MBA 294.6 - Introduction to Microfinance – Fall 2006
Course Syllabus

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

STUDENT ORGANIZER: Wes Selke (selke@haas.berkeley.edu)

MEETING ROOM: C230

MEETING DAY(S)/TIME:
Thursdays, 6:00-8:20 PM. Class will be held in 6 sessions on the following dates: 10/26, 11/2, 11/9, 11/16, 11/30, and 12/7

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.

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 will be available on Study.Net.

BASIS FOR FINAL GRADE:
Class will be graded Satisfactory/Unsatisfactory. To pass the course, students must attend at least 5 sessions and complete a final 3-4 page paper recommending a microfinance investment strategy.

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 project will involve the placement of $25,000 in a portfolio of microfinance investment opportunities, and students will get updates on the success of their recommendations well after the end of the course.
Class 1: Introduction to Microfinance - 10/26

Lecture: The History of informal finance
What is microfinance?
Why microfinance? Why now?

Lecture materials:
“New Paradigm Microfinance – What is it?”
“Rates of Return and Cost of Money”

Speaker: Alex Counts – President and CEO, Grameen Foundation USA

Finance Ministry Press Release
http://www.microfinancegateway.com/section/faq#Q1
http://www.unitus.com/sections/poverty/poverty_mf_main.asp?
Optional: Measuring the Impact of Microfinance

Class 2: Microfinance Process and Ecosystem – 11/2

Lecture: Major policy decisions affecting microfinance institutions

Lecture materials:
“Individual versus group lending”
“Group lending Chapter 12 and 13

Speaker: Monica Brand – Vice President, ACCION International

Reading: “The design of savings and credit schemes for the poor” Microfinance and Poverty Reduction, Chapter 3. Susan Johnson and Ben Rogaly

Class 3: Challenges in Microfinance – 11/9

Lecture: What can go wrong within microfinance institutions?
Scale issues, strategy drift, and sustainability.

Lecture materials:
“Planning for MFI profitability”
“Graduation and individual loans”
“The Downside of microfinance”

Speakers: Kendall Mau – CFO and COO, Prisma Microfinance
Brian Dunn – Founder and President, Aquillian Investments
Reading: Case study: AMFI’s institutional dilemma – upwards or outwards?
Profitability planning exercise: Abdul’s problem
Case study: DUMFI (the Damaging MFI)

Class 4: Geography and Microfinance in the US – 11/16

Lecture: Microfinance in Guatemala – a slideshow presentation by Wes Selke
Speaker: Eric Weaver – Founder, Lenders for Community Development
Reading: Microfinance Handbook, Chapter 1 “Understanding the Country Context”, Joanna Ledgerwood
www.namaste-direct.org

Class 5: Investing in a Microfinance Fund – 11/30

Lecture: How are microfinance institutions measured? How does an investor choose one over the other?

Lecture materials:
“Measuring the impact of microfinance”

Speaker: Ananya Roy – Professor, UC Berkeley City and Regional Planning
The Blum Center for Developing Economies: http://blumcenter.berkeley.edu/

Class 6: Microfinance Entrepreneurship – 12/7

Lecture: New innovations in Microfinance

Speakers: Peter Bladin – Vice President, Grameen Foundation USA
Karen Appleton – Vice President of Development, Prosper.com

Reading: The websites of kiva.org, microplace.org, and prosper.com

Final Project – due 12/14
The final project is 3 to 4 page paper articulating a microfinance investment strategy for $25,000. Recommendations should include specific entities, infrastructure, or individuals for investment with amounts. Rationale for investments should include a description of your investment objectives and how they will be measured as well as treatment of the issues of geographic diversity vs. focus, direct vs. indirect loans, and caliber of intermediary institutions (if any). The final project should also include email addresses for ongoing updates on the results of the class’s decisions.
Speaker Bios:

10/26 – Alex Counts, President and CEO, Grameen Foundation USA
Alex Counts is President and CEO of Grameen Foundation, a dynamic, nonprofit, Washington D.C.-based organization that has grown to a global network of 52 microfinance partners in 22 countries. Counts became Grameen Foundation’s first Executive Director in 1997, after several years honing his skills and vision in microfinance and poverty reduction. A 1988 Cornell University graduate, with a degree in economics, Counts’ commitment to poverty eradication deepened as a Fulbright scholar witnessing dire poverty as well as innovative solutions in Bangladesh. He then trained to be a catalyst for change under Dr. Muhammad Yunus, the founder and managing director of the Grameen Bank.

Through much of the 1990’s, Counts worked in Bangladesh establishing Grameen Bank’s flagship publication Grameen Dialogue, and working as a regional project manager for CARE-Bangladesh, CARE's largest mission worldwide. In between stints in Bangladesh, Count’s served as the legislative director of RESULTS, an international grassroots citizen's lobbying group working to create the political will to end hunger and that has played a leading role in advocating for increased funding and better targeting of resources to support global health, education and microfinance initiatives.

Counts founded Grameen Foundation (www.grameenfoundation.org) in 1997 with a mere $6,000 in seed capital and a charge from Dr. Yunus. This new organization was to play the role of catalyst, channeling human, financial and technological resources in the United States to support the growth of the poverty-focused microfinance movement.

11/2 – 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/

11/9 – 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 at Silicon Valley Federal Credit Union, 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 turnarounds 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. 

http://www.prismamicrofinance.com/

11/9 – Brian Dunn, Founder and President, Aquillian Investments
Brian Dunn, Founder and President, has been responsible for Aquillian's deal analysis, tool development, compliance, and financial operations since the company’s inception in 2001. He created Aquillian in order to bring a systematic process to a highly fragmented investment field, and to facilitate the flow of capital into for-profit, scalable solutions to the world’s most pressing problems.

Previously, he served as Director of Investors' Circle, a national angel investment group that has facilitated the placement of more than $120 million into hundreds of early stage companies and funds. He evaluated thousands of early stage investment opportunities, and gained exposure to a tremendous network of social investment professionals. Mr. Dunn managed Investors’ Circle through a key inflection point, and is credited with laying the groundwork for its current success.

Mr. Dunn learned the craft of investment banking at Tennyson West, a boutique capital advisory firm in San Francisco, and has consulted for a variety of start-up financial services and technology companies. An avid traveler with 50 states and 80 countries under his belt, he spent his post-college years working in micro-finance and small enterprise development in Burkina Faso, Mozambique, South Africa, Brazil, and Haiti. Mr. Dunn has NASD Series 7, Series 63, Series 24, and Series 27 registrations, and
successfully completed Level I of the CFA exam. He earned a BA from UC Berkeley, an MA in International Economics from Johns Hopkins University, and an MBA from the Wharton School of Business.  http://www.aquillian.com/

11/16 – Eric Weaver, Founder, Lenders for Community Development
LCD is led by its founding Executive Director Eric Weaver. After receiving an MBA from Stanford, he joined LCD in its nascent stages and was responsible for developing the original business plan for LCD, obtaining investor commitments and regulatory approvals, and launching LCD’s loan programs, and subsequently its IDA program. Eric’s prior work experience includes developing affordable housing in Washington, DC and serving as a relief worker in El Salvador. Eric is a founding board member of Pacific Community Ventures and is a founder and previous chair of the board of Net Impact. http://www.l4cd.com/

11/30 – Ananya Roy, UC Berkeley City and Regional Planning Professor
Ananya Roy is Associate Dean of Academic Affairs in the Division of International & Area Studies at the University of California at Berkeley. She also serves as Faculty Director of the Berkeley Programs for Study Abroad. Roy’s home department is the Department of City and Regional Planning at the University of California at Berkeley where she teaches in the fields of comparative urban studies and international development. She currently serves as chair of the undergraduate Urban Studies major. In 2006, Roy was awarded the Distinguished Teaching Award, the highest teaching honor UC Berkeley bestows on its faculty.

Roy holds a B.A. (1992) in Comparative Urban Studies from Mills College, a M.C.P. (1994) and a Ph.D. (1999) from the Department of City and Regional Planning at the University of California at Berkeley. She is the author of City Requiem, Calcutta: Gender and the Politics of Poverty (University of Minnesota Press, 2003) and co-editor of Urban Informality: Transnational Perspectives from the Middle East, South Asia, and Latin America (Lexington Books, 2004). Her current research project is entitled Povertyscape: The New Global Order of Aid, Debt, and Development (Routledge, forthcoming 2007). The project has received several prestigious awards including the Hellman Faculty Award and the Prytanean Faculty Award, the latter being a research and leadership award given to one junior woman faculty member on the UC Berkeley campus each year. Most recently, the project received a research grant from the National Science Foundation. http://www-dcrp.ced.berkeley.edu/facbios/Roy/ananya_roy_page.htm

12/7 – Peter Bladin, VP, Director of Technology Center, Grameen Foundation USA
Peter started his career in the information technology field in 1987 when he came to the U.S. from Sweden to work at Microsoft Corporation. During his 10 year career at Microsoft, he worked on a variety of projects, both as an individual contributor as well as manager of teams of up to 400 people. Throughout his career he focused on international business challenges. He has a degree in Mathematics, with minors in programming and economics from the University of Uppsala, Sweden. He is active in various non-profits in Seattle with a focus on helping poor as well as technology. He currently is the chair of the board of Npower Seattle (www.npower.org), a nonprofit whose mission is to help other
non-profits better use technology to achieve their missions. He is also a partner at Social Venture Partners in Seattle. Heading up the Technology Center is something of a dream job for Peter, as it allows him to combine his interests in appropriate use of technology with a poverty alleviation focus on a global level. His responsibility in the technology center is to drive the strategy, oversee all the projects, and establish appropriate partnerships.  

12/7 – Karen Appleton, Vice President of Development, Prosper.com

Ms. Appleton is responsible for establishing new client relationships and building demand for the Prosper marketplace. Prior to joining Prosper, Ms. Appleton was responsible for client relationship and business development initiatives for The Peninsula Group, the largest private wealth management team at Citigroup Smith Barney with assets in excess of $5 billion. As Director of Business Development at Orrick Herrington & Sutcliffe, LLP, she worked to strategically deepen and broaden existing, and prospective client relationships. Before joining Orrick, she served as National Marketing Manager for Mergers & Acquisitions, Venture Capital, Life Sciences and Investment Banking at Brobeck, Phleger & Harrison, LLP.

Ms. Appleton earned an M.S. in Organizational Development from Johns Hopkins University and a B.S. in International Business from Towson University. She holds an Advisory Board seat with The Forum for Women Entrepreneurs & Executives, serves on the Professional Advisory Council of the San Francisco Ballet, and the Program Committee for the Churchill Club. Ms. Appleton is an avid lacrosse fan and is the PR Chairperson for the Tomahawk's Lacrosse Club in Menlo Park.  