

The thesis deals with microfinance institutions and their ability to serve very poor clients even without a continuous inflow of subsidies from donors. After disclosing the specificities that distinguish the clientele of these organizations from the clients of commercial banks in the developed world, the analysis of selected institutions from South Asia, including the famous Grameen Bank of Bangladesh, is performed. Using the data gathered from their annual reports of these microfinance institutions, the individual dependence on subsidies during one decade is evaluated. The final part of the thesis utilizes the similarities that appear in the individual examination and the econometric analysis of the data for the extraction of the key factors and strategies that can help to decrease the dependence of this sector on donor financial support. The analysis finds that higher depth of outreach of an organization to the very poor does not inevitably lead to lower level of self-sustainability. The way to profitability may reside in appropriate interest rate policy and mobilization of savings.