

**INTRODUCTION TO MICROFINANCE**  
**Simulcast Course**

Anderson students have been offered a special opportunity to participate in an 8-week course on microfinance that is being simulcast from the University of California at Berkeley.

Anderson students can receive 3 units of academic credit if they enroll in the course under the independent study course number, attend each session, and conduct a research project.

Students and community members are invited to attend any and all class sessions whether or not they enroll in the course.

Dates: Mondays, October 20 to December 8  
Time: 5 to 7 pm (Mountain time)  
Place: Anderson Computer Lab

The Berkeley course has been organized by Sean Foote, and he has assembled an excellent group of speakers on a diverse array of topics. The schedule of course topics is attached. Please sign up for the class list-serve: UNMMicrofinance@gmail.com. Readings from Berkeley will be sent each week on the class list-serve.

Optional Additional Reading: *Creating a World Without Poverty: Social Business and the Future of Capitalism*, by Muhammad Yunus. New York: Public Affairs, 2007.

Research Paper Assignment: Select a research topic that either (a) examines country cases of good and questionable microfinance activity, (b) assists a local microfinance provider in improving its performance, or (c) analyzes contemporary controversies in microfinance. You are encouraged to work in groups of 3 or 4. Please submit your research topic to me by Monday, Oct. 27.

Deadline: Friday, December 19, at noon. OK to email the paper to me as long as I can download it. Earlier is better, but I can still get the paper graded to turn in the final grade on Monday, Dec. 22.

Special thanks to Michelle Watkins, president of UNM Net Impact, for coordinating the technical aspects of the course, including setting up and maintaining the class list-serve.

# Introduction to Microfinance – Fall 2008

## Syllabus for UC Berkeley Course

FACULTY SPONSOR: Sean Foote ([sfoote@labrador.com](mailto:sfoote@labrador.com))

MEETING DAY(S)/TIME: Monday, 4:15-6:00 PM PST

Class will be held in 7 sessions on the following dates:

10/27, 11/3, 11/10, 11/17, 11/24, 12/1 and 12/8.

### CLASS FORMAT:

Classroom activities will consist of faculty and student-led discussions concerning assigned articles and readings. Each class will also feature a guest lecturer. Please see the last page for a list of speakers and their bios.

The class will be simulcast to other business school campuses around the country.

### REQUIRED READINGS:

A selection of brief articles focused on areas relevant to guest speakers will be assigned prior to each class to facilitate group discussion. These readings are all available online.

### ABSTRACT OF COURSE'S CONTENT AND OBJECTIVES:

The course explores why and how microfinance operations have grown to provide financial services to poor and low-income people on a sustainable basis. The course brings together advice and best practices from successful practitioners and institutions around the world as well as new technology startups targeting the industry. This course will provide students with an introduction to microfinance as an important development effort in the war against poverty. It will also serve as an excellent forum to learn about current challenges and debates in the world of microfinance. The final paper will be described and assigned during the class.

[NOTE: Course requirements will vary at other schools.]

### **Week 1: Introduction to Microfinance – 10/27**

Lecture: Introduction to class structure and faculty  
Microfinance and the History of informal savings  
The major components of Microfinance's ecosystem  
An overview of issues in Microfinance: gender, impact, alternatives

Speaker: Elizabeth Funk, Chairman, Unitus

### Readings:

- 1) Article: "Millions for Millions", Connie Bruck, The New Yorker, October 30, 2006. (14 pages)  
[http://www.newyorker.com/archive/2006/10/30/061030fa\\_fact1](http://www.newyorker.com/archive/2006/10/30/061030fa_fact1)

- 2) *Article*: “Perspectives on informal rural finance,” Jochem Zoetelief, SD dimensions, Sept. 1999. (8 pages)  
<http://www.fao.org/sd/ppdirect/ppan0015.htm>
- 3) *Website*: CGAP FAQ, <http://www.microfinancegateway.org/section/faq>

### **Week 2: Detailed design – group lending and variations, gender – 11/3**

**Lecture:** The reasons for microfinance’s unique structure  
Rates of return and cost of money  
Individual versus group lending

**Speaker:** Kate Lauer, Policy Advisory Consultant, CGAP

**Readings:**

- 1) *Article*: “Variations in Micro-finance Design : Some Important Variables,” Par Jens REINKE, ADA.  
<http://www.globenet.org/archives/web/2006/www.globenet.org/horizon-local/ada/reinke.html>
- 2) *Website*: CGAP, <http://www.cgap.org>

### **Week 3: Managing and working at an MFI - compensation, structure – 11/10**

**Lecture:** Management challenges of MFIs  
What can go wrong within microfinance institutions?  
Scale issues, strategy drift, and sustainability

**Speaker:** Kendall Mau, CFO and COO, Prisma Microfinance

**Readings:**

- 1) *Case Study*: “Controlling Growth at a Mexican Microfinance Start-Up,” Cases for Management Education. (4 pages)  
<http://emdapcasebook.iie.org/pdfs/4.3%20Controlling%20Growth%20MI%20Startup-Mexico.pdf>
- 2) *Article*: “Designing Staff Incentive Schemes,” Martin Holtmann, MicroSave Briefing Note #15. (2 pages)  
[http://www.microfinancegateway.org/files/3530\\_03530.pdf](http://www.microfinancegateway.org/files/3530_03530.pdf)
- 3) *Website*: Prisma Microfinance, <http://www.prismamicrofinance.com>

### **Week 4: Challenges in Microfinance – 11/17**

**Lecture:** Applicability of entrepreneurship  
Gaining liquidity for investors  
Country context and variations

**Speaker:** Monica Brand, Vice President, ACCION International

Readings:

- 1) *Article*: “Microloan Sharks,” Jonathan Lewis, Stanford Social Innovation Review, Summer 2008. (4 pages)  
[http://www.ssireview.org/articles/entry/microloan\\_sharks](http://www.ssireview.org/articles/entry/microloan_sharks)
- 2) *Article*: “A Letter to Our Peers,” Carlos Danel & Carlos Labarthe, Compartamos Banco Website, June 2008. (11 pages)  
<http://microfinancegateway.org/content/article/detail/49967>
- 3) *Article*: “Lenders to the Poor Adopt Guidelines,” Elisabeth Malkin, The New York Times, September 26, 2008. (2 pages).  
<http://www.nytimes.com/2008/09/26/business/worldbusiness/26micro.html>
- 4) *Websites*: Compartamos Banco, <http://compartamos.com>, Accion, [www.accion.org](http://www.accion.org)

Additional Resources:

- 1) *Video*: “Who’s Making Money from Microcredit,” NOW: Enterprising Ideas PBS, September 2007.  
<http://www.pbs.org/now/enterprisingideas/Compartamos.html>
- 2) *Article*: “CGAP Reflections on the Compartamos Initial Public Offering,” CGAP, June 2007. (15 pages)  
<http://www.microfinancegateway.org/content/article/detail/41181>

**Week 5: Other Microfinance products offering – Beyond Credit – 11/24**

Lecture: Introduction to products in addition to loans, e.g., savings, insurance, and education

Speaker: Chris Dunford, President, Freedom from Hunger

Readings:

- 1) *Article*: “Adding Value to Microfinance and to Public Health Education—At the Same Time,” Christopher Dunford, Finance for the Poor. Volume 4, Number 4, December 2003. (4 pages)  
[www.adb.org/documents/periodicals/microfinance/finance\\_200344.pdf](http://www.adb.org/documents/periodicals/microfinance/finance_200344.pdf)
- 2) *Article*: “Micro-insurance: the next revolution?” Jonathan Morduch, What Have We Learned About Poverty? Oxford University Press, Updated June 1, 2004. [www.nyu.edu/projects/morduch/documents/insurance/Micro-insurance\\_the\\_Next\\_Revolution.pdf](http://www.nyu.edu/projects/morduch/documents/insurance/Micro-insurance_the_Next_Revolution.pdf)
- 3) *Websites*: Freedom From Hunger, <http://freedomfromhunger.org> LeapFrog Investments, <http://www.leapfroginvest.com/>

Additional Resources:

- 1) *Article*: “Reimagining Microfinance,” Alex Counts, Stanford Social Innovation Review, Summer 2008.

**Week 6: Investing in MFIs – 12/1**

Lecture: Measuring impact

Selecting an investment vehicle and process  
Assessing sustainability

Speaker: Anne Miles, Director of USA office, BlueOrchard Finance USA  
Steve Hardgrave, Partner, Gray Ghost Ventures

Readings:

- 1) *Article*: "Evidence of Microfinance's Contribution to Achieving the Millennium Development Goals," Christopher Dunford, Global Microcredit Summit, November 12-15, 2006. (16 pages)  
[www.microcreditsummit.org/papers/Workshops/17\\_Dunford.pdf](http://www.microcreditsummit.org/papers/Workshops/17_Dunford.pdf)
- 2) *Article*: "Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions," Hashemi, S., Foose, L. & Badawi, S., CGAP, May 2007. (12 pages)  
<http://microfinancegateway.org/content/article/detail/42300>
- 3) *Website*: The Mix Market, [www.themixmarket.org](http://www.themixmarket.org), BlueOrchard  
<http://www.blueorchard.org/jahia/Jahia/>

Additional Resources:

- 1) *Article*: "Measuring the Impact of Microfinance," Nathanael Goldberg, Grameen Foundation USA Publication Series, December 2005. (52 pages)  
[www.grameenfoundation.org/pubdownload/dcl/index.php?GFUSA-MicrofinanceImpactWhitepaper.pdf](http://www.grameenfoundation.org/pubdownload/dcl/index.php?GFUSA-MicrofinanceImpactWhitepaper.pdf)
- 4) *Article*: "Good Practice for Funders of Microfinance," CGAP, October 2006. (42 pages) <http://www.cgap.org/docs/donorguidelines.pdf>
- 5) *Website*: CGAP Social Performance Resource Center,  
[http://www.microfinancegateway.com/resource\\_centers/socialperformance](http://www.microfinancegateway.com/resource_centers/socialperformance)

**Week 7: Innovation and entrepreneurship in MFI land – 12/8**

Lecture: New Innovations in Microfinance

Speaker: Jessica Jackley Flannery, Founder, Kiva or Premal Shah, CEO, Kiva

Readings:

- 1) *Article*: "Kiva Case Study," Joel Ramirez and Sarah Anderson, UC Berkeley, December 2007. (10 pages) link will be updated
- 2) *Article*: "Microlending for Microbankers," Jilian Mincer, The Wall Street Journal, March 20, 2008 (2 pages).  
[http://online.wsj.com/article/SB120597508026550479.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB120597508026550479.html?mod=googlenews_wsj)
- 3) *Article*: "Extra Helping," Rob Walker, The New York Times, January 27, 2008. (2 pages) <http://www.nytimes.com/2008/01/27/magazine/27wwln-consumed-t.html>
- 4) *Websites*: Kiva, [www.kiva.org](http://www.kiva.org) Microplace, [www.microplace.com](http://www.microplace.com)

Additional Resources:

- 1) *Blog*: “Kiva Chronicles,” Matt Flannery, Social Edge.  
<http://www.socialedge.org/blogs/kiva-chronicles>
  - 2) *Video*: “Uganda: A little goes a long way,” Frontline/World, October 2006.  
[http://www.pbs.org/frontlineworld/stories/uganda601/video\\_index.html](http://www.pbs.org/frontlineworld/stories/uganda601/video_index.html)
  - 3) *Video*: “Changing the World, One Loan at a Time,” Jenn Brown, The Today Show, August 21, 2007. <http://www.msnbc.msn.com/id/20534002/>
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### **Sean Foote’s Bio:**

Since 2000, Mr. Foote has been a member of the professional faculty of Entrepreneurship at the University of California's Haas School of Business, where he teaches classes in Venture Capital and Private Equity, and Microfinance. He also has taught classes on entrepreneurship and venture capital funding at the University of Michigan's Business School, University of Virginia's Darden School of Business and University of Pennsylvania's Wharton School of Business. Mr. Foote received his undergraduate degree in Electrical Engineering from the University of Missouri Rolla (1988), and his MBA from the University of Virginia's Darden Graduate School of Business (1993).

Mr. Foote has been a venture capitalist investing in early stage companies for the past 9 years and currently serves as a Partner at Labrador Ventures in Palo Alto, CA. Before venture investing, Mr. Foote was a management consultant with Boston Consulting Group, working in a wide range of industries such as telecom, computers, healthcare, banking, and automotive on topics ranging from strategic alliances to Internet strategies.

Mr. Foote is active in microfinance, serving on the Boards of the Silicon Valley Microfinance Network and Freedom from Hunger.

### **Speaker Bios:**

#### **10/27 – Elizabeth Funk, Chairman, Unitus**

Elizabeth Funk is actively involved in supporting rapid growth and commercialization in the microfinance industry. In addition to serving as chairman of the board of Unitus ([www.unitus.com](http://www.unitus.com)), Elizabeth is also a co-founder and serves on the Board of the Unitus Investment Group.

She is active in the field of microfinance as co-founder and CEO of The Dignity Fund, a board member of Deutsche Bank's Global Microfinance Consortium and the moderator of the Microfinance Forum of Young President's Organization. She also serves on the board of Ujjivan -- a Unitus microfinance partner in India - - and the Silicon Valley Microfinance Network. Until 2007 Elizabeth served as the CEO of CML Global Capital, a diversified international investment firm, which was publicly traded until she helped privatize the firm in 2004. Before joining CML, Elizabeth was one of the earliest employees at Yahoo!, where she founded the Yahoo! Shopping service and later headed e-commerce business development and strategic planning. Prior to Yahoo! Elizabeth spent four years at Microsoft.

Ms. Funk holds an international relations and economics degree with honors from Stanford University and an M.B.A. from Harvard Business School, where she was a Baker Scholar.

#### **11/3 – Kate Lauer, Policy Advisory Consultant, CGAP**

Kate Lauer is a lawyer with over 15 years of experience in international finance. Since 2000, Kate has been involved in microfinance-related legal and policy reform in various countries of the former Soviet Union and Eastern Europe, Central Asia, the Middle East and Africa. For the past three years, she has been a Policy Advisory Consultant to CGAP (Consultative Group to Assist the Poor), focusing much of her time

on the regulation of "branchless banking" – the use of information and communications technology to provide the poor and rural people with access to financial services. Most recently, Kate has been working on drafting regulations to establish an interoperable payment system in the Maldives that will enable all Maldivians to utilize their phones to make deposits, withdrawals, payments, transfers and conduct other financial transactions.

Kate began practicing at the law firm of Cleary, Gottlieb, Steen & Hamilton (1990-94), following which she was in-house counsel at the European Bank for Reconstruction and Development (1995-1998) and then at the investment banking firm of Goldman, Sachs & Co. (1998-2000), where she was Vice President and Assistant General Counsel of Whitehall, a Goldman Sachs-managed international investment fund with approximately \$38 billion in assets. Kate was also assistant professor in the Legal Studies Department of the Central European University in Budapest, Hungary from 1994-95 and has lectured at New York University School of Law, the School of International and Public Affairs at Columbia University, and Boalt Law School at the University of California at Berkeley. She has a J.D. from New York University School of Law and a B.A. in economics from Dartmouth College

### **11/10 – Kendall Mau, CFO and COO, Prisma Microfinance**

Kendall joined Prisma in 2002. Kendall is a seasoned financial and human resources executive as well as an International Management Consultant having worked with for-profit and non-profit organizations in the United States, West & East Africa, Central & South America, and former Republics of the Soviet Union. He was also a Peace Corps volunteer in Panama and Senegal. Kendall's professional experience includes nine years as Vice-President of Finance & Administration of Silicon Valley FCU, a federal credit union with \$90M in assets and \$60M loan portfolio. Kendall spent eight years working in international finance for Castle & Cooke, an agriculture production company in the Americas, where he rose to Division Head. Since 1996 Kendall has acted as President of Kendall Philip Consulting, an international management consulting firm specializing in micro-financial institution turn-arounds focusing on strategic planning, financial operations analysis, organization & management development, and training needs analysis.

In 1997, Kendall received a doctorate degree in Business Administration from Golden Gate University. Six years earlier, he gained a Certificate of Human Resources Management with Distinction from the University of California Extension. In 1976, Kendall received an MBA, in Operations Research, from the University of Maryland.

### **11/17 – Monica Brand, VP and Program Manager, Marketing & Product Development, ACCION International**

In her role as vice president, Monica Brand manages initiatives in the areas of market intelligence, new product development and efficiency. She has designed market research projects, overseen the development and launch of new products, conducted training workshops, and analyzed the institutional capacity of microfinance institutions in Latin America, Africa, and the United States.

Prior to ACCION, Ms. Brand worked two years for the Development Fund in San Francisco, helping design and launch a \$50 million statewide lending intermediary to finance small business and community facilities. She subsequently worked as a small business loan officer in Oakland, California and as a trainer for the Women's Initiative for Self-Employment (WISE). Ms Brand's professional experience also includes work in Cape Town, South Africa, where she founded an entrepreneurial training organization for owners of disadvantaged small businesses.

Ms. Brand received both a M.B.A. and a master's of education from Stanford University and her B.A. in economics from Williams College. She is the author of several works, including ACCION's monograph *Maximizing Efficiency in Microfinance* and numerous case studies for Harvard Business School. She also currently co-teaches two courses on microfinance at the Johns Hopkins School for Advanced International Studies (SAIS). <http://www.accion.org/>.

## **11/24 – Chris Dunford, President, Freedom From Hunger**

Mr. Dunford joined Freedom from Hunger in 1984 and became its president in 1991. He holds a Ph.D. in Ecology from the University of Arizona and a Bachelor's degree in Biological Science from Cornell University. He has 30+ years of experience in development planning and management in Africa, Asia, Latin America and the United States. In addition to his work with Freedom from Hunger, Dr. Dunford has also worked with United Nations and USAID. Dr. Dunford was instrumental in the design and implementation of Freedom from Hunger's strategy for combining microfinance services with education on business, health and nutrition issues. He has served on the boards of InterAction; our partner organization, CRECER; and Microcredit Enterprises, Inc. He was a member of the U.S. Agency for International Development's Advisory Committee on Voluntary Foreign Aid from 1997 to 1999 and he received the Warner P. Woodworth Social Entrepreneur of the Year Award given by the Marriott School of Business at Brigham Young University in 2004. He has authored numerous papers, impact studies and two books. Dr. Dunford is a frequent speaker at practitioner events and conferences around the world. He married and has a son in high school.

According to Chris, "When I visit the field to sit among the women at a self-help group meeting, I know I've made a difference. Once they settle back into their meeting routine after the disruption of my arrival has passed and they get back to business, I just sit there and listen to the rhythms of their knowledge and watch their faces and gestures. I can feel the impact of my work on their lives. I can feel the difference between groups, some responding to the opportunity of receiving credit and training more than others, but at almost every meeting I can feel what this program means to them. It means a great deal. The headaches of management and fundraising, the anxieties of program design and implementation, the uncertainties and ambiguities of evaluation, the missteps and setbacks, all go quiet. Their spiritual energy renews my own."

## **12/1 - Anne Miles, Director of USA Office, BlueOrchard Finance USA**

Before joining BlueOrchard in 2006, Ann worked at Women's World Banking, New York, a non-profit global network of microfinance institutions (MFIs), where she managed the Financial Products and Services team which monitored the financial performance of the MFIs and helped them access commercial sources of funding. Prior to this, Ann worked at Citigroup, a global financial institution, where she held positions in Trade Finance, the Financial Institutions Group and the Private Bank. Ann is a founder and committee member of the International Associations of Microfinance Investors and of the Microfinance Club of New York and a member of the external investment committee of the Calvert Foundation. Ann holds a BA in Economics and French Literature from Drew University, New Jersey, USA.

## **12/8 – Jessica Jackley Flannery, Founder, Kiva**

The co-founder and spirit behind Kiva, Jessica completed her MBA at the Stanford Graduate School of Business. Jessica has worked in rural Kenya, Tanzania, and Uganda with Village Enterprise Fund and Project Baobab on impact evaluation and program development. Earlier, Jessica spent three years in the Stanford Business School's Center for Social Innovation and Public Management Program, where she helped launch the inaugural Global Philanthropy Forum. Jessica has also worked at Potentia Media, the International Foundation, and World Vision International. Jessica also serves on the Board of Directors for New Creation Home Ministries, the Advisory Board for Stanford FUSION – Future Social Innovators, and the International Child Resource Institute's Africa Advisory Board. Jessica holds a BA in Philosophy and Political Science from Bucknell University.