

## **Class Description and Syllabus**

### **Building and Financing Microfinance Institutions and Their Financial Products**

**Professor James B. Carlson  
NYU Stern School of Business, Spring 2011**

**Course Number: C15.0042.01.SP11  
Class Days: Mondays and Wednesdays  
Time: 9:30 – 10:45 a.m., Room: 3-90**

#### **Overview:**

Microfinance has been hailed as one of the most effective tools for combating poverty through loans, grants, insurance and other financial products offered to the poorest of the global poor around the world. As an international development strategy, it represents a major shift from governmental “top-down” to a private “bottom-up” approaches and has revolutionized the approach to poverty alleviation and economic development. It also continues to be a model of social entrepreneurship, bringing creative business and financial strategies and tools to complex social and economic problems, as well as a wedge for empowerment of women and other disadvantaged citizens in some societies. To expand finance and sustain microfinance, however, microfinance institutions are becoming sophisticated financial institutions that structure, distribute and then finance a growing array of financial products and services to the global poor, which require increasingly sophisticated financing strategies as the global capital markets and leading financial institutions become the funding sources for microfinance institutions. At the same time, microfinance institutions are confronting fundamental changes in their operating environment and therefore their basic financial and business models. Certain microfinance institutions now confront shifting missions from non-profit idealistic non-governmental organizations to profit-seeking, growth and distribution focused financial firms; increasing regulation of the microfinance institutions as banks, insurers or regulated financial entities; financial asset and product risk as the amount and complexity of the financial products grows; and the rapidly expanding opportunities and disintermediation challenges of internet/mobile telephony finance as an extension or replacement of microfinance institutions in accessing and serving the global poor.

### **Requirements:**

Reading materials and case assignments will be posted on Blackboard. Student attendance, the quality of preparation, and class discussion are essential for the course. Students are responsible for completing the assigned readings and the case assignments before class. Class materials will generally be posted for each week of class, and will note both “required” and “optional” readings. I am spreading out the distribution of the syllabus and assigned materials as I am coordinating these materials with a series of guest speakers and am soliciting their contributions. The assigned material will, in some cases, be slightly voluminous, which reflects the wealth of materials available and my objective of thoroughly introducing you to this subject, but which will also result to a degree in your skimming some of the materials. Once we are finished with each week, and benefit from any additional materials and inclusions from guest speakers, I will periodically update the final syllabus and our complete set of materials.

### **Class Style and Grading:**

Case and practical product and structural approach with materials, inquiries or responses prepared by individuals or groups of students every three or four weeks. These will be 1-2 questions, providing for one-page single spaced \_\_\_\_\_. Weekly readings will be supplemented by occasional guest speakers with international and US-based experience. Grading based on these materials, inquiries and responses ( $\frac{1}{3}$ ), class participation ( $\frac{1}{3}$ ), and a final paper ( $\frac{1}{3}$ ).

### **Contact Information:**

I am best reached by email:

[jcarlson@stern.nyu.edu](mailto:jcarlson@stern.nyu.edu)

[jbcarlson1424@gmail.com](mailto:jbcarlson1424@gmail.com)

[jcarlson@mayerbrown.com](mailto:jcarlson@mayerbrown.com)

### **And Some Special Thanks:**

For this class, I have been assisted, and you will benefit from, some great leading MFIs, including FINCA, BRAC and Grameen. FINCA has been very generous in providing materials to us.

## Course Outline:

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### **I. Microfinance Overview**

### **II. MFI Models & Loan Products**

- MFI Group Lending Models
- MFI Individual Lending Models
- MFI Loan Products & Related Issues

### **III. MFI Financial Products & Other Products**

- MFI Savings and Savings Products
- Remittances
- MFI Microinsurance
- Mobile Telephony, Internet & Other Technology Solutions for Distributing MFI Products

### **IV. MFI Commercialization, Transformation, Regulation, and Corporate Governance Issues**

- Commercialization
- Transformation & Regulation
- Corporate Governance Issues

### **V. Funding and Financing MFIs**

- Donor Funding & the Strings Attached
- Capital Markets Generally
- Debt Capital Markets Financing
- Equity Capital Markets Financing

### **VI. Microfinance Investment Vehicles**

- MFI Investments as an Asset Class & Microfinance Investment Vehicles (MIVs)

### **VII. Measuring Social Impact & Social Impact Investing**

- Measuring Social Impact Generally
- Venture Capital (VC) & SME Social Impact Investing

## Unit I: Microfinance Overview

### Class Discussion:

- Why does microfinance exist?
- What financial and societal interests of the global poor does it serve?
- How does microfinance fit into the experience and financial and developmental environments of the global poor?
- What are the challenges for the formal banking system in accessing this market?
- What is the informal financial system that serves this market and its shortfalls?

### Required Readings:

#### Rationale Behind Microfinance:

- 1.1 JOANNA LEDGERWOOD, MICROFINANCE HANDBOOK: AN INSTITUTIONAL AND FINANCIAL PERSPECTIVE: SUSTAINABLE BANKING WITH THE POOR (2001) [hereinafter MICROFINANCE HANDBOOK]. [Read: Intro. pp. 1-5.](#)

#### Overview of Microfinance-- History & Basic Models:

- 1.2 BEATRIZ ARMENDÁRIZ & JONATHAN MORDUCH, THE ECONOMICS OF MICROFINANCE (2d ed. 2005) [hereinafter ECONOMICS OF MICROFINANCE]. [Read: Ch. One— Rethinking Banking, pp. 1-24, Ch. Two—Why Intervene in Credit Markets.](#)
- 1.3 BRIGIT HELMS, ACCESS FOR ALL: BUILDING INCLUSIVE FINANCIAL SYSTEMS (2006) [hereinafter ACCESS FOR ALL]. [Read: Intro.](#)
- 1.4 Connie Bruck, *Millions for Millions*, THE NEW YORKER, Oct. 30, 2006, available at [http://www.newyorker.com/archive/2006/10/30/061030fa\\_fact1](http://www.newyorker.com/archive/2006/10/30/061030fa_fact1).

#### MFI Client Profiles & Needs:

- 1.5 DARYL COLLINS ET AL., PORTFOLIOS OF THE POOR: HOW THE WORLD'S POOR LIVE ON \$2 A DAY (2009) [hereinafter PORTFOLIOS OF THE POOR]. [Read: Ch. One—The Portfolios of the Poor.](#)

#### Perspectives on Microfinance:

- 1.6 MUHAMMAD YUNUS, CREATING A WORLD WITHOUT POVERTY: SOCIAL BUSINESS AND THE FUTURE OF CAPITALISM (2008). [Read: Pt. One, Ch. One—A New Kind of Business.](#)
- 1.7 C.K. PRALAHAD, THE FORTUNE AT THE BOTTOM OF THE PYRAMID: ERADICATING POVERTY THROUGH PROFITS: THE WEALTH AT THE BOTTOM OF THE PYRAMID (2009). [Read: Pt. One, Ch. One—The Fortune at the Bottom of the Pyramid.](#)
- 1.8 Aneel Karmani, *Romanticizing the Poor*, Stan. Soc. Innovation Rev., Winter 2009, at 38, available at <http://www.ssireview.org/pdf/RomanticizingthePoor.pdf>. [Read: pp.38-43.](#)

## Optional Readings:

### Overview: The Rationale Behind Microfinance

1.0.1 MARGUERITE S. ROBINSON, *THE MICROFINANCE REVOLUTION: SUSTAINABLE FINANCE FOR THE POOR* (2001). Read: Ch. One—Supply and Demand in Microfinance.

1.0.2 Tom Easton, *The Hidden Wealth of the Poor*, *ECONOMIST*, Nov. 3, 2005, available at [http://www.economist.com/node/5079324?story\\_id=5079324](http://www.economist.com/node/5079324?story_id=5079324).

### Assessing the Impact of MFIs:

1.0.3 Graham A. N. Wright, *Understanding and Assessing the Demand for Microfinance*, *MICROSAVE* (2005), available at <http://iamfi.com/pdf/Understanding%20and%20Assessing%20the%20Demand%20for%20Microfinance.pdf>.

1.0.4 *A Partial Marvel*, *ECONOMIST*, July 16, 2009, [http://www.economist.com/node/14031284?story\\_id=14031284&mode=comment&intent=readBottom](http://www.economist.com/node/14031284?story_id=14031284&mode=comment&intent=readBottom).

1.0.5 Susan Davis & Vinod Khosla, *The Architecture of Audacity: Assessing the Impact of the Microcredit Summit Campaign*, *INNOVATIONS: TECH., GOVERNANCE, GLOBALIZATION*, at 159-180 (2007), available at <http://ideas.repec.org/a/tpr/inntgg/v2y2007i1-2p159-180.html>.

### Critiques of Microfinance

1.0.6 MILFORD BATEMAN, *WHY DOESN'T MICROFINANCE WORK? THE DESTRUCTIVE RISE OF LOCAL NEOLIBERALISM* (2010), [hereinafter *WHY DOESN'T MICROFINANCE WORK?*]. Read: Ch. Three—Microfinance Myths and Realities, 29-55, Ch. Four—Microfinance as Poverty Trap.

## Unit II: MFI Models & Loan Products

### Part I: MFI Group Lending Models

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#### Class Discussion:

- What are the group lending models utilized by MFIs in making microloans?
- How do they respond to the challenges facing the formal banking systems in this market?
- What are some of the characteristics and limitations of these loan products?
- In turn, what are the limitations of the group models, taking into account alternatives provided by the informal financial system, competing MFIs and competing individual or small finance firms?

## Required Readings:

### Overview of Models:

- 2.1 Laura Brandt et al., *Lending Methodology Module* (The Russia Microfinance Project, Doc. No. 53, 2006), available at [http://depts.washington.edu/mfinance/ru/curriculum/docs/53\\_LendingMethodology.pdf](http://depts.washington.edu/mfinance/ru/curriculum/docs/53_LendingMethodology.pdf).
- 2.2 ACCESS FOR ALL. Read: Ch. Three—The Micro Level.
- 2.3 MICROFINANCE HANDBOOK. Read: pp. 82-89 Ch. Three—Products & Services.

### Group Lending: Basic Model & Recent Advancements

- 2.4 THE ECONOMICS OF MICROFINANCE. Read: pp. 97-128 Ch. Four—Group Lending; pp. 137-162, Ch. Five—Beyond Group Lending.
- 2.5 CRAIG CHURCHILL ET AL., NEW DIRECTIONS IN POVERTY FINANCE, SMALL ENTER. EDUC. AND PROMOTION NETWORK (SEEP) (2002), available at [http://www.seepnetwork.org/Resources/637\\_file\\_New\\_Directions\\_in\\_Poverty\\_Finance.pdf](http://www.seepnetwork.org/Resources/637_file_New_Directions_in_Poverty_Finance.pdf). Read: Intro.
- 2.6 Dean Karlan & Jonathan Morduch, *Access to Finance: Ideas and Evidence—Credit Market Innovations*, THE FIN. ACCESS INITIATIVE (2009), [http://financialaccess.org/sites/default/files/HDE\\_5\\_Credit%20market%20innovations.pdf](http://financialaccess.org/sites/default/files/HDE_5_Credit%20market%20innovations.pdf). Skim: 1-5, read: 6-10.

### Critiques of Group Lending:

- 2.7. WHAT'S WRONG WITH MICROFINANCE? (Thomas Dichter & Malcolm Harper eds., 2007) [hereinafter WHAT'S WRONG WITH MICROFINANCE?]. Read: Ch. Four—What's Wrong With Groups?

## Optional Readings:

### More on Overview of Models:

- 2.0.1. *Credit Lending Models*, THE GRAMEEN BANK (Sept. 09, 2010), [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=43&Itemid=93](http://www.grameen-info.org/index.php?option=com_content&task=view&id=43&Itemid=93).
- 2.0.2. Ina Kota, *Microfinance: Banking for the Poor*, 44 FIN. AND DEV. (2007), <http://www.imf.org/external/pubs/ft/fandd/2007/06/basics.htm>.

### More on Group Lending:

- 2.0.3. Xavier Giné et al., *Microfinance Games*, THE FIN. ACCESS INITIATIVE (2010), <http://financialaccess.org/sites/default/files/Microfinance%20Games%20July%202010.pdf>.

### Case Studies:

- 2.0.4. Kassa Teshager Alemu, *Microfinance as a Strategy for Poverty Reduction: A Comparative Analysis of ACSI and Wisdom Microfinance Institution in Ethiopia* (Nov. 2008)(unpublished thesis, Inst. of Soc. Sciences),

<http://oaithesis.eur.nl/ir/repub/asset/7017/Kassa%20Teshager%20Alemu%20LRD.pdf>

2.0.5. YouTube Video: Group Microfinance in India (Tom Gough, March 19, 2007), <http://www.youtube.com/watch?v=CXBZxN6Yyhg>.

## Part II: MFI Individual Lending Models

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### Class Discussion:

- What are the benefits of the individual lending models?
- How do they respond to the challenges facing the formal banking systems in this market?
- What are some of the characteristics and limitations of these loan products?

### Required Readings:

#### Overview & Methodology:

2.8. CRAIG F. CHURCHILL, CLIENT-FOCUSED LENDING: THE ART OF INDIVIDUAL LENDING (1999). Read: [Intro., pp. 3-12 \(beginning at “Credit Technologies”\)](#).

2.9. HANS DELLIN ET AL., PRODUCT DIVERSIFICATION IN MICROFINANCE: INTRODUCING INDIVIDUAL LENDING, WOMEN’S WORLD BANKING (2005), [http://www.swwb.org/files/pubs/en/product\\_diversification\\_in\\_microfinance\\_introducing\\_individual\\_lending\\_e.pdf](http://www.swwb.org/files/pubs/en/product_diversification_in_microfinance_introducing_individual_lending_e.pdf). Read: pp. 1-51.

#### The Impact of Individual Lending:

2.10. Xavier Giné & Dean Karlan, *Group versus Individual Liability: Long Term Evidence from Philippine Microcredit Lending Groups*, THE FIN. ACCESS INITIATIVE (2009), [http://financialaccess.org/sites/default/files/GroupversusIndividualLending-May2009\\_0.pdf](http://financialaccess.org/sites/default/files/GroupversusIndividualLending-May2009_0.pdf). Skim 1-31, read 32-34.

2.11. Maria Lehner, *Group versus Individual Lending in Microfinance* (Univ. of Munich Dept. of Econ., Discussion Paper 2008-24, 2008). [http://epub.ub.uni-muenchen.de/7486/1/Munich\\_Discussion\\_Paper\\_2008\\_24.pdf](http://epub.ub.uni-muenchen.de/7486/1/Munich_Discussion_Paper_2008_24.pdf). Skim: pp.1-20.

### Optional Readings:

#### Examples of Individual Lending Models:

2.0.6 *How Kiva works*, KIVA, <http://www.kiva.org/about/how>

## Part III: MFI Loan Products & Related Issues

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### Class Discussion:

- How are MFI loan products tailored to the underserved?
- Discuss the ethical issues associated with charging interest.

### Required Readings:

#### Overview:

2.12. MICROFINANCE HANDBOOK. Read: Ch. Five—Designing Lending Products.

#### New Developments in Loan Products:

2.13. *Microfinance for Students: Making the Grade*, ECONOMIST, Sept 9, 2010, <http://www.economist.com/node/16996791>.

2.14. USAID, MAXIMIZING CHOICE: DIVERSE APPROACHES TO THE CHALLENGE OF HOUSING MICROFINANCE (2008), available at [http://www.microlinks.org/ev\\_en.php?ID=23323\\_201&ID2=DO\\_TOPIC](http://www.microlinks.org/ev_en.php?ID=23323_201&ID2=DO_TOPIC).

#### The Ethics of Interest Rates & Islamic Finance:

2.15. CGAP, *Occasional Paper: Interest Rate Ceilings and Microfinance: The Story so Far* (2004), <http://www.cgap.org/gm/document-1.9.2703/OP9.pdf>.

2.16. Chuck Waterfield, *Explanation of Compartamos Interest Rates V. 2* (May 19, 2008), <http://www.microfin.com/files/Explanation%20of%20Compartamos%20Interest%20Rates%2019May.pdf>.

2.17. WHY DOESN'T MICROFINANCE WORK? Read: Ch. Three—Microfinance Myths and Realities, pp. 55-59.

2.18. Dahlia El Hawary, *The Compatibility of Islamic Financial Services and Microfinance: A Little-Explored Avenue for Expanding Outreach*, 14 MICROFINANCE MATTERS (2005), [http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005\\_07/news\\_compatibility.php](http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_07/news_compatibility.php).

2.19. Linda Eagle, *Microfinance and Islamic Finance: A Perfect Match*, EZINE ARTICLES, Jan. 28, 2009, <http://ezinearticles.com/?Microfinance-and-Islamic-Finance---a-Perfect-Match&id=1931908>.

#### Informational Issues & Solutions:

2.20. MARGUERITE S. ROBINSON, THE MICROFINANCE REVOLUTION: SUSTAINABLE FINANCE FOR THE POOR (2001) [hereinafter THE MICROFINANCE REVOLUTION]. Read: Ch. 5—The Imperfect Information Paradigm.

2.21. THE COMMERCIALIZATION OF MICROFINANCE (Deborah Drake & Elisabeth Rhyné eds., 2008) [hereinafter THE COMMERCIALIZATION OF MICROFINANCE]. Read: Ch. Thirteen—Credit Bureaus: A Necessity for Microfinance?



**Case Studies:**

- 2.22. ASIF DOWLA & DIPAL BARVA, THE POOR ALWAYS PAY BACK: THE GRAMEEN II STORY (2006) [hereinafter THE POOR ALWAYS PAY BACK]. Read: Ch. Three—Loan Products Under Grameen II.
- 2.23. BRAC UGANDA LOAN PASS BOOK (2009).

**Optional Readings:**

**More on New Developments in Loan Products:**

- 2.0.7. T.S. Anand Kumar & Jevanth K. Newport, INDIAN ASS'N FOR SAV. AND CRED. (IASC), *Micro Finance and Rural Housing* (2007).
- 2.0.8. Cheryl Young, *Housing Microfinance: Designing a Product for the Rural Poor*, (Inst. for Fin. Mgmt. and Res., Working Paper No. 19, 2005), available at [http://ifmr.ac.in/cmfp/publications/wp/2007/19\\_young-housingmicrofinance.pdf](http://ifmr.ac.in/cmfp/publications/wp/2007/19_young-housingmicrofinance.pdf).
- 2.0.9. Sally R. Merrill, *Microfinance for Housing: Assisting the “Bottom Billion” and the “Missing Middle”* (Urb. Inst. Center on Int'l. Dev. and Gov. (IDG), Working Paper No. 2009-05, 2009), available at [http://www.urban.org/UploadedPDF/411920\\_microfinance\\_housing.pdf](http://www.urban.org/UploadedPDF/411920_microfinance_housing.pdf).

**More on Interest Rates:**

- 2.0.10. Richard Rosenberg, CGAP, *Microcredit Interest Rates* (2002), <http://www.cgap.org/gm/document-1.9.2696/OP1.pdf>.
- 2.0.11. Adam Fish, *Why Are Microfinance Interest Rates so High*, EZINE ARTICLES, July 6, 2010, <http://ezinearticles.com/?Why-Are-Microfinance-Interest-Rates-So-High?&id=4610738>.

**More on Informational Solutions & Credit Bureaus:**

- 2.0.12. Dean Karlan & Jonathan Morduch, *Access to Finance: Ideas and Evidence—Credit Market Innovations*, THE FIN. ACCESS INITIATIVE (2009), [http://financialaccess.org/sites/default/files/HDE\\_5\\_Credit%20market%20innovations.pdf](http://financialaccess.org/sites/default/files/HDE_5_Credit%20market%20innovations.pdf). Read: pp. 1-5, 10-15.
- 2.0.13. ELISABETH RHYNE, MICROFINANCE FOR BANKERS AND INVESTORS (2008). Read: Ch. Eleven—Credit Bureaus and Credit Scoring.

**Unit III: MFI Financial Products & Other Products**

**Part I: MFI Savings and Savings Products**

**Class Discussion:**

- Might savings be as significant or more important than micro lending and other MFI financial products in addressing global poverty?
- How do these savings products respond to the challenges of the global poor markets?
- What are some of the characteristics and limitations of these savings products?

- What are the consequences of licensing and regulation?
- What are the costs of establishing a savings program?

### Required Readings:

#### Overview:

- 3.1. Nicholas D. Kristof, *Sparking a Savings Revolution*, THE N. Y. TIMES, Dec. 30, 2009, available at [http://www.nytimes.com/2009/12/31/opinion/31kristof.html?\\_r=1](http://www.nytimes.com/2009/12/31/opinion/31kristof.html?_r=1).
- 3.2. THE ECONOMICS OF MICROFINANCE. Read: Ch. Three—Roots of Microfinance: ROSCAs and Credit Cooperatives, Ch. Six: Savings & Insurance, pp.169-194, 203-206.
- 3.3. THE MICROFINANCE REVOLUTION. Read: Ch. Seven—Savings and the New Microfinance.

#### Savings Product Development:

- 3.4. MICROFINANCE HANDBOOK. Read: Ch. Six—Designing Savings Products.
- 3.5. Alex Counts & Patrick Meriweather, THE GRAMEEN FOUND., *New Frontiers in Micro-Savings*, (2008), available at [http://www.microfinancegateway.org/gm/document-1.9.34971/New\\_Frontiers\\_in\\_Micro\\_Savings.pdf](http://www.microfinancegateway.org/gm/document-1.9.34971/New_Frontiers_in_Micro_Savings.pdf).

### Optional Readings:

#### More on Product Development:

- 3.0.1. CGAP, *Focus Note: Safe and Accessible: Bringing Poor Savers into the Formal Financial System* (2006), <http://www.cgap.org/gm/document-1.9.2578/FN37.pdf>.
- 3.0.2. NISHANT LALWANI & MICHAEL KUBZANSKY, *STRETCHING THE FABRIC OF MFI NETWORKS*, MONITOR (2009), <http://www.mim.monitor.com/downloads/whitepaper-MFI-networks-screen.pdf>.

#### Assessing Client Needs:

- 3.0.3. PORTFOLIOS OF THE POOR. Read: Ch. One—The Portfolios of the Poor.
- 3.0.4. WHAT'S WRONG WITH MICROFINANCE? Read: Ch. Five—Finance Begins With Savings, Not Loans.

#### Assessing Impact:

- 3.0.5. THE POOR ALWAYS PAY BACK, Read: Ch. Four—Savings Mobilization: From One Taka to 3000 Billion Taka.
- 3.0.6. Dean Karlan, *The Impact of Savings*, FIN. ACCESS INITIATIVE (2008), [http://www.microfinancegateway.org/gm/document-1.9.30270/The\\_Impacts\\_of\\_Savings\\_Framing\\_Note\\_No.\\_1\\_.pdf](http://www.microfinancegateway.org/gm/document-1.9.30270/The_Impacts_of_Savings_Framing_Note_No._1_.pdf).
- 3.0.7. Dean Karlan & Jonathan Morduch, *Access to Finance: Ideas and Evidence, The Economics of Saving*, FIN. ACCESS INITIATIVE (2009), [http://financialaccess.org/sites/default/files/HDE\\_6\\_Economics%20of%20savings.pdf](http://financialaccess.org/sites/default/files/HDE_6_Economics%20of%20savings.pdf).

## Part II: Remittances

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### Class Discussion:

- Consider savings deposits as a funding source for MFIs. Discuss the role of remittances in financing economic development. How critical is money transfer and remittances for the global poor?

### Required Readings:

#### Overview:

3.6 Michael R. Comstock et al., *Maximizing the Value of Remittances for Economic Development* (2009), available at <http://www.microfinancegateway.org/gm/document-1.9.40864/Maximizing%20the%20Value%20of%20Remittances%20for%20Economic%20Development.pdf>.

3.7 Romi Bhatia, V.P. of International Operations, MFIC, Presentation on Remittances and Microfinance, Oct. 7, 2009.

3.8. SENDING MONEY HOME TO AFRICA: REMITTANCE MARKETS, ENABLING ENVIRONMENT AND PROSPECTS, INT'L. FUND FOR AGRIC. DEV. (IFAD)(2009), [http://www.ifad.org/remittances/pub/money\\_africa.pdf](http://www.ifad.org/remittances/pub/money_africa.pdf).

## Part III: MFI Microinsurance

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### Class Discussion:

- What microinsurance products might be offered by MFIs?
- How do they respond to market challenges that are not addressed by other financial products of MFIs?
- What are the particular characteristics of microinsurance products that are necessary for this market?
- What are the drawbacks and benefits of making microinsurance a mandatory product?

### Required Readings:

#### Rationale Behind Microinsurance:

3.9. FIN. ACCESS INITIATIVE, *How do the Poor Deal with Risk? Lessons from Portfolios of the Poor* (2009), <http://financialaccess.org/node/2087>.

#### Overview:

3.10. THE ECONOMICS OF MICROFINANCE. Read: Ch. Six—Savings and Insurance, pp. 195-203.

- 3.11. USAID, *Bamako 2000: Innovations in Microfinance: Insurance as a Microfinance Product* (2001), [http://pdf.usaid.gov/pdf\\_docs/PNACQ696.pdf](http://pdf.usaid.gov/pdf_docs/PNACQ696.pdf).

**Case Studies & Product Design:**

- 3.12. RICHARD LEFTLEY & SHADRECK MAPFUMO, *EFFECTIVE MICROINSURANCE PROGRAMS TO REDUCE VULNERABILITY, OPPORTUNITY INT’L. NETWORK* (2008),  
[http://www.microcreditsummit.org/papers/Workshops/11\\_MapfumoLeftley.pdf](http://www.microcreditsummit.org/papers/Workshops/11_MapfumoLeftley.pdf). Skim pp. 1-17, read 18-31, skim 32-47.
- 3.13. Michael Chu & Jean Steege Hazell, *Case 307-089: Microinsurance Agency: Helping the Poor Manage Risk*, HARV. BUS. SCH. (2007).

**Types of Insurance Products:**

- 3.14. INT’L RES. INST. FOR CLIMATE AND SOC’Y, *Index Insurance for Climate Risk Management and Poverty Reduction: Topics for Debate* (2008),  
[http://www.preventionweb.net/files/8077\\_ClimateSocietywhitepaper1.pdf](http://www.preventionweb.net/files/8077_ClimateSocietywhitepaper1.pdf).
- 3.15. Theresa Chen, et al., *Implementing Health Insurance through Micro-credit: A Case Study of SKS Microfinance, India*, INST. FOR FIN. MGMT. AND RES. (IFMR)(2008), [http://ifmr.ac.in/cmfr/research/iehi/chen\\_et\\_al\\_implementing\\_health\\_insurance\\_through\\_micro-credit.pdf](http://ifmr.ac.in/cmfr/research/iehi/chen_et_al_implementing_health_insurance_through_micro-credit.pdf).

**Optional Readings:**

**More Microinsurance Overviews:**

- 3.0.8. Ingo Walter, *Insuring the Poor: Bajaj Allianz Microinsurance Initiatives in India*, EUR. INST. FOR BUS. ADMINISTRATION (INSEAD)(2009).
- 3.0.9. ELISABETH RHYNE, *MICROFINANCE FOR BANKERS AND INVESTORS* (2008).  
Read: Ch. Four—Products for the BOP Market.
- 3.0.10. CRAIG CHURCHILL, *PROTECTING THE POOR: A MICROINSURANCE COMPENDIUM* (2009). Read: Intro., Ch. One—The Market for Microinsurance, and Ch. 6-2—The Future of Microfinance.
- 3.0.11. Dean Karlan & Jonathan Morduch, *Access to Finance: Ideas and Evidence—Risk Management and Insurance*, FIN. ACCESS INITIATIVE (2009),  
[http://financialaccess.org/sites/default/files/HDE\\_7\\_Risk%20mgmt%20and%20Insurance.pdf](http://financialaccess.org/sites/default/files/HDE_7_Risk%20mgmt%20and%20Insurance.pdf).
- 3.0.12. Jonathan Morduch, *Micro-Insurance: The Next Revolution?*, FIN. ACCESS INITIATIVE (2004),  
[http://financialaccess.org/sites/default/files/D3\\_FAI\\_MicroinsuranceRevolution\\_0\\_0.pdf](http://financialaccess.org/sites/default/files/D3_FAI_MicroinsuranceRevolution_0_0.pdf).

**Reinsurance:**

- 3.0.13. CRAIG CHURCHILL, *PROTECTING THE POOR: A MICROINSURANCE COMPENDIUM* (2009). Read: Ch. 5-4—The Role of Insurers and Reinsurers in Supporting Insurance for the Poor.
- 3.0.14. Maria Orecchio & Vikram Sidhu, *Another World: More Reinsurers are Dipping their Toes into the Microinsurance Market*, 110 BEST’S REV. (Aug.

2009), available at

<http://www.thefreelibrary.com/Another+world%3a+more+reinsurers+are+dipping+their+toes+into+the...-a0205858891>.

### **Health Insurance**

3.0.15. Sidhartha R. Sinha & Rajaie Batniji, *Protecting Health: Thinking Small*, 88 WHO BULL. (2010), <http://www.who.int/bulletin/volumes/88/9/09-071530/en/index.html>.

### **Weather Insurance:**

3.0.16. INT’L RES. INST. FOR CLIMATE AND SOC’Y, DESIGNING INDEX-BASED WEATHER INSURANCE FOR FARMERS (2009), [http://cred.columbia.edu/pdfs/publications/Dinku\\_etal\\_EthiopiaInsuranceReporttoOxfam\\_2009.pdf](http://cred.columbia.edu/pdfs/publications/Dinku_etal_EthiopiaInsuranceReporttoOxfam_2009.pdf).

3.0.17. Sommarat Chantarat, et al., *Improving Humanitarian Response to Slow-Onset Disasters Using Famine Indexed Weather Derivatives*, 68 AGRIC. FIN. REV. (2008).

3.0.18. William J. Dick, THE WORLD BANK ARD, Presentation: Weather Index Insurance for Agriculture (Oct. 13, 2006).

3.0.19. Richard Carpenter & Jerry Skees, THE WORLD BANK, *Index-Based Insurance Products Regulatory and Legal Issues* (2005).

3.0.20. SHADRECK MAPFUMO, RURAL MANUAL: EXTENDING FINANCIAL SERVICES TO THE RURAL POOR, OPPORTUNITY INT’L (2009). Read: Ch. 2—MicroEnsure’s Weather Indexed Crop Insurance: Implementation, Product Design, Challenges, and Successes—Lessons Learned in the Field pp. 19-29.

## **Part IV: Mobile Telephony, Internet & Other Technology Solutions for Distributing MFI Products**

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### **Class Discussion:**

- How can MFIs utilize mobile telephony and other technology solutions to more efficiently distribute financial and other products while addressing the infrastructure, transaction and information cost challenges for MFIs?

### **Required Readings:**

#### **Overview:**

3.16. CGAP, *Focus Note: Using Technology to Build Inclusive Financial Systems* (2009), [http://www.cgap.org/gm/document-1.9.2740/BR\\_Using\\_Technology\\_Build\\_Inclusive\\_Financial\\_Systems.pdf](http://www.cgap.org/gm/document-1.9.2740/BR_Using_Technology_Build_Inclusive_Financial_Systems.pdf).

#### **Focus on Kiva:**

3.17. BUS. DEV., *Kiva vs. MicroPlace – What’s the Difference?* (2007).

3.18. CMTY. DEV. INV. REV., *Cows, Kiva, and Prosper.Com: How Disintermediation and the Internet are Changing Microfinance* (2008).

**Branchless Banking:**

- 3.19. CGAP, *Focus Note: Branchless Banking 2010: Who's Served? At What Price? What's Next?* (2010), [www.cgap.org/gm/document-1.9.47614/FN66\\_Rev1.pdf](http://www.cgap.org/gm/document-1.9.47614/FN66_Rev1.pdf).
- 3.20. CGAP, *Focus Note: Regulating Transformational Branchless Banking: Mobile Phones and Other Technology to Increase Access to Finance* (2008), <http://www.cgap.org/p/site/c/template.rc/1.9.2583/>.

**Mobile Telephony:**

- 3.21. Jim Luce, *Gates Foundation's Ignacio Mas On eFinance in the Developing World*, HUFFINGTON POST (2010), [http://www.huffingtonpost.com/jim-luce/gates-foundations-ignacio\\_b\\_527972.html](http://www.huffingtonpost.com/jim-luce/gates-foundations-ignacio_b_527972.html).
- 3.22. CGAP, *Focus Note: Microfinance and Mobile Banking: The Story so Far* (2010), <http://www.cgap.org/p/site/c/template.rc/1.9.45546/>.
- 3.23. Olga Morawczynski, *Saving Through the Mobile Phone—The Case of M-PESA*, MICROBANKING BULLETIN 7-14 (2009), available at <http://www.microfinancegateway.org/p/site/m/template.rc/1.1.7918/?page1=print>.

**Optional Readings:****More on Branchless Banking:**

- 3.0.21. CGAP, *Focus Note: The Early Experience with Branchless Banking* (2008), <http://www.cgap.org/p/site/c/template.rc/1.9.2640/>.
- 3.0.22. CGAP, *Focus Note: Being Able to Make (Small) Deposits and Payments, Anywhere* (2008), <http://www.cgap.org/p/site/c/template.rc/1.9.2639/>.

**Mobile Telephony:**

- 3.0.23. CGAP, *Focus Note: Banking on Mobiles: Why, How, for Whom?* (2008), <http://www.cgap.org/p/site/c/template.rc/1.9.4400/>.
- 3.0.24. PYRAMID RES., *Excerpt: Mobile Financial Services in Africa—MNO Business Models and Market Forecast* (2010).
- 3.0.25. THE SEEP NETWORK & OPPORTUNITY INT'L, CASE STUDY: EXPANDING OUTREACH IN MALAWI: OIBM'S EFFORTS TO LAUNCH A MOBILE PHONE BANKING PROGRAM (2009), <http://www.opportunity.org/wp-content/uploads/2010/07/Expanding-Outreach-in-Malawi-OIBMs-Efforts-to-Launch-a-Mobile-Phone-Banking-Program.pdf>.
- 3.0.26. SHADRECK MAPFUMO, RURAL MANUAL: EXTENDING FINANCIAL SERVICES TO THE RURAL POOR, OPPORTUNITY INT'L (2009). Read: Ch. 3—Developing an Effective M-Banking Program: Key Issues, Principles and Processes.
- 3.0.27. MICROFINANCE: EMERGING TRENDS AND CHALLENGES (Suresh Sundaresan ed, 2007). Read: Ch. Four—Cell Phones for Delivering Micro-Loans.

**E-Money:**

3.0.28. IFC & THE HARV. KENNEDY SCH., *Developing Mobile Money Ecosystems* (2008).

3.0.29. CGAP, *Focus Note: Nonbank E-Money Issuers: Regulatory Approaches to Protecting Customer Funds* (2010), <http://www.cgap.org/p/site/c/template.rc/1.9.45715/>.

**More on Kiva:**

3.0.30. KIVA, *How Kiva works*, <http://www.kiva.org/about/how>

3.0.31. Stephanie Strom, *Confusion on Where Money Lent via Kiva Goes*, N.Y. TIMES, Nov. 8, 2009, available at <http://www.nytimes.com/2009/11/09/business/global/09kiva.html>.

**Unit 4: MFI Commercialization, Transformation, Regulation, and Corporate Governance Issues**

**Part I: Commercialization**

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**Class Discussion:**

- What are the positive and negative effects of MFIs Commercializing? Discuss the trade offs in commercializing versus being donor dependant.
- What is the net impact of Commercial banks entering the Microfinance market?
- Is heightened competition a positive or negative force on MFIs?

**Required Readings:**

**The Process of Commercialization:**

**Overview:**

4.1. THE ECONOMICS OF MICROFINANCE. Read: Ch. Eight—Commercialization and Regulation, pp. 239-57, 262-4.

4.2. THE COMMERCIALIZATION OF MICROFINANCE. Read: Ch. One—Commercialization, The New Reality of Microfinance.

**Commercial Banks Operating Downstream:**

4.3. CGAP, *Focus Note: Commercial Banks and Microfinance: Evolving Models of Success* (2005), <http://www.cgap.org/p/site/c/template.rc/1.9.2572/>.

**Case Studies:**

**Successes in Commercialization:**

4.4. ELISABETH RHYNE, MICROFINANCE FOR BANKERS AND INVESTORS (2008) [hereinafter MICROFINANCE FOR BANKERS AND INVESTORS]. Read: Case Study—Citigroup Fosters Commercial Relationships with Microfinance Institutions, pp. 175-80.

**Competition & Oversaturation of the Market:**



4.5. THE COMMERCIALIZATION OF MICROFINANCE. Read: Case Study—Commercialization and Crisis in Bolivian Microfinance, pp. 114-136.

### Optional Readings:

#### **More on Commercial Banks Moving Downstream:**

4.0.1. MICROFINANCE FOR BANKERS AND INVESTORS. Read: Ch. Six—Corporate Choices, 47-55, Ch. Seven—Commercial Banks as Microlenders.

4.0.2. *Peru's Biggest Bank to Acquire Microfinance Group*, REUTERS, Sept. 7, 2009, <http://www.reuters.com/article/idUSN0724978020090907>.

#### **Competition & Oversaturation of the Market:**

4.0.3. THE COMMERCIALIZATION OF MICROFINANCE. Read: Ch. Ten—Microfinance Institutions in Competitive Conditions, pp. 200-19.

#### **Impact of MFI Commercialization & Regulation on Outreach:**

4.0.4. Robert Cull et al., *Microfinance Tradeoffs: Regulation, Competition, and Financing*, FIN. ACCESS INITIATIVE (2009), [http://financialaccess.org/sites/default/files/FAI\\_Microfinance\\_Tradeoffs.pdf](http://financialaccess.org/sites/default/files/FAI_Microfinance_Tradeoffs.pdf).

## Part II: Transformation & Regulation

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### Class Discussion:

- What are some of the key considerations in MFI transformation?
- How is transformation driven by financial product expansion and complexity, regulatory and licensing requirements and funding consequences?
- How does transformation change products, focus and approach of MFIs?

### Required Readings:

#### **Transformation Overview:**

4.6. CGAP, *Transforming NGO MFIs: Critical Ownership Issues to Consider* (2008).

4.7. PowerPoint Presentation by Donald Crane, Vice President & General Counsel, FINCA Int'l, Inc., *Transformation of Microfinance Institutions* (2010).

4.8. THE COMMERCIALIZATION OF MICROFINANCE. Read: Ch. 2—Transformation, Journey from NGO to Regulated MFI.

4.9. Joanna Ledgerwood & Victoria White eds., *TRANSFORMING MICROFINANCE INSTITUTIONS* (2006) [hereinafter *TRANSFORMING MICROFINANCE INSTITUTIONS*]. Read: Ch. Two—Transforming the Institution, Strategic Decisions, Ch. 3—Planning for Transformation.



**Regulation Overview:**

4.10. MICROFINANCE HANDBOOK. Read: Ch. One—Understanding the Country Context.

4.11. THE ECONOMICS OF MICROFINANCE. Read: Ch. Eight—Commercialization and Regulation, pp. 257-62.

4.12. CGAP, *Microfinance Consensus Guidelines, Guiding Principles on Regulation and Supervision of Microfinance* (2007), [http://www.cgap.org/gm/document-1.9.2787/Guideline\\_RegSup.pdf](http://www.cgap.org/gm/document-1.9.2787/Guideline_RegSup.pdf).

4.13. THE COMMERCIALIZATION OF MICROFINANCE. Read: Ch. 12—The Experience of Microfinance Institutions with Regulation & Supervision, pp. 246-268.

**Operating in Undeveloped & Unpredictable Regulatory Environments:**

4.14. Elisabeth Rhyne, *Microfinance Among the Populists*, HUFFINGTON POST, June 11, 2010, [http://www.huffingtonpost.com/elisabeth-rhyne/microfinance-among-the-po\\_b\\_609167.html](http://www.huffingtonpost.com/elisabeth-rhyne/microfinance-among-the-po_b_609167.html).

4.15. BANKING WITH THE POOR NETWORK (BWTP), *Microfinance in Timor-Leste (East Timor)* (2010), available at <http://www.bwtp.org/files/BWTP%20Industry%20Update%201%20-%20Microfinance%20in%20Timor-Leste.pdf>.

**Optional Readings:****More on Regulation:**

4.0.5. BASEL COMMITTEE ON BANKING SUPERVISION, MICROFINANCE ACTIVITIES AND THE CORE PRINCIPLES FOR EFFECTIVE BANKING SUPERVISION (2010), <http://www.bis.org/publ/bcbs175.pdf>.

4.0.6. Tony Singleton & Andrée Simon, *Central Bank Regulation and Microfinance in Africa*, HARV. C. ECON. REV. (Spring 2007), at 6.

4.0.7. Patrick Meagher, *Microfinance Regulation in Developing Countries: A Comparative Review of Current Practice*, IRIS CENTER (2002), available at <http://www.intercoop.ch/finance/download/divers/iris-comparision-between-countries.pdf>.

**Impact of MFI Regulation:**

4.0.8. Robert Cull et al., *Does Microfinance Regulation Curtail Profitability and Outreach?*, FIN. ACCESS INITIATIVE (2008).

**Impact of the No Pago Movement:**

4.0.9. Barbara Magnoni, *Bubble Bubble Banex Trouble*, FIN. ACCESS INITIATIVE, Aug. 25, 2010, <http://financialaccess.org/node/3547>.

4.0.10. Elyssa Pachico, “No Pago” Confronts Microfinance in Nicaragua, N. AM. CONGRESS ON LATIN AM., Oct. 28, 2009, <https://nacla.org/node/6180>.

**More on Transformation:**

4.0.11. See generally TRANSFORMING MICROFINANCE INSTITUTIONS (discussing all aspects of transformation).

**Control Issues:**

4.0.12. CENTER FOR FIN. INCLUSION, *Aligning Interests Addressing Management and Shareholder Incentives During Microfinance Institution Transformations*

(2009), [http://www.microfinancegateway.org/gm/document-1.9.40606/AligningInterests\\_wCaseStudies.pdf](http://www.microfinancegateway.org/gm/document-1.9.40606/AligningInterests_wCaseStudies.pdf).

### Part III: Corporate Governance Issues

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#### Class Discussion:

- What are key considerations in MFI governance?
- What are some of the methodologies MFIs are using to retain control & avoid “mission drift” while undergoing transformation & commercialization? How effective are these?

#### Required Readings:

##### Overview:

- 4.16. IFAD, HANDBOOK FOR THE ANALYSIS OF GOVERNANCE IN MICROFINANCE INSTITUTIONS (2006), <http://www.ifad.org/ruralfinance/pub/handbook.pdf>.
- 4.17. UNCDF, PRINCIPLES AND PRACTICES OF MICROFINANCE (1998), <http://www.uncdf.org/mfdl/readings/MFGovernance.pdf>.
- 4.18. Marc Labie, *Corporate Governance in Microfinance Organizations: A Long and Winding Road*, MGMT. DECISION (2001).
- 4.19. MICROFINANCE HANDBOOK. Read: Ch. Four—The Institution, pp. 110-114.
- 4.20. THE COMMERCIALIZATION OF MICROFINANCE. Read: Ch. Eleven—Governance and Ownership of Microfinance Institutions, pp. 220-244.

##### Tactics for Retaining Control Post-Commercialization or Transformation:

- 4.21. COUNCIL OF MICROFINANCE EQUITY FUNDS, *The Practice of Corporate Governance in Shareholder Owned Microfinance Institutions* (2005), available at <http://www.accion.org/Document.Doc?id=571>.
- 4.22. THE SEEP NETWORK, SOCIAL PERFORMANCE MAP (2008), [http://communities.seepnetwork.org/sites/hamed/files/SPMap\\_2ed.pdf](http://communities.seepnetwork.org/sites/hamed/files/SPMap_2ed.pdf). Read: Section 14—Organizational Governance, pp. 260-262.

#### Optional Readings:

- 4.0.13. THE ECONOMICS OF MICROFINANCE. Read: Ch. Eleven—Managing Microfinance, pp. 369-373.
- 4.0.14. STANDARD & POOR’S, *For India's Microfinance Institutions, Governance Is The Key To Sustained and Scalable Growth*, Nov. 10, 2008, [http://www2.standardandpoors.com/spf/pdf/media/The\\_Key\\_To\\_Sustained\\_Scalable\\_Growth\\_11\\_10\\_08.pdf](http://www2.standardandpoors.com/spf/pdf/media/The_Key_To_Sustained_Scalable_Growth_11_10_08.pdf).
- 4.0.15. *Governance of Microfinance Institutions*, THE GLOBAL DEV. RES. CENTER, <http://www.gdrc.org/icm/govern/govern.html>.

## Unit 5: Funding and Financing MFIs

### Part I: Donor Funding & the Strings Attached

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#### Class Discussion:

- How do MFIs generally fund themselves, including funding through governments, agencies and other donors?
- What are the limitations and opportunities associated with these funding alternatives for MFIs, and what are the requirements and pressures of these funding and capital sources for MFIs and their business models and operations?

#### Required Readings:

##### Overview of Funding Sources:

- 5.1. CGAP, *Managing the Floodgates? Making the Most of International Flows of Microfinance Funding* (2008), [http://www.microcreditsummit.org/papers/Workshops/27\\_Littlefield.pdf](http://www.microcreditsummit.org/papers/Workshops/27_Littlefield.pdf).
- 5.2. TRANSFORMING MICROFINANCE INSTITUTIONS. Read: Ch. Six—The Funding Structure, pp. 163-194.

##### Grants Overview:

- 5.3. UNCDF, *Microfinance Distance Learning, Lesson 3.2: Donor/MFI Relations*, <http://www.uncdf.org/mfdl/workbook/pages/lesson32.htm>.
- 5.4. Nagesh Narayana, *Microfinance Requires no Donor Money, says MicroRate Chief Stauffenberg*, MICROFINANCEFOCUS.COM, Feb. 2, 2010, <http://www.microfinancefocus.com/news/2010/02/02/microfinance-requires-no-donor-money-says-microrate-chief-stauffenberg/>.

##### The Administrative Burden of Grant Reporting Requirements:

- 5.5. DEV. ALT.S INC. (DAI), *FIELD MANUAL: SUPPORTING MICROFINANCE THROUGH GRANTS IN POST-CRISIS SETTINGS* (2007), [http://www.dai.com/pdf/Field\\_Manual.pdf](http://www.dai.com/pdf/Field_Manual.pdf). Read pp. 6-11, Indexes I-III.
- 5.6. Ann Duval, CGAP, *Donor Good Practices: Donor Collaboration and Transparency: Standardized Donor Reporting in Uganda* (2004), <http://www.cgap.org/gm/document-1.9.2283/Uganda.pdf>.

## Optional Readings:

### Overview:

- 5.0.1. Felipe Portocarrero Maisch, et al., IADB, *How Should Microfinance Institutions Best Fund Themselves?* (2006), [http://www.microfinancegateway.org/gm/document-1.9.25621/40812\\_file\\_MFI\\_Funding\\_BPP\\_FINAL\\_All\\_ENG\\_high\\_res.pdf](http://www.microfinancegateway.org/gm/document-1.9.25621/40812_file_MFI_Funding_BPP_FINAL_All_ENG_high_res.pdf).
- 5.0.2. Matthew Swibel, *Money & Investing: Microfinance Fever*, FORBES, Jan. 27, 2008, available at <http://www.forbes.com/forbes/2008/0107/050.html>.

### Private Donors:

- 5.0.3. BILL & MELINDA GATES FOUND., *Grants Signal New Movement Toward Savings Accounts for the Poor* (2010), <http://www.gatesfoundation.org/press-releases/Pages/microfinancing-institutions-helping-poor-save-money-100113.aspx>.
- 5.0.4. THE GLOBAL DEV. RES. CENTER, *Investing in Microfinance*, <http://www.gdrc.org/icm/invest-mfi.html>.

### Bilateral Aid:

- 5.0.5. CGAP, *Anatomy of a Microfinance Deal* (1997), <http://www.cgap.org/p/site/c/template.rc/1.9.2554/>.
- 5.0.6. CGAP, *How CGAP Member Donors Fund Microfinance Institutions* (1997), <http://www.cgap.org/gm/document-1.9.2556/FN11.pdf>.

## Part II: Capital Markets Generally

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### Class Discussion:

- What is the role of capital markets in microfinance?
- What are some of the hurdles that MFIs face in accessing the capital markets and strategies for overcoming those barriers?
- In what ways do MFIs need to develop and transform to integrate more fully into the capital markets?
- Discuss the opportunities and risks involved in funding through the capital markets.

### Required Readings:

#### Overview:

- 5.7. Brad Swanson, *The Role of International Capital Markets in Microfinance*, MICROFINANCE (2006).
- 5.8. ACCION: *InSight: Microfinance Cracking the Capital Markets II* (2007).

#### MFI Guidance on Attracting Investment:

- 5.9. Drew Tulchin, *Positioning Microfinance Institutions for the Capital Markets*, (Soc. Enterprise Associates, Working Paper No. 5, 2004).

## Optional Readings:

### Overview:

5.0.7. CGAP, *Foreign Capital Investment in Microfinance: Balancing Social and Financial Returns* (2008),

<http://www.cgap.org/p/site/c/template.rc/1.9.2584/>.

5.0.8. Jennifer Meehan, *Tapping the Financial Markets for Microfinance:*

*Grameen Foundation USA's Promotion of this Emerging Trend*, (Grameen Found. USA, Working Paper Series, 2004), available at

<http://www.haas.berkeley.edu/HaasGlobal/docs/gfusacapitalmarketsswp1004.pdf>.

5.0.9. USAID, *FINANCING MICROFINANCE INSTITUTIONS: THE CONTEXT FOR TRANSITIONS TO PRIVATE CAPITAL* (2004),

[http://pdf.usaid.gov/pdf\\_docs/PNADC887.pdf](http://pdf.usaid.gov/pdf_docs/PNADC887.pdf).

## Part III: Debt Capital Markets Financing

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### Class Discussion:

- How can MFI microloans and credits be financed in the debt capital markets?
- What are some of the basic requirements of the debt capital markets for these MFI products, and how might they alter MFI lending, financing and client relationships?
- What role do rating agencies play?
- How is foreign exchange risk managed?

### Required Readings:

#### Overview:

5.10. Mayada El Zoghbi et al., CGAP, *Performance-Based Agreements: Incorporating Performance-Based Elements into Standard Loan and Grant Agreements* (2010), [http://www.cgap.org/gm/document-1.9.43934/Performance\\_Based\\_TechGuide\\_ENG.pdf](http://www.cgap.org/gm/document-1.9.43934/Performance_Based_TechGuide_ENG.pdf).

5.11. Chris Gavin, Mayer Brown, PowerPoint Presentation: Debt Capital Markets— Transactions related to Microfinance (2010).

5.12. James Carlson, Mayer Brown, PowerPoint Presentation: Debt Capital Markets— Solutions for Financing MFIs and MFI Lending, and Financial Activities (2010).

#### Foreign Exchange Risk:

5.13. CGAP, *FocusNote: Foreign Exchange Rate Risk in Microfinance: What is it and How Can it be Managed?* (2006),

<http://www.cgap.org/p/site/c/template.rc/1.9.2522/>.

5.14. CGAP, *FocusNote: Microfinance Foreign Exchange Facilities: Performance and Prospects* (2010),

<http://www.cgap.org/p/site/c/template.rc/1.11.126928/1.9.43712/>.

5.15. CGAP, *Foreign Exchange Risk Mitigation Techniques: Structure and Documentation* (2006), [http://www.cgap.org/gm/document-1.9.3001/TechnicalTool\\_ForeignEx.pdf](http://www.cgap.org/gm/document-1.9.3001/TechnicalTool_ForeignEx.pdf). Read: 1-12, skim 13-100.

**Lending Guides & Sample Agreements:**

- 5.16. CGAP, *Commercial Loan Agreements: A Technical Guide for Microfinance Institutions* (2006),  
<http://www.cgap.org/p/site/c/template.rc/1.9.2994/>.
- 5.17. DEUTSCHE BANK, Loan Application Packet for MFIs.
- 5.18. OPIC, OPIC Application for Financing (2009).
- 5.19. Indicative Term Sheet for BRAC Pakistan from Pakistan Poverty Alleviation Fund (2009).

**Structured and Securitized Debt Financings:**

- 5.20. STANDARD & POOR'S, *Methodology and Assumptions: Standard & Poor's Approach To Rating Microfinance Securitizations* (2007); *Preliminary Ratings Assigned in Groundbreaking Microfinance CDO BlueOrchard* (2007); *Cash Flow CDO Presale Report: BlueOrchard Loans for Development S.A.* (2007).
- 5.21. Hans Byström, *The Microfinance Collateralized Debt Obligation: A Modern Robin Hood?* (Lund Univ., Dept. of Econ., Working Paper 2006:14, 2006).
- 5.22. GLOBAL STRUCTURED CREDIT STRATEGY, *Microfinance Meets CLOs* (2007).
- 5.23. BRAC Credit and Security Agreement and related Tanzania Loan Agreement, Pledge Agreement, Servicer Fee Letter and Class A and B Notes (2008).

**Optional Reading:****Potential Solutions to Foreign Exchange Risk:**

- 5.0.10. Press Release, USAID, "USAID Joins With Grameen Foundation to Launch Largest Guarantee in Program's History" (Oct. 21, 2009),  
<http://www.usaid.gov/press/releases/2009/pr091021.html>.

**More on Structured & Securitized Debt Financings:**

- 5.0.11. MF ANALYTICS LTD, *BRAC Micro Credit Securitization Series I: Lessons From the World's First Micro-Credit Backed Security* (2008).
- 5.0.12. Daniel Mauricio Alarcón, INT'L DEV. LAW ORG. (IDLO), *Securitization in Microfinance* (Microfinance Research Paper, Nov.2007),  
<http://www.idlo.int/MF/Documents/Publications/19E.pdf>.

**Part IV: Equity Capital Markets Financing**

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**Overview:**

- 5.24. David Fehr & Gaamaa Hishigsuren, *Raising Capital for Microfinance: Sources of Funding and Opportunities for Equity Financing*, 11 J. OF DEV. ENTREPRENEURSHIP (June 2006).
- 5.25. Susan D. Salerno & Clara Lipson, *The Time is Right For US Institutional Investors: A Review of Current US Institutional Investors and Potential Strategies for Increasing Their Participation*, 13 MICROFINANCE INSIGHTS (2009).

- 5.26. CGAP, *Occasional Paper: “Shedding Light on Microfinance Equity Valuation: Past and Present”* (2009), <http://www.cgap.org/p/site/c/template.rc/1.9.9021/>.

#### **Private Equity Capital Markets: Venture Capital**

- 5.27. MICROFINANCE FOR BANKERS AND INVESTORS. Read: Sequoia Capital: Private Equity and Indian Microfinance.
- 5.28. MAYER BROWN, *Memorandum: MFI Guide for Equity Capital Infusions, Model Share Subscription Agreement, Model Shareholders Agreement* (2009).

#### **Public Equity Capital Markets: IPOs**

- 5.29. Compartamos IPO Offering Circular (2007).
- 5.30. ACCIÓN, *Insight: “The Banco Compartamos Initial Public Offering”* (2008).
- 5.31. MICROFINANCE FOR BANKERS AND INVESTORS. Read: Credit Suisse: Bringing Compartamos to the Market with a Successful IPO (2008).
- 5.32. CGAP, *Focus Note: CGAP Reflections on the Compartamos Initial Public Offering: A Case Study on Microfinance Interest Rates and Profits* (2008).
- 5.33. Stephanie Strom & Vikas Bajaj, *Rich I.P.O. Brings Controversy to SKS Microfinance*, N.Y. TIMES, July 29, 2010, <http://www.nytimes.com/2010/07/30/business/30micro.html>.
- 5.34. Carlos Danel & Carlos Labarthe, COMPARTAMOS BANCO, *A Letter to Our Peers* (2008), available at <http://www.microcapital.org/press-release-carlos-danel-and-carlos-labarthe-of-microfinance-institution-compartamos-discuss-ipo-share-core-beliefs-in-an-open-letter/>.

#### **Optional Reading:**

##### **More on MFI Public Offerings:**

- 5.0.13. Barclay O’Brien, *Valuing Microfinance Institutions*, OPPORTUNITY INT’L. (2006), [http://www.microfinancegateway.org/gm/document-1.9.28026/36283\\_file\\_Savings\\_and\\_Development\\_Article.pdf](http://www.microfinancegateway.org/gm/document-1.9.28026/36283_file_Savings_and_Development_Article.pdf).
- 5.0.14. CMEF, *Microfinance and Capital Markets: The Initial Listing/Public Offering of Four Leading Institutions* (2007).
- 5.0.15. SKS, *Preliminary Prospectus*, <http://www.sebi.gov.in/dp/sksmicrofin.pdf>.

##### **Equity & Leverage**

- 5.0.16. RATINFES INT’L. LMTD, *Technical Note 2: Equity & Leverage in Indian MFIs*, Micro-Credit (2005), <http://www.m-cril.com/BackEnd/ModulesFiles/Publication/Technical%20Note%202%20-%20Equity%20And%20Leverage%20in%20Indian%20MFIs.pdf>.



## Unit Six: Microfinance Investment Vehicles

### Part I: MFI Investments as an Asset Class & Microfinance Investment Vehicles (MIVs)

#### Class Discussion:

- Discuss MFI loans to customers and loans to MFIs as an asset class as compared to other emerging market and asset classes available to global investors, and consider their performance characteristics and market performance in the recent global credit crises.

#### Required Readings:

##### MFI Investments as an Asset Class:

###### Overview:

- 6.1. Marco Coppoolse, *Microfinance: An Emerging Asset Class for Debt and Equity Investors*, MICROCAPITAL.ORG (2007).
- 6.2. Patrick Fisher, *Microfinance Equity Investments Showing High Performance: WSAS Index*, CREATION INV., July 24, 2010, <http://creationinvestments.com/news/microfinance-equity-investments-showing-high-performance-wsas-index/>.

###### Risk Profile:

- 6.3. Nicolas Krauss & Ingo Walter, *Can Microfinance Reduce Portfolio Volatility?*, UNIV. OF CHI. (2009).
- 6.4. LUXFLAG, *Report on the Performance of LuxFLAG-labelled MIVs during the Economic Crisis* (2009).

##### Microfinance Investment Vehicles (MIVs)

###### Overview

- 6.5. CGAP, *Microfinance Investment Vehicles* (2007), <http://www.cgap.org/p/site/c/template.rc/1.9.2734/>.
- 6.6. MICRORATE, *The 2007 Microfinance Investment Vehicles Survey* (2008).
- 6.7. CGAP, *MIV Performance and Prospects: Highlights from the CGAP 2009 MIV Benchmark Survey* (2009), <http://www.cgap.org/p/site/c/template.rc/1.9.38570/>.

###### Investment Considerations:

- 6.8. INGRID MATTHÄUS-MAIER & J.D. VON PISCHKE, MICROFINANCE INVESTMENT FUNDS (2007). [Read: Ch. 7—Investing in Microfinance Investment Funds, Ch. Fourteen—Microfinance Investment Funds: Looking Ahead.](#)
- 6.9. Patrick Fisher, *State of Microfinance Investment Summary: The MicroRate 2010 MIV Survey*, CREATION INV., July 22, 2010,



<http://creationinvestments.com/news/state-of-microfinance-investment-summary-the-microrate-2010-miv-survey/>.

**Optional Readings:**

**Building Market Infrastructure:**

6.0.1. MICROFINANCE FOR BANKERS AND INVESTORS (2007). Read: Ch. Fourteen—Building the Market for Investing in Microfinance.

**Unit Seven: Measuring Social Impact & Social Impact Investing**

**Class Discussion:**

- How can the social and welfare impact of microfinance be measured?
- What are the limits and biases of such measurements?
- What do such measurements suggest about microfinance and its impact and future?

**Part I: Measuring Social Impact Generally**

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**Required Readings:**

**Overview:**

- 7.1. THE SEEP NETWORK, SOCIAL PERFORMANCE MAP (2008), [http://communities.seepnetwork.org/sites/hamed/files/SPMap\\_2ed.pdf](http://communities.seepnetwork.org/sites/hamed/files/SPMap_2ed.pdf). Read: Intro. & Corporate Social Responsibility, pp. 5-31, skim: Poverty Assessment Tools & S.P. Indicators, pp. 182-239 & 245-8.
- 7.2. CGAP, *Focus Note: Graduating the Poorest Into Microfinance: Linking Safety Nets and Financial Services* (2006), <http://www.cgap.org/p/site/c/template.rc/1.9.2586/>.
- 7.3. Jonathan Morduch, PowerPoint Presentation: Impact Evaluations: Why? What to Expect? (2010).
- 7.4. Adrian Gonzalez, *Microfinance Synergies and Trade-offs: Social versus Financial Performance Outcomes in 2008*, THE MIX (2010), <http://www.themix.org/publications/data-brief-no-7-microfinance-synergies-and-trade-offs-social-vs-financial-performance-o?print>.
- 7.5. Abhijit Banerjee et al., *The Miracle of Microfinance? Evidence from a Randomized Evaluation*, THE FIN. ACCESS INITIATIVE (2009), available at <http://financialaccess.org/sites/default/files/The%20Microfinance%20Miracle%20with%20CP.pdf>.

**Optional Readings:**

**Overview:**

- 7.0.1. THE SEEP NETWORK, CONCEPTUAL NOTE: CONCEPTUAL NOTE ON SOCIAL PERFORMANCE (2006), [http://www.seepnetwork.org/Resources/4657\\_file\\_Conceptual\\_Note\\_on\\_Social\\_Performance.pdf](http://www.seepnetwork.org/Resources/4657_file_Conceptual_Note_on_Social_Performance.pdf).

### **Social Performance Among Holistic Approach INGOs:**

7.0.2. THE SEEP NETWORK, SOCIAL PERFORMANCE MAP (2008), [http://communities.seepnetwork.org/sites/hamed/files/SPMap\\_2ed.pdf](http://communities.seepnetwork.org/sites/hamed/files/SPMap_2ed.pdf). Read: Section Twelve—S.P in Multisector Development Organizations, pp. 249-252.

## **Part II: Venture Capital (VC) & SME Social Impact Investing**

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### **Class Discussion:**

- Is venture capital investing in start-up and small and medium enterprises a promising investment strategy and vehicle for economic and social change?
- How should typical venture capital investment models and terms be adapted to the MFI and its client environment?
- Is the “double bottom line” still possible?

### **Required Readings:**

#### **Venture Capital (VC) Investing:**

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##### **Overview:**

7.6. THE WORLD BANK/IFC, *Discussion Paper: Trends in Venture Capital Finance in Developing Countries* (1996), <http://actrav.itcilo.org/actrav-english/telearn/global/ilo/frame/ifcpriv.htm>.

##### **How Venture Capital Investing Works**

7.7. MICH. ROSS SCH. OF BUS., *Acumen Fund: Valuing a Social Venture* (2009).

##### **Case Study: Acumen Fund:**

7.8. MICH. ROSS SCH. OF BUS., *Acumen Fund: How to Make the Greatest Impact* (2007).

##### **Investment Agreements:**

7.9. *BlueOrchard Confidential Private Placement Memorandum*, Creation Investments Social Ventures Fund I, Oct. 1, 2008. [Read pp. 1-21.](#)

7.10. Aavishkaar Goodwell, INDIA MICROFINANCE DEV. CO. LTD., *Draft Private Placement Memorandum* (2007).

#### **Small and Medium-sized Enterprises (SMEs) & SME Financing:**

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##### **Rationale Behind SMEs & Need for Financing:**

7.11. James Surowiecki, *What Microloans Miss*, THE NEW YORKER, March 17, 2008, [http://www.newyorker.com/talk/financial/2008/03/17/080317ta\\_talk\\_surowiecki](http://www.newyorker.com/talk/financial/2008/03/17/080317ta_talk_surowiecki).

- 7.12. THE MILKEN INST. & THE GERMAN MARSHALL FUND, *Transatlantic Innovations in Affordable Capital for Small- and Medium-Sized Enterprises: Prospects for Market-Based Development Finance* (2007), [http://www.rootcapital.org/newsdocs/GMF\\_Milken%20Paper.pdf](http://www.rootcapital.org/newsdocs/GMF_Milken%20Paper.pdf).

**Root Capital:**

- 7.13. David Bornstein, *Filling the Gap Between Farm and Fair Trade*, THE N. Y. TIMES, Oct. 25, 02010, <http://opinionator.blogs.nytimes.com/2010/10/25/filling-the-gap-between-farm-and-fair-trade/?src=twrhp>.
- 7.14. Brian Milder, *Closing the Gap: Reaching the Missing Middle and Rural Poor through Value Chain Finance*, Enter. Dev. & Microfinance (Dec. 2008), available at, [http://www.rootcapital.org/resources/Value%20Chain%20Finance\\_Enterprise%20Development%20and%20Microfinance.pdf](http://www.rootcapital.org/resources/Value%20Chain%20Finance_Enterprise%20Development%20and%20Microfinance.pdf).

**SME Business Models:**

- 7.15. ASHISH KARAMCHANDANI ET AL., EMERGING MARKETS, EMERGING MODELS: MARKET-BASED SOLUTIONS TO THE CHALLENGES OF GLOBAL POVERTY, MONITOR GROUP (2009), [http://www.mim.monitor.com/downloads/emergingmarkets\\_full.pdf](http://www.mim.monitor.com/downloads/emergingmarkets_full.pdf). Read pp. 1-7 (Executive Summary) & 27-33 (The Importance of Scale), skim pp. 39-100 (Business Models).

**SME Case Study:**

- 7.16. GLOBAL HEALTH DELIVERY PROJECT, *Building Local Capacity for Health Commodity Manufacturing: A to Z Textile Mills Ltd.* (2008).

**Social Impact Investing:**

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**Overview:**

- 7.17. Carl Schramm, *All Entrepreneurship is Social*, Stan. Soc. Innovation Rev., Spring 2010, at 21, available at [http://www.ssireview.org/images/articles/2010SP\\_FirstPerson\\_All\\_Entrepreneurship\\_is\\_Social.pdf](http://www.ssireview.org/images/articles/2010SP_FirstPerson_All_Entrepreneurship_is_Social.pdf).
- 7.18. MUHAMMAD YUNUS, BUILDING SOCIAL BUSINESS: THE NEW KIND OF CAPITALISM THAT SERVES HUMANITY'S MOST PRESSING NEEDS (2010). Read: Ch. One—Why Social Business, pp. 1-31.

**Field Guides on Social Impact Investment:**

- 7.19. INVESTING FOR SOCIAL & ENVIRONMENTAL IMPACT: A DESIGN FOR CATALYZING AN EMERGING INDUSTRY, MONITOR INST. (2009), [http://www.monitorinstitute.com/impactinvesting/documents/InvestingforSocialandEnvImpact\\_FullReport\\_004.pdf](http://www.monitorinstitute.com/impactinvesting/documents/InvestingforSocialandEnvImpact_FullReport_004.pdf). Read: Intro. & The Core Argument, pp. 3-41, skim: An Approach for Accelerating Progress & Detailed Recommendations, pp. 43-75.

- 7.20. THE SEEP NETWORK, SOCIAL PERFORMANCE MAP (2008),  
[http://communities.seepnetwork.org/sites/hamed/files/SPMap\\_2ed.pdf](http://communities.seepnetwork.org/sites/hamed/files/SPMap_2ed.pdf). Read:  
Section Three—Socially Responsible Investing, pp. 31-48.

**Case Study: Deutsche Bank & Social Investment**

- 7.21. DEUTSCHE BANK, PowerPoint Presentation: Social Investment Matters  
(2010).

**Optional Readings:**

**How Venture Capital Investing Works**

- 7.0.3. ADAPPT FOUND., *Venture Capital as a Means to Promote Sustainable  
Entrepreneurship in Africa* (2005).

**VC Valuation:**

- 7.0.4. HARV. BUS. SCH., *Acumen Fund: Measurement in Venture Philanthropy*  
(2009).

**More SME Overviews:**

- 7.0.5. David de Ferranti & Anthony J. Ody, *Beyond Microfinance: Getting  
Capital to Small and Medium Enterprises to Fuel Faster Development*,  
BROOKINGS INST. (2007),  
[http://www.brookings.edu/~media/Files/rc/papers/2007/03development\\_ferranti/pb159.pdf](http://www.brookings.edu/~media/Files/rc/papers/2007/03development_ferranti/pb159.pdf).

- 7.0.6. OECD, *Policy Brief: Financing SMEs and Entrepreneurs* (2006).

**More on Root Capital:**

- 7.0.7. V. Katsuri Rangan & Katharine Lee, *Root Capital*, HARV. BUS. SCH.  
(2009).

**Other Case Studies:**

- 7.0.8. Robert Katz, PowerPoint Presentation: Patient Capital Investing at the  
Base of the Pyramid (2010).

- 7.0.9. Rustom Masalawala: PowerPoint Presentation (2010).

**Critique of Microfinance & Need for SMEs:**

- 7.0.10. Aneel Karnani, *Microfinance Misses its Mark*, Stan. Soc. Innovation Rev.,  
Summer 2007, at 34, available at  
[http://www.ssireview.org/images/articles/2007SU\\_feature\\_karnani.pdf](http://www.ssireview.org/images/articles/2007SU_feature_karnani.pdf).

## Index of General Resources for Microfinance

There is a wealth of organizations and websites that provide significant insights, articles and resources with regard to microfinance, many of which we will refer to in class from time to time, and all of which can be helpful to you in learning more about microfinance and preparing papers and presentations later in the semester.

### Microfinance Institutions (MFIs):

<u>Organization</u>	<u>Website</u>	<u>Brief Description</u>
<b>Accion International</b>	<a href="http://www.accion.org">www.accion.org</a>	ACCION International is a private, nonprofit organization currently partnered with 28 microfinance institutions (MFIs), NGOs and commercial banks.
<b>BRAC</b>	<a href="http://www.brac.net">www.brac.net</a>	(Bangladesh Rural Advancement Committee)--the world's largest NGO. BRAC operates social enterprises that are strategically connected to development programs & form crucial value chain linkages which increase the productivity of members' assets and labor, and reduce risks of their enterprises.
<b>Finca</b>	<a href="http://www.finca.org">www.finca.org</a>	A global MFI network collectively serving more low-income entrepreneurs than any other MFI while operating on commercial principles of performance and sustainability.
<b>Grameen Bank</b>	<a href="http://www.grameen-info.org">www.grameen-info.org</a>	MFI & community development bank founded in 1976 by Muhammad Yunus—uses the group lending model to make small loans without requiring collateral.
<b>Kiva</b>	<a href="http://www.kiva.org">www.kiva.org</a>	Kiva Microfunds, a non-profit that allows people to lend money via the internet to MFIs around the world and in the U.S., which in turn lend the money to small businesses & students.
<b>Opportunity International</b>	<a href="http://www.opportunity.org">www.opportunity.org</a>	Faith-based MFI, providing small business loans, savings, insurance and training.
<b>Sharemicrofin Limited</b>	<a href="http://www.sharemicrofin.com">www.sharemicrofin.com</a>	India: A regulated NBFC providing financial & support services to the marginalized.
<b>SKS Microfinance</b>	<a href="http://www.sksindia.com">www.sksindia.com</a>	SKS Microfinanc-- India's largest MFIs, transformed into a NFBC regulated by the Reserve Bank of India. On July 28, 2010, SKS Microfinance, went public on the

		Bombay Stock Exchange.
<b>TrickleUp</b>	<a href="http://www.trickleup.org">www.trickleup.org</a>	Program of microenterprise development that includes training, conditional seed capital grants, and savings.

### MFIs Targeting Women

<b>Freedom From Hunger</b>	<a href="http://www.freedomfromhunger.org">www.freedomfromhunger.org</a>	MFI offering group lending, savings, education & healthcare programs.
<b>Women's World Banking</b>	<a href="http://www.swwb.org">www.swwb.org</a>	A network of 40 leading MFIs from 28 countries committed to women as clients, innovators and leaders.

### Hybrid Development Institutions

<b>Millennium Villages Millennium Promise</b>	<a href="http://www.millenniumvillages.org">www.millenniumvillages.org</a> <a href="http://www.millenniumpromise.org">www.millenniumpromise.org</a>	Millennium Villages: An initiative of The Earth Institute at Columbia University, Millennium Promise, & the UNDP. Community-led development for impoverished rural communities in Africa.
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### Research & Activist Organizations:

<u>Organization</u>	<u>Website</u>	<u>Brief Description</u>
<b>Boulder Institute of Microfinance</b>	<a href="http://www.bouldermicrofinance.org">www.bouldermicrofinance.org</a>	Nonprofit organization founded in 2004, to create a platform for dialogue and critical thinking in microfinance.
<b>CGAP &amp; CGAP Microfinance Gateway</b>	<a href="http://www.cgap.org">www.cgap.org</a> <a href="http://www.microfinancegateway.org">www.microfinancegateway.org</a>	CGAP is an independent policy and research center housed at the World Bank Microfinance Gateway contains CGAP's research & articles.
<b>CIA World Factbook</b>	<a href="http://www.cia.gov/cia/publications/factbook/index.html">www.cia.gov/cia/publications/factbook/index.html</a>	Provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 266 world entities.
<b>Financial Access Initiative</b>	<a href="http://www.financialaccess.org">www.financialaccess.org</a>	FAI is a consortium of leading development economists.
<b>International Year of Microcredit 2005</b>	<a href="http://www.yearofmicrocredit.org">www.yearofmicrocredit.org</a>	Webpage for the International Year of Microcredit--the UN designates International Years in order to draw attention to major issues.
<b>Microcapital Institute</b>	<a href="http://www.microcapital.org">www.microcapital.org</a>	Microcapital provides monthly market reports on microfinance capital markets.
<b>Microcredit Summit</b>	<a href="http://www.microcreditsummit.org">www.microcreditsummit.org</a>	Campaign brings together MFIs, advocates, educational

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<b>Campaign</b>		institutions, donor agencies, IFIs, NGOs & others to promote best practices in the field.
<b>Microfinance Information Exchange</b>	<a href="http://www.themix.org">www.themix.org</a>	The Mix provides data services, analysis, research & business information on the institutions that provide financial services.
<b>microLinks</b>	<a href="http://www.microlinks.org">www.microlinks.org</a>	A knowledge-sharing family of applications & tools designed to improve the impact of USAID microenterprise programs and activities.
<b>Next Billion</b>	<a href="http://www.nextbillion.net">www.nextbillion.net</a>	Website and blog bringing together the community of business leaders, social entrepreneurs, NGOs, policy makers and academics who want to explore the connection between development and enterprise.
<b>Ohio State Rural Finance Program</b>	<a href="http://www.aede.osu.edu">www.aede.osu.edu</a>	Applies economic & business principles to the challenges of agriculture, the food system, the environment, and economic development.
<b>SEEP Network</b>	<a href="http://www.seepnetwork.org">www.seepnetwork.org</a>	Practitioner-driven research, learning, & product development primarily through member-driven learning initiatives
<b>Socialfunds.com</b>	<a href="http://www.socialfunds.com">www.socialfunds.com</a>	Information on SRI mutual funds, community investments, corporate research, shareowner actions, & daily social investment news.

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## Donors, Funding & Technical Assistance:

<u>Organization</u>	<u>Website</u>	<u>Brief Description</u>
<b>Acumen Fund</b>	<a href="http://www.acumenfund.org">www.acumenfund.org</a>	Uses philanthropic capital to make investments – loans or equity– that yield both financial & social returns.
<b>Blue Orchard</b>	<a href="http://www.blueorchard.com">www.blueorchard.com</a>	Blue Orchard develops & manages financial products & services that invest in MFIs.
<b>UN Capital Development Fund</b>	<a href="http://www.unCDF.org">www.unCDF.org</a>	The UNCDF offers investment capital, capacity building & technical advisory services to MFIs.
<b>Developing World Markets</b>	<a href="http://www.dwmarkets.com">www.dwmarkets.com</a>	Structures transactions that provide MFIS & other socially motivated organizations with access to international capital markets.
<b>Grameen Foundation</b>	<a href="http://www.grameenfoundation.org">www.grameenfoundation.org</a>	The Grameen Foundation offers funding & technical assistance.
<b>Imp-Act Consortium</b>	<a href="http://www2.ids.ac.uk/impact">www2.ids.ac.uk/impact</a>	Imp-Act provides technical assistance by supporting and promoting Social Performance Management (SPM).
<b>Intellectap</b>	<a href="http://www.intellecap.net">www.intellecap.net</a>	Consulting/ help with business development process: conceiving ideas, raising investments, implementing processes, & evaluating social initiatives.
<b>Intellectash</b>	<a href="http://www.intellectash.com">www.intellectash.com</a>	Intellectash provides business franchising services to MFIs.
<b>International Association of Microfinance Investors</b>	<a href="http://www.iamfi.com">www.iamfi.com</a>	A global membership organization with the goal to increase sustainable capital flows to microfinance, thereby expanding access to financial services among the world's financially excluded.
<b>MicroSave</b>	<a href="http://www.microsave.org">www.microsave.org</a>	MicroSave offers technical assistance: development of toolkits and training.
<b>PlaNNet Finance</b>	<a href="http://www.planetfinancegroup.org/EN">www.planetfinancegroup.org/EN</a>	Technical assistance: International NGO providing: advisory services & training, a microfinance rating agency, investment company, and venture capital company with a social mission that invests directly in microentrepreneurial projects.
<b>World Bank</b>	<a href="http://www.worldbank.org">www.worldbank.org</a>	An international financial institution (IFI) that provides leveraged loans to developing countries for capital programs.
<b>MicroInsurance</b>		
<b>Microensure</b>	<a href="http://www.microensure.com">www.microensure.com</a> <a href="http://www.microinsuranceagency.com">www.microinsuranceagency.com</a>	An insurance intermediary providing a range of



insurance products.

**Microinsurance**

[www.microinsurancecentre.org](http://www.microinsurancecentre.org)

Works with insurers and delivery channels to develop partnerships for product development, research and advocacy.