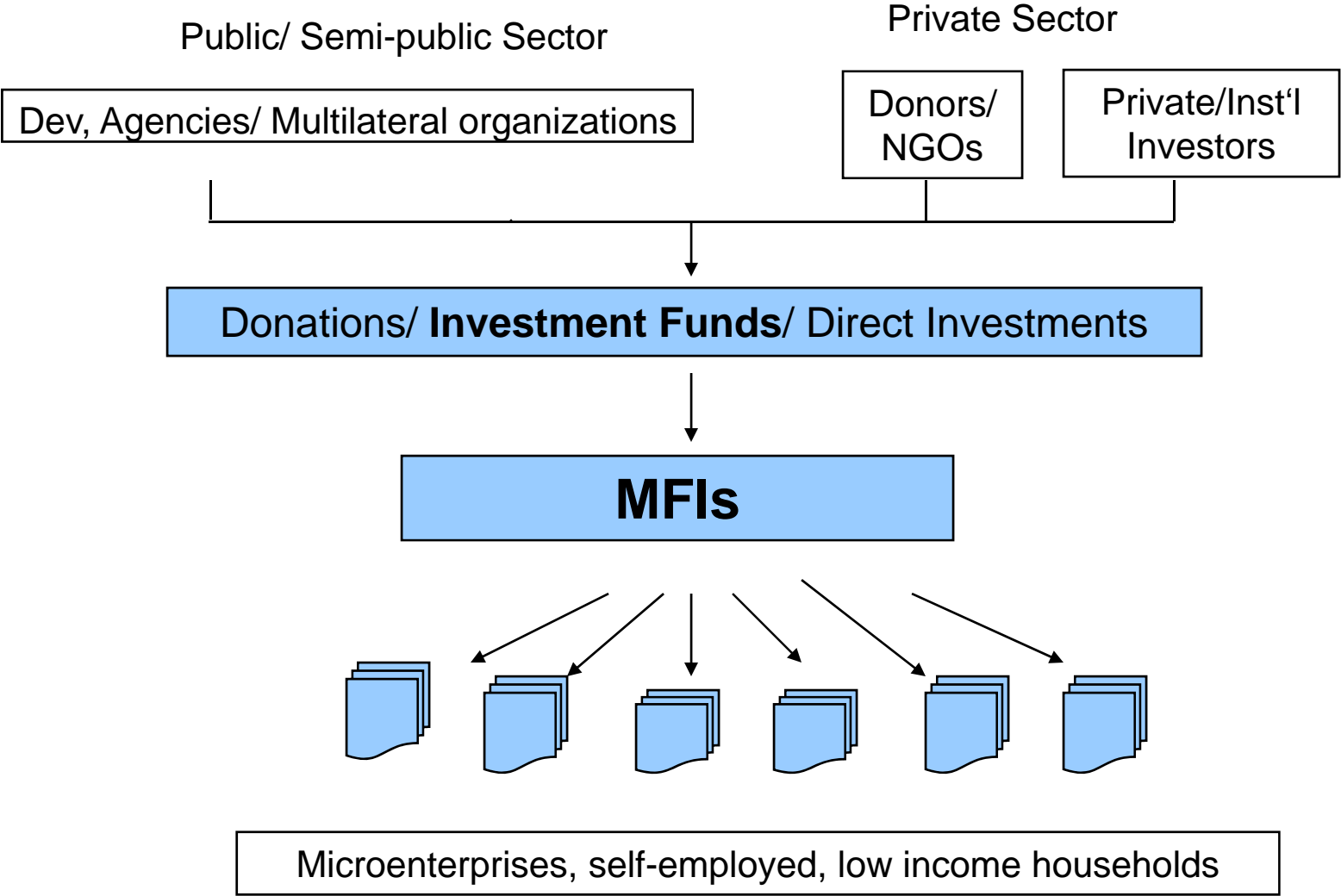


How could Microfranchising be successfully funded?

Naoko Felder-Kuzu

ESR Conference, Provo, Utah
March 8th, 2006

Flow of funds in Microfinance



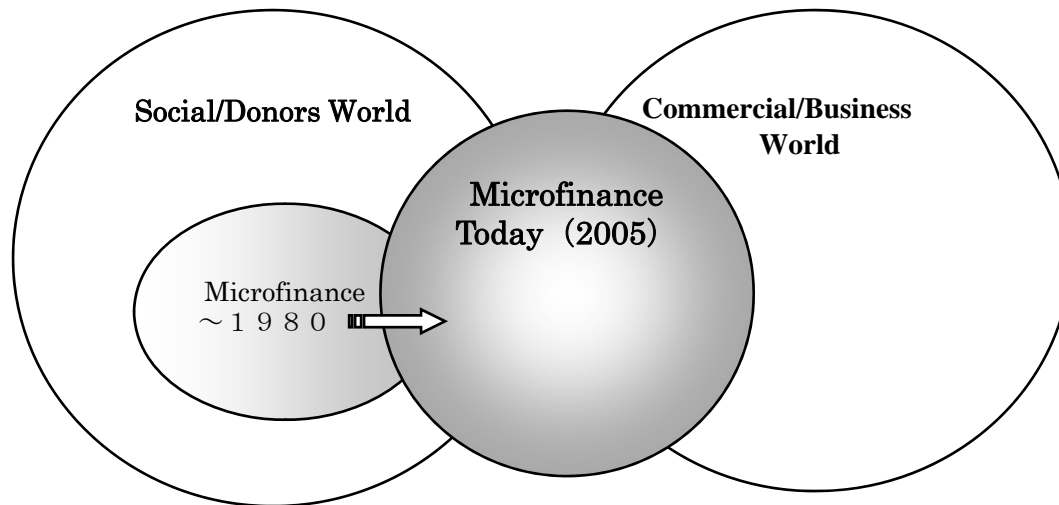
Source: ResponsAbility Ltd., NFK Felder Consulting

Funding in microfinance

- 1970 & 80s start of pioneering MFIs, networks (non-commercial capital)
- 1990s MFIs expand in many countries (non-commercial capital)
- Late 90s to 2005 new investment vehicles emerge (commercial capital/non-commercial capital)

Evolution and Commercialization of Microfinance

A social/commercial hybrid world



Update: Microfinance investments

- 74 funds shown in Mixmarket (Jan 2006)
- Tufts-Omydar Microfinance Fund (USD 100mn)
- Global Commercial Microfinance Consortium (USD 75mn)
- IFC to invest 30mn euro for South East Europe Microfinance Fund (EFSE) with an expected final capitalization of 500mn
- Development World Markets to launch USD 50mn 5 year Notes in spring 2006
- BlueOrchard to launch USD 100mn 5 year CDO

Microfranchise funding

- Can we use the existing microfinance funding mechanisms and products?
- What will be covered by existing mechanisms and what not? What special requirements need to be covered for microfranchising?
- Who will be the major players in microfranchise funding?