Course Objectives and Overview

Microfinance institutions (MFIs) provide financial services to the poor. Financial services include credit, savings, and insurance. The definition of who is poor varies by country and region, but largely includes those who work within the informal economy in developing countries. This course introduces students to the practices of MFIs in a variety of different developing countries, including: India, Mexico, Bolivia, Samoa, and Haiti. It identifies the wide varieties of practices and governance structures of these organizations, and the issues they confront. The course focuses on two major issues: the impact of microfinance on the well-being of clients and the problems confronting managers of MFIs.

The course is taught through a mix of case discussion and lectures. Students who complete this course will have analyzed the various reasons for the existence of MFIs, and the challenges MFI managers face.
**Audience**
In addition to future MFI managers, the course is designed for future funders and policy-makers in foundations, government and international agencies, and those wishing to examine alternative forms of economic development.

**Requirements**

*Class Participation – 25%*
Your individual participation in class discussions will determine 25% of your final grade. Class participation is essential to the course since much of what you learn will come through conversations with your colleagues.

*Written Assignment: Case Analyses or Term Project-- 75%*
You have a choice based on your level of experience with microfinance:

- Those with **limited or no** experience with microfinance can choose to write two case analyses, limited to 1,250 words. One of the case analyses will be based on classes 1 through 6 and will be due at the start of class (35% of the grade). The second case analysis will be on classes 7 through 11, and will be due at the start of class (40% of the grade).

- Those with **experience** in microfinance can choose to write a term paper on a topic of their choosing, subject to the approval of the instructor. You must submit a topic proposal by **Friday, April 4**, submit a paper outline by **Friday, April 18**, and submit the final paper by **Monday, May 19**.

**Grading**

**Passing** grades are assigned according to the following distribution:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>10%</td>
</tr>
<tr>
<td>A-</td>
<td>30-50%</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>40-60%</td>
</tr>
</tbody>
</table>

Grades lower than B- are failing grades

**Materials**
All cases and all readings labeled (Packet) are in the course packet available at CMO. All readings labeled (Online) are available through links on the Online Course Page under Online Materials.

Please purchase Stuart Rutherford’s The Poor and their Money, Oxford University Press through a bookstore (we are not able to order bulk copies), or use the copies on reserve at the KSG library.
1 Tuesday March 18, 2008

Overview of Microfinance

Required Reading:

(Selected) Web Links:
Microcredit Summit http://www.microcreditsummit.org/
http://www.microcreditsummit.org/declaration.htm
International Year of Microcredit http://www.yearofmicrocredit.org/
Women’s World Banking http://www.swwb.org/INDEX.HTM
World Council of Credit Unions http://www.woccu.org/
Accion International http://www.accion.org/default.asp
USAID Microfinance http://www.usaidmicro.org/default.asp
Grameen Bank http://www.grameen-info.org/
SKS, Hyderabad http://www.sksindia.com/
PlanetFinance http://www.planetfinance.org/
Microfinance Gateway http://www.microfinancegateway.org/
CGAP http://www.cgap.org/
Unitus http://www.unitus.com
Microcapital Institute http://www.microcapital.org/
Socialfunds.com http://www.socialfunds.com/ci/index.cgi
MFI Rating Fund http://www.mfirating.org/about/index.html
MixMarket http://www.mixmarket.org/

2 Thursday March 20, 2008

Commercial Microfinance

Case:
“A Commercial Bank Does Microfinance: The Case of Sogesol, Haiti” KSG Case #1657

Required Readings:
3  Tuesday April 1, 2008

Cooperatives

Case:
“Women’s Thrift Cooperatives in Andhra Pradesh,” KSG Case # 1656.0

Required Readings:
Rutherford, S The Poor and their Money, 77-114
“Caste Embeddedness and Microfinance: Savings and Credit Cooperatives in Andhra Pradesh, India” Kennedy School of Government Working Paper, September 2006 (Online)

4  Thursday April 3, 2007

Client Impact Studies

Required Readings:
Armandáriz B. and J. Morduch (2005) “Measuring Impacts” The Economics of Microfinance, Ch. 8 pp. 199-229 (Packet)

5  Tuesday April 8, 2008

Effective Interest Rates

Exercise:
Effective Interest Rate Excel Spreadsheet Problems Sets – available on course web site

Required Readings:
6 Thursday April 10, 2008

Strategic Issues in Microfinance I: Sustainability

No case

**Required Readings:**
Stuart, G. “Microfinance Sustainability and Public Value,” In Search of Public Value: Beyond Private Choice, eds. John Bennington and Mark Moore, Palgrave MacMillan, Forthcoming (Online)
Rosenberg, R. “Compartamos IPO: Microfinance Doing Good, or the Undoing of Microfinance?” http://www.microcreditsummit.org/enews/2007-07_index.html (Online)

7 Tuesday April 15, 2008

Strategic Issues in Microfinance II: Going to Scale and Managing the “Last 100 Meters”

Exercise/Case:
ICICI – New case to be handed out

** Required Readings:
To be determined

8 Thursday April 17, 2008

Strategic Issues in Microfinance III: Opening New Markets

Case:
Corporate Values and Transformation: The Microlender Compartamos KSG Case 1761.0

** Required Readings:
9  **Tuesday April 22, 2008**

Strategic Issues in Microfinance IV: Gender

Case:
Microfinance and Social Entrepreneurship: South Pacific Business Development Foundation, KSG Case 1804.0
The Social Construction of Gender: Microfinance and fa’afafines in Samoa, KSG Case 1805.0

Required Readings:
"Micro-credit Initiatives for Equitable and Sustainable Development: Who Pays?"

10  **Thursday April 24, 2008**

Strategic Issues in Microfinance V: Finance Plus

Case:
Beyond Cooperation: Gender, Activism, and Self-Help in Maharashtra, KSG Case 1806

Required Readings:
Beyond Credit: A subsector approach to promoting women's enterprises, ed. Martha Chen, pp. 1 - 33; 49 - 56; and 96 – 109 (Packet)

11  **Tuesday April 29, 2008**

Strategic Issues in Microfinance VI: Housing Microfinance

**Required Readings:
*Housing Microfinance Initiatives*, USAID study, pp.1-28 and selected case studies;  
[http://www.mip.org/](http://www.mip.org/) (Online)

12  **Thursday May 1, 2008**

Wrap Up

FINAL PAPER DUE AT 5PM, MONDAY, MAY 19TH