
Microfinance Simulcast - 2009

Class Six

Today

Let's share

Recap of last week

Measures

Speaker: Jim Bunch, New Island Capital,
Omidyar Network

Real Time Sharing

Conferences

- Microfinance USA conference
- SoCap
- Opportunity Collaboration

Intern opportunities

- Prisma
- TBL
- Kiva.org
- Stay tuned for my thing

Readings

- Email to Julen_baztarrica@mba.berkeley.edu

We Want You!



We Want You!



We Want You!



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Big Questions

Why doesn't money flow to the poor?

What does history tell us about the poor and financial products?

Should MFIs make money or not?

Why group lending?

Why gender bias?

Why are interest rates so high?

What's so hard about managing an MFI?

Big Questions (2)

How is the investor mindset different?

- How do social investors balance profit and outcomes?
- Why invest in one country versus another?
- What work must be done before an investment?

How is savings different than lending?

How can an MFI launch a new product?

Some Questions from MFI Connect

Who are loan officers? How are they trained?
How are they paid? How are they supervised?
What is the career path?

How does money go from one place to another?

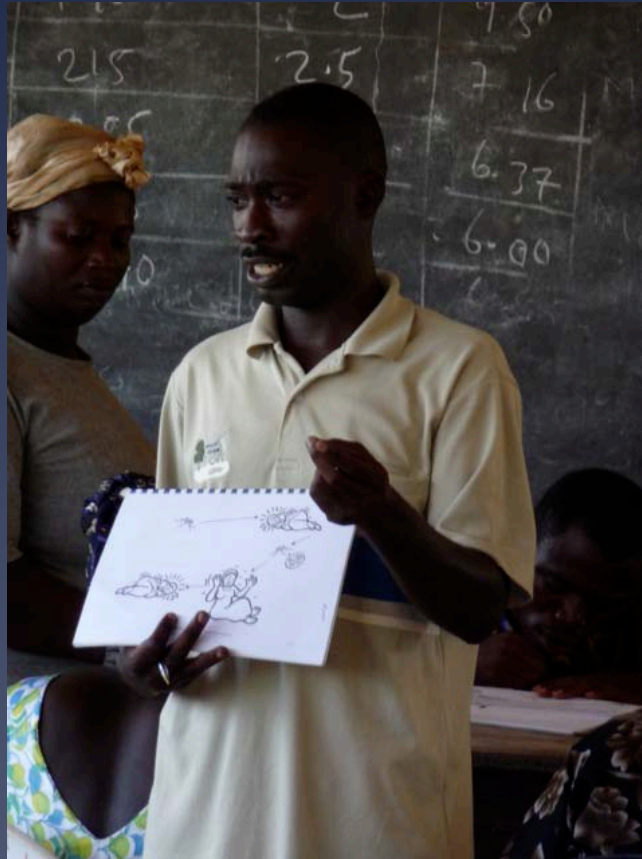


















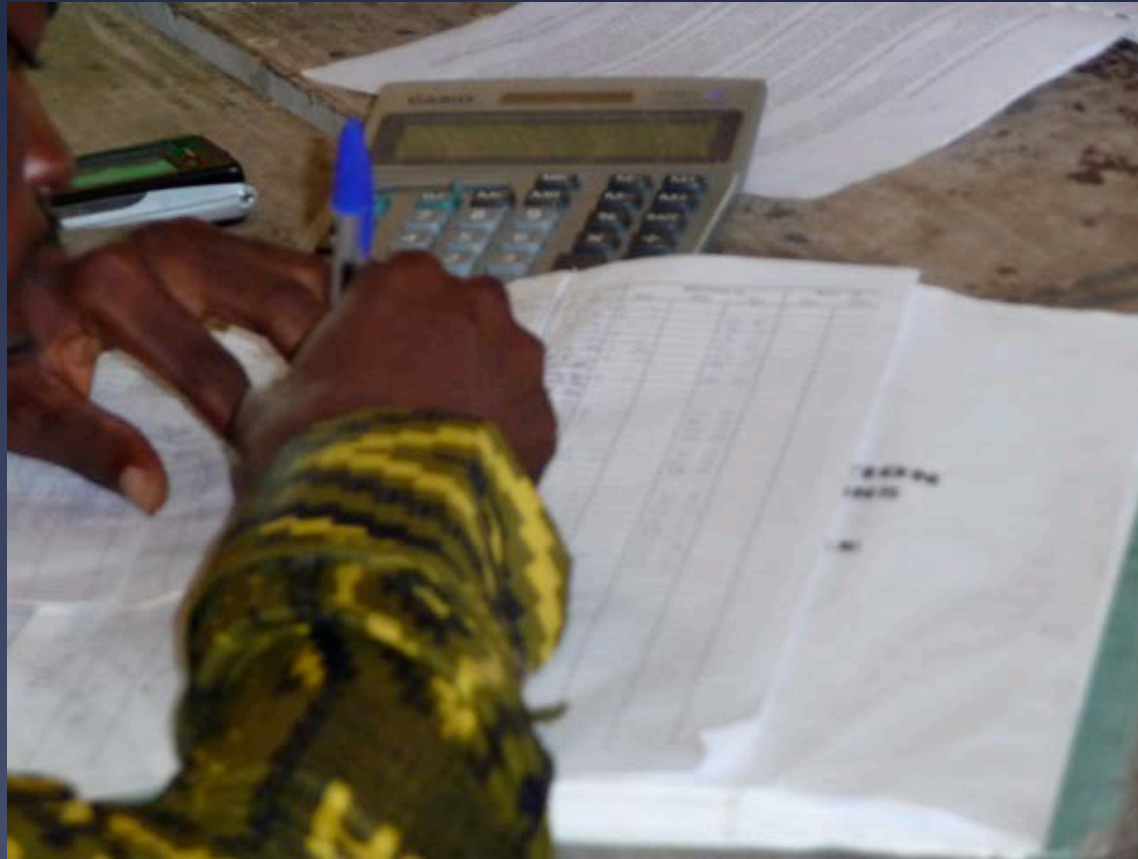


















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Does Microfinance Work?

Why Do We Care Whether Microfinance Works?

Why Do We Care Whether Microfinance Works?

Social outcomes and the “feel good” factor

Investment decisions

PR

Policy decisions

May not like the answer

How Can We Know Whether Microfinance Works?

Measures are Hard the World Over

The Economist last year - \$50m privately funded school voucher campaign led to improved outcomes for students

- Detractors site limited data, poor methods
- No new programs following the example

Global warming

- Is it getting hot in here?
- $C = (C / GDP) * (GDP / P) * P$

What Data is Measurable?

Measurable	Somewhat Measurable	Hard to Measure
Demographics, age, education	Politics	Character
Income	Inflation	Persistence
Geography	MFI competition	Entrepreneurship

Challenges

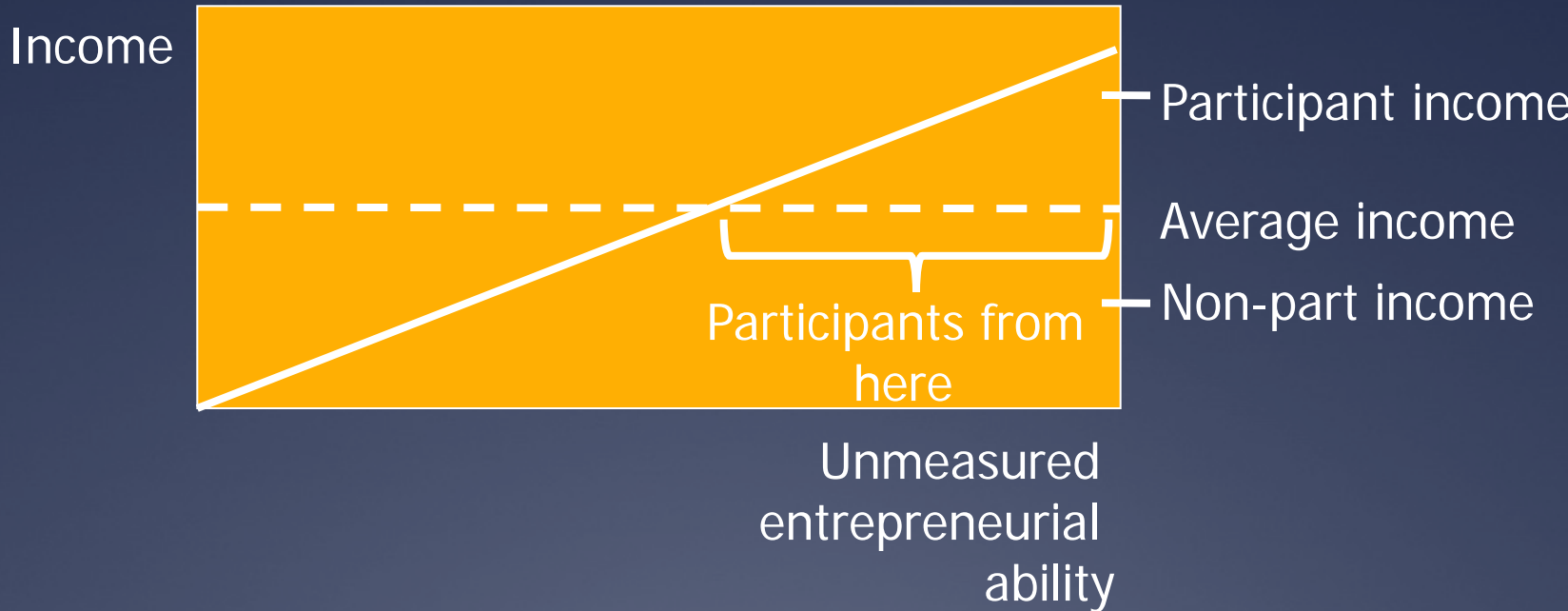
Selection bias

Control group

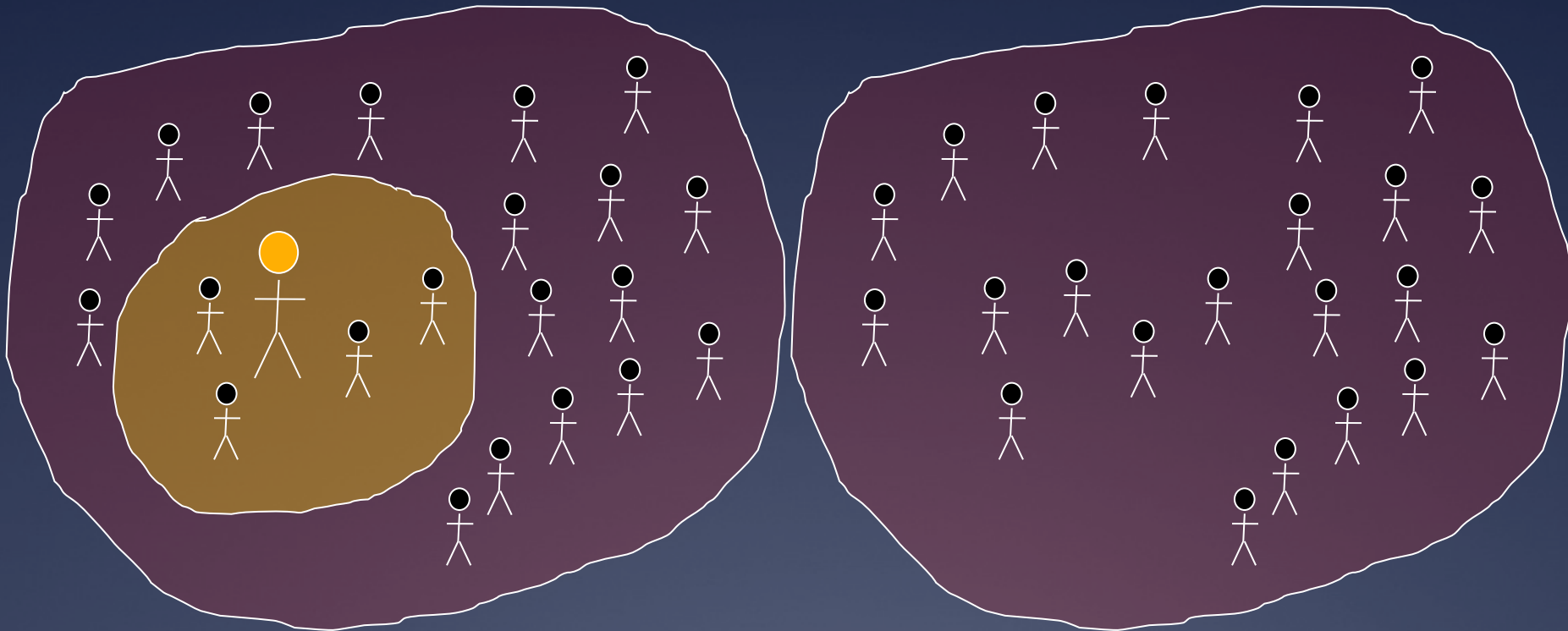
Reverse causation

Substitution

Selection Bias



Control Group



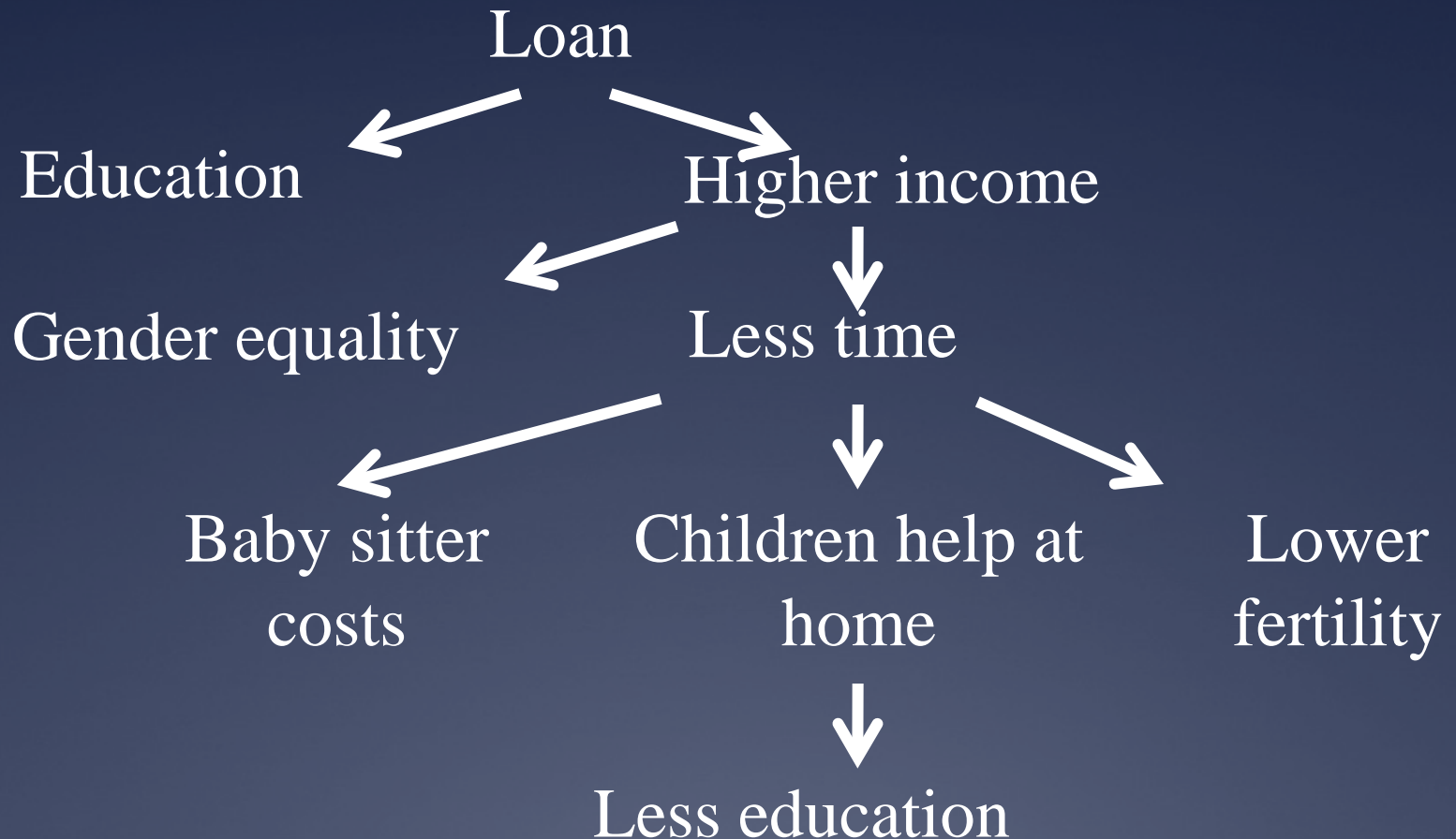
Coleman – 8 Thai villages, control selected but no loans
- No impact
- But, did not control for access to other loans

Reverse Causation

Big loans → richer borrowers

Richer borrowers → bigger loans?

Substitution



Some Impact Measurement Systems (from heavy to light)

RCT (Randomized Control Trial)

GIIN's IRIS (Impact Reporting and Investment Standards)

Custom (between you and your stakeholders)

B-Corp

Questions

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Omidyar Network

Jim Bunch

New Island Capital, Director of Private Equity

Omidyar Network, Senior Director, Investments

CFO, MTI Micro Fuel Cells

Research analyst, energy sector

Harvard MBA, Stanford BA

Class 7: Innovation

December 6, 2010

Lecture: New Innovations in Microfinance

Speaker: Premal Shah, President, Kiva.org

Readings:

- “Kiva Case Study,” Joel Ramirez and Sarah Anderson, UC Berkeley, December 2007. (10 pages) distributed through campus coordinators
- “Microlending for Microbankers,” Jilian Mincer, The Wall Street Journal, March 20, 2008 (2 pages).
http://online.wsj.com/article/SB120597508026550479.html?mod=googlenews_wsj
- “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>
- Article: “Confusion on Where Money Lent via Kiva Goes”, Stephanie Strom, November 8, 2009.
<http://www.nytimes.com/2009/11/09/business/global/09kiva.html>

Websites: Kiva, www.kiva.org

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