MICROFINANCE: FINANCIAL SERVICES FOR THE POOR

LECTURER: Adam Grenier
PHONE: 617-894-4940
EMAIL: apgrenier@uwalumni.com

Office Hours: Evenings by appointment

1. Class Schedule

Week 1, 1/27: Course Overview and Background for Microfinance
Week 2, 2/3: The Kiva.org Model / Introduction to Microcredit
Week 3, 2/10: Microcredit Methodologies
Week 4, 2/17: Microfinance Models and Perspectives
Week 5, 2/24: Microfinance Practitioner Panel
Week 6, 3/2: Microsavings Models and Perspectives
Week 7, 3/9: Microinsurance Models and Perspectives
Week 8, 3/16: Distler Family Foundation Legacy Lending Experiment / For-Profit Microfinance
Week 9, 3/30: Ecuador Global Engagement Trip Recap
Week 10, 4/6: Alternative Microfinance Initiatives
Week 11, 4/13: Microfinance in the United States (w/ ACCION USA Guest)
Week 12, 4/20: Day in the Life of a Small Business Owner in the U.S.
Week 13, 4/27: Final Presentations & Course Wrap-up

2. Course Description:

What if you could give $25 to a business owner in an underdeveloped nation and the impact would be they could feed, educate and clothe their children for the next 10 months? Would you believe this is possible? In the world of microfinance anything is possible and extraordinary results can be achieved.

Everyone can benefit from financial services, irrespective of their particular financial circumstances. This course will explore an array of market-based solutions that are designed as powerful tools to fight poverty worldwide. We will concentrate on the methodologies, challenges and opportunities of three product areas: (1) credit or lending, (2) savings, and (3) insurance. Students will critically analyze the benefits and shortcomings of financial service models presently utilized in several developing countries and how similar services targeted to the poor are forming in the United States.

This course will get you actively participating in the microfinance market by lending to an actual business owner of your choice, analyzing fully operational microfinance institutions, and interacting with microfinance professionals from around the globe.

3. Course Objective:
The objective of the course is for students to gain a better understanding of the different aspects of microfinance, how microfinance works in the developing world and how its principles may be applied to the international and domestic financial system. Students will be exposed to the microfinance movement and collaborate on business strategies focused on alleviating poverty.

The course assumes no financial background, but students will learn basic financial skills during the semester. Classes are highly participatory.

4. Requirements and Grades

Your grade is comprised of five components: classroom participation, case studies, midterm examination, marketing/social media project, and a final project.

Classroom Participation / Weekly Review Quizzes
Class participation includes class interaction, creating student dialogue and pass/fail weekly review quizzes. Bringing current events and contemporary issues to the classroom in order to create meaningful discussion is always welcomed.

Take-home Midterm Examination
The midterm examination will cover lessons learned during the first half of the semester. The exam will be issued at the end of week 7 and will be due at the beginning of week 8.

Microfinance Institution Marketing Project
This requirement is described in the syllabus during week 9.

MFI Case Studies
Over the course of the semester, you will be required to analyze key financial and social performance indicators for MFIs in order to help develop your basic financial skills and build your confidence in operating your future microfinance institution.

Final Project
There will be two elements of the final project – a written business plan (no less than 5 pages, double-spaced, 1 ¼ inch margins) and short presentation. Final presentations will take place during Week 13. Presentations are expected to be 3-4 minutes in length. Students are to author a business plan for a new provider (i.e., Microfinance Institution, or “MFI”) of financial services for the poor in a country of their choice. The students will be provided with a detailed outline to follow when composing their business plan for their hypothetical MFI. See Addendum A for the outline.

The presentation portion of the project is based on the concept that your fellow students are potential donors/lenders to the MFI with the goal of obtaining their investment in your institution.

5. Readings

The course does not require a textbook. All readings will be posted on Trunk a week prior to our discussion on that particular topic. Please come prepared to discuss each reading.
6. Weekly Syllabus Detail

**Week 1:** Course Overview and Background for Microfinance
- Introductions, Course Description, and Administrative Details
- Microfinance myth busting and historical timeline
- Setting the context for microfinance

**Week 2:** Introduction to Microcredit
- Setting the context for microfinance, continued
- terms and definitions
- mixmarket reporting data introduction
- The Kiva.org Model

**Due Next Week: Microfinance Institution Case Study #1**
Detailed instructions will be provided in class.

**Week 3:** Microcredit Methodologies
- group vs. individual borrowing
- borrower criteria
- lending process
- rating systems

**Due Next Week: Microfinance Institution Case Study #2**
Detailed instructions will be provided in class.

**Week 4:** Microfinance Models and Perspectives
- Sierra Leone
- Colombia
- Mongolia
- Mexico

**Week 5:** Microfinance Practitioner Panel
- Kiva Fellows from around the world

**Due Next Week: Microfinance Institution Case Study #3**
Detailed instructions will be provided in class.

**Week 6:** Microsavings Models and Perspectives
- Terms and definitions
- Program methodologies
- Design your own savings groups

**Week 7:** Microinsurance Models and Perspectives
**Midterm due by beginning of week 8. Detailed instructions will be provided in class.**

**Week 8:** Distler Family Foundation Legacy Lending Experiment / For-Profit Microfinance  
- $25 lending project  
- pros and cons of microfinance for profit  

Short Paper Assignment: Due at the beginning of class 10.

Assignment: By now, each student has participated in the Distler Family Endowment Legacy Lending Experiment wherein you chose a borrower for whom you lent $25 through kiva.org. Your assignment is to conduct research on the microfinance institution that distributed the loan to your borrower and produce a press release and two pieces of marketing/promotional materials to help educate the general public about the organization.

**Week 9:** Ecuador Global Engagement Trip Recap

**Week 10:** Alternative Microfinance Initiatives  
- Omidyar-Tufts Microfinance Fund  
- Root Capital  

Short paper assignment due at the beginning of class.

**Week 11:** Microfinance in the United States (w/ ACCION USA Guest)  
- Domestic microfinance overview  
- challenges and opportunities  
- ACCION USA business model

**Week 12:** Day in the Life of a Small Business Owner in the U.S.  
- what does it mean to be a microloan recipient in the U.S.?

**Week 13:** Final Presentations and Course Wrap-up  
- present your microfinance institution!  
- Conclusions

7. General Policies
I call your attention to University policy against plagiarism and other forms of cheating. Refer to the Bulletin or the Pachyderm for details (under the heading "Academic Ethics"). Within these guidelines, however, you are encouraged to discuss your work with each other.

No extra credit work is permitted, and grades in this course are not "curved."

I have taken the position of reducing costs for students by compiling electronic versions of our weekly readings on a weekly basis. It's hard to engage in discussion when faces are hidden behind lids and eyes are looking down at screens. Please avoid browsing the web during class unless it’s to find valuable resources to share with the class on the topic at-hand.