



# Program Planning & Design

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- FIVE STEP PLANNING FRAMEWORK
  - 1) Define development goals and targets
  - 2) Assess potential demand (demand side analysis)
  - 3) Assess capital market conditions and gaps (supply side analysis)
  - 4) Evaluate implementation needs
  - 5) Choose institutional model and define products and services
- Apply to term projects



# Development Goals and Targeting

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- Development outcomes and geographic focus
- What type of enterprises, projects and investments are central to goals and development strategies?
- What financing products and development services needed to advance "projects" are under-supplied?
- How do existing programs and institutions affect the target market?
- Use of secondary data analysis to set goals and targeting:
  - Identify development needs and opportunities
  - Find industries and type of firms most likely to advance your goals
  - Define the size and location of potential target markets
- What targeting issues do you face in your projects?
  - Approaches to analyze targeting?



# Assessing Potential Demand

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- Size and characteristics of the target markets
  - number, size, ownership and location of firms.
- Target market financing needs and demand
  - Demand vs. need: firms' capacity to productively use capital and desire to seek external financing
- Demand side obstacles to financing and potential development services to address them
- Type and terms of financing required
- Expected demand for financing and services:
  - number of loans, total annual lending, required amount of capital, level of development services
- Information sources:
  - Secondary data
  - Surveys
  - Key informant interviews
  - Focus groups
- Demand side issues for term projects and how to research them



# Capital Supply Side Analysis

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- Identify financial institutions and capital sources serving the community and target markets:
  - Private & public, formal & informal sources
- Analyze the market conditions, type of financing supplied and activities of these institutions
  - FDIC/FFIEC data, industry studies, bank call reports, and interviews
- Review actual practices of institutions and experience of targeted customers in securing financing
  - Interviews, surveys, focus groups
- Synthesize information to determine supply gaps for target markets and the reasons for them
- Define interventions to address gaps:
  - What financial products and services are needed?
  - Expand private capital supply or create new program/institutions?
- Demand side issues for your projects and how to research them



# Consider Implementation Needs & Resources

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- What type and amount of capital is needed to fill the identified financing gaps
  - Liability structure/capital sources necessary for financing role
  - Amount of capital needed to meet demand and cover operating expenses: use of financial modeling
  - Start-up funding & initial operating subsidies
- Type and availability of development services needed
- Capabilities for implementation under options
  - Governance, staff, professional services, office & equipment, regulatory approval
- Stakeholders and relationships critical for program success?
- What are key implementation issues for your projects?



# Institutional Choice and Program Design

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- Choose Appropriate Institutional Model:
  - Focus on existing capital suppliers or create a new institutions
  - Powers, risk-level, and financing needed for defined roles
  - Amount and type of capital sources needed
  - Desired accountability
- Define Governance Structure
  - Size and composition of board
  - Involvement of different stakeholders
  - Role of private capital & technical assistance providers
  - Loan review or investment committee roles
- Design Financial Products
  - Debt\equity
  - Use and purpose
  - Pricing, maturity, amortization, security
  - Balance customer, investment and management needs
- Development services and how will they be delivered
- Design investment process, underwriting standards, and servicing/monitoring requirements