

## MBA Programs on Three Continents Teaching Microfinance

Over the past year, the Microfinance Management Institute (MFMI) has made concrete progress towards integrating the study of microfinance into graduate business and management programs in developing nations. Academic partners of the MFMI (see box on p. 2) in Africa, Asia, and Latin America have launched research and courses on microfinance management since signing grant agreements with the MFMI in March–April 2004. Two of these partners have introduced MBA specializations in microfinance, while another has launched a Centre for Microfinance. These schools have also sponsored numerous regional workshops, conferences, and student internships in microfinance. New case studies, teaching materials, curricula, and articles on microfinance management prepared by these partners will soon be available on the MFMI web site ([www.themfmi.org](http://www.themfmi.org)).

Also of note, the MFMI launched an International Fellowship Program in Microfinance Management in Fall 2004 to involve management professors from additional academic institutions in the MFMI network. The first three fellows were named in March 2005 (see announcement on p. 4).

### Three Management Schools in India Offer Microfinance Electives

The academic partners of the MFMI are developing graduate education in microfinance management along three tracks: electives, specializations, and certificate courses for

microfinance professionals. In India, three graduate management schools have begun offering microfinance electives over the past year. The Indian Institute of Management Ahmedabad (IIMA) now offers a full-credit elective, "Microfinance Management," as part of its graduate agribusiness management program. About 20 students enroll in the course each year. The Institute also offers independent studies in microfinance to graduate students.

### *MFMI in brief*

Founded in July 2003 by the Consultative Group to Assist the Poor and the Open Society Institute, the Microfinance Management Institute (MFMI) seeks to enhance the management capacity of the microfinance sector. Its MBA Project seeks to scale up the number of skilled, ambitious managerial leaders who can lead the dynamic growth of microfinance services and institutions worldwide, and thus deliver affordable financial services to the millions of unbanked poor.

The MFMI is currently pursuing its mission through the multiple initiatives of the MBA Project: fostering an international network of academic scholars from leading business schools in developing nations, supporting the development of a new body of teaching materials on microfinance management, and encouraging student internships with microfinance institutions. As the MBA Project progresses, the MFMI will also award grants for creative student proposals to deepen the provision of financial services to the poor.

The Indian Institute of Management Bangalore (IIMB) offers an elective in microfinance entitled "Social Entrepreneurship," which requires students to write case studies on NGOs that are partly or fully involved in urban

### *MFMI academic partners in the MBA project*

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microfinance. In Fall 2004, the course attracted 60 graduate students. In early 2005, IIMB, McGill University and Lancaster University Management School offered a one-day workshop on microfinance as part of a three-week Advanced Leadership Programme for senior corporate managers.

The Institute of Rural Management (IRMA) in Anand currently offers a full-credit elective, "Microfinance Management," and a half-credit course, "Institutional Credit for Rural and Social Development." During the 2004-05 year, "Microfinance Management" attracted 57 graduate students, including a doctoral candidate. Another doctoral student completed a half-credit independent study in development finance. In addition, 12 management and organizational traineeship projects were completed by students of the Program in Rural Management (PRM), who were sponsored by local microfinance institutions. IRMA also offered two training workshops on microfinance management for professionals in the field: a five-day workshop in September 2004 (attended by 20 employees of various MFIs) and a one-day training in October 2004. Finally, IRMA sponsored a workshop on "Governance Issues in Rural Finance" as part of the Institute's Silver Jubilee Symposium in December 2004.

### **AIM Offers Electives and Certificate Courses in Philippines**

The Asian Institute of Management (AIM) in the Philippines currently offers a twenty-session microfinance elective, "Banking with the Poor." The course is now being taken by 26 students from the Institute's MBA and Master in Development Management programs. Microfinance practitioners from four microfinance institutions are also enrolled as students in AIM's Master of Entrepreneurship track; another two are enrolled in an executive MBA course. (Both tracks are 18-month

programs for business managers and executives.) In June 2005, the Institute will introduce a new, three-day certificate course on marketing to the poor, "High-growth Strategies for Low-growth Times: Finding Gold Where You Least Expect It."

### **Microfinance Centre Opens at University of Pretoria**

In March 2005, the Graduate School of Management of the University of Pretoria formally launched its Centre for Microfinance. Its mission is to promote excellence in microfinance in sub-Saharan Africa. The

Centre's Board of Directors is comprised of senior banking, development, and donor professionals from the region.

A new MBA specialization at the management school, introduced in February 2005, consists of four courses: Introduction to Microfinance, Managing within the External Environment, Managing Internal Operations, and Innovations in Microfinance. Two of the courses are presently being offered; the remaining two are now in the design stage and will commence in July 2005. Courses toward certificates in microfinance and microfinance management (for professionals working in the field) are scheduled to commence January 2006.



**MFMI academic partners and advisors in the MBA Project (from left to right): H.S. Shylendra (IRMA), Ron Chua (AIM), Gerhard Coetzee (U. of Pretoria), M.S. Sriram (IIMA), Piotr Korynski (OSI), Susan Adendorff (U. of Pretoria), Allan Gibb (MFMI adviser), Leslie Barcus (MFMI), and R. Srinivasan (IIMB).**

Gerhard Coetzee, MBA Project academic champion at the University of Pretoria, taught a microfinance elective in Fall 2004 to 10 masters students in the university's Post-Graduate Agricultural Economics Program. In February 2005, he taught a similar course to 30 masters students in Development Finance at the Business School of the University of Stellenbosch, another leading South African university (located in the Western Cape).

### INCAE Launches Courses, Case Studies, and Internships in Latin America

For two years in a row, a course in microfinance has been the most popular course among second-year students at the INCAE campus in Costa Rica. In Spring 2005, 56 out of 74 second-year students enrolled in the course. The 2004 class had a similarly high participation rate, with 55 out of 86 students enrolled. Microfinance case studies have also been introduced into course curricula on entrepreneurship and business start-ups at the INCAE campus in Nicaragua.

In 2004, INCAE coordinated two internships in the microfinance sector for first-year students. One student worked with a Costa Rican bank to explore the microfinance sector in the country. The other worked to expand the services and branch offices of an existing MFI in Latin America. This summer, INCAE will mentor a group of student interns from the Anderson Business School of UCLA, who will assist a Central American MFI to develop a credit scoring model.

### Making the "Case" for Microfinance Management

One of the major goals of the MFMI is to create a critical mass of teaching resources in microfinance management. Based on applied research, these materials will document the management experience of MFIs through the

life-cycle stages of start-up, development, and growth. These teaching tools will be instrumental in bringing the real experience and challenges of microfinance to the classroom. MFMI academic partners in the MBA Project now have a combined 30 cases and courses in the final stages of production (see box, p. 5). Upon their conclusion and final review, all materials will be posted on the MFMI web site. To obtain copies of materials that are already available, contact the MFMI at [info@themfmi.org](mailto:info@themfmi.org).

### Scholars from Brazil, Kenya, and Mongolia Awarded MFMI Fellowships

The MFMI is pleased to announce the first three awards under its International Fellowship Program in Microfinance Management. Professor **Lauro Gonzalez da Silva**, Associate Professor of Finance at the Fundação Getulio Vargas in Brazil, will create new course modules for graduate business students on the microfinance credit approval process and microfinance distribution channels. Professor **Gidraph Nduati**, Assistant Professor of Marketing at the U.S. International University of Kenya, will develop a case study on the marketing disconnect between microfinance and rural areas in need of financial services. Professor **Gaamaa Hishigsuren**, a native of Mongolia who is currently adjunct faculty at both the National University of Mongolia (NUM) and Southern New Hampshire University in the USA, will help NUM create a microfinance curriculum for its management program.

The MFMI Fellowship Program fosters the development of academic microfinance programs and research in areas of the developing world where the MFMI does not have academic partners. Grants support microfinance-related activities, such as the development of case studies, new microfinance

*Microfinance case studies and courses in development*

**AIM, PHILIPPINES**

**Case Studies**

*Management Control Systems:* CARD Rural Bank, Producers Rural Bank Corporation, Mallig Plains Rural Bank, Project Dungganon

*The Poor as Customer:* Patrimonio Hoy, Aulolab, Mobile Phones, Grameen Telecom

*Successful Practices in Microfinance:* Hometown Corporation, Birhen Lourdes Parish Credit Cooperative, Taytay sa Kauswagan, Inc.

*The Microentrepreneur:* An Individual Fish Trader

**Course**

"High-growth Strategies for Low-growth Times: Finding Gold Where You Least Expect It" (three-day certificate course)

**IIMA, INDIA**

**Case Studies**

*Building Bridges between the Poor and the Banking System:* Sanghamithra Rural Financial Services

*Community at the Core:* Sarvodaya Nano Finance Limited

*Expanding Financial Service Access to the Poor:* Spandana

**IRMA, INDIA**

**Case Studies**

*Sustainability:* The Self-help Group Federation in India

*For-profit vs. Not-for-profit Debate:* Sanghamitra MFI

*A Commercial Bank Scales up an MFI:* SHG-Bank Link Programme

**IIMB, INDIA**

**Case Studies**

*Strategic Issues for a High-growth MFI:* Grameen Koota

*Differential Pricing for MFI Partner NGOs:* APSA

*Managing MFI-NGO Relationships and Legal Notice on Loan Recovery Processes:* Sanghamitra Urban Programme

*An NGO in Microfinance:* Outreach

**INCAE, COSTA RICA**

**Case Studies**

*Entrepreneurial Finance:* Fundación Corona

*Competitive Strategy:* ACORDE

*Entrepreneurial Finance:* Fundación WWB

*Institutional Investment:* Profund Internacional

*Marketing:* Banco Solidario de Ecuador

**CENTER FOR MICROFINANCE, UNIVERSITY OF PRETORIA**

**Courses**

"Introduction to Microfinance"

"Managing within the External Environment"

electives, and mentoring students in microfinance projects. The capacity-building nature of the Fellowship Program is well-suited to the networking environment created by the MBA Project, which encourages the exchange of views, information, and curricula among participating universities. Recruitment for MFMI Fellows continues on an open basis.

### New Research on Microfinance

The academic partners of the MFMI in the MBA Project are pursuing a range of research projects. Many such projects are presented at regional conferences or published in professional journals, then incorporated into microfinance management teaching materials. INCAE has completed two working papers, one on titling livestock in Colombia for loan collateral and another on tree plantations and cows as asset bases for microfinance customers (Costa Rica and El Salvador). It is currently researching legal limitations and regulations on the use of non-traditional assets as loan guarantees in Latin America.

### Other academic partner news

☞ **INCAE** was recently awarded a grant from the Japanese International Cooperation Agency to examine how remittances might be channeled through microfinance institutions to promote entrepreneurial activities in rural areas.

☞ **The University of Pretoria** has launched four research programs at its Centre of Microfinance in partnership with local banks and development agencies.

☞ **AIM** received a two-year grant from the Citibank Foundation in New York for a microfinance management accreditation program. The training program will cover ten countries throughout Asia.

☞ **IIMB** and **SIDBI** recently announced a funding arrangement for the incubation of up to five fledging MFIs. IIMB will provide mentoring and training services to these institutions over a period of 18 months. The project is supported by the N.S. Raghavan Centre for Entrepreneurial Learning and the Centre for Financial Markets and Institutions, Microfinance Group, IIMB.

IRMA completed a consulting study for CARE-India entitled "Evaluation of Microfinance-based Disaster Preparedness Projects of CARE" and is close to completing a book, *Microfinance: Text and Cases*, sponsored by the Foundation for Microcredit of the Small Industries Development Bank of India (SIDBI). Papers and articles recently completed by IRMA staff include the following:

- "The SHG-Bank Linkage Programme: An Assessment and Future Strategies," *Journal of Rural Development* 23, no. 4 (Oct-Dec 2004)
- "'Good Governance' and Poverty Alleviation Programs: A Critical Analysis of Swarnjayanti Gram Swarozgar Yojana"
- "Priority Sector Lending: Rationale, Performance, and Some Emerging Governance Issues"
- "Innovations in Rural Microfinance in India"

IIMA and IIMB have just completed the proceedings of a September 2004 colloquium on microfinance. IIMA also recently completed a household survey on the financial flow aspects of the rural poor in three backward districts of India. Data from nearly 1,500 households is now being analyzed as a potential input into new savings and loan products that could be offered by the Indian banking system. IIMA also launched a research project on "Transformation Experiences of Microfinance Organizations in India," sponsored by Sir Ratan Tata Trust. Three case studies have been completed (see box on p. 5) and five more are expected by year-end.

Other papers completed by IIMA during the past year include:

- "Conditions under which Microfinance has Emerged in Certain Regions and Consequent Policy Implications" (co-authored by graduate student Radha Kumar). This paper was presented at a national conference organized by National Bank for Agriculture and Rural Development.

- "ICICI Bank, India" (with Tara Nair and Vishwanath Prasad), published in *Small Customer, Big Market: Commercial Banks in Microfinance* (2004)
- "The Transformation of Microfinance in India: Experiences, Options and Future" (with Rajesh Upadhyayula, an IIMA doctoral student), *Journal of Microfinance* 6, no. 2
- "Microfinance and the State: Exploring Areas and Structures for Collaboration," *Economic and Political Weekly* 40, no. 7 (April 2005)

IIMB is currently working on several research papers including:

- "Measuring Delinquency and Default in Microfinance Institutions"
- "Pilot Study of Mature SHGs as Financial Institutions"
- "Women's Empowerment: Effect of Participation in Self-help Groups in Haryana," a dissertation by a senior civil servant in the Post-graduate Programme in Public Policy and Management (scheduled for completion by year-end)

The Centre for Microfinance of the University of Pretoria is pursuing research in policy, legislation, and regulation; member-based financial services; the integration of microfinance into the South African financial market; and rural and agricultural finance. It recently offered a workshop on "Tiered Banking in Southern Africa" cosponsored by the Reserve Bank of South Africa, the First Initiative and FinMark Trust.

## MFMI Global Fund

The MFMI Global Fund for the Development of Academic Resources accepts unsolicited proposals from academic professionals and microfinance experts to produce teaching cases, case studies, critical incidents, games, and simulations that will enhance the teaching of microfinance management at the graduate

level. The Fund is open primarily to scholars and experts in countries that do not have a working relationship with the MFMI through its MBA or Fellowship Programs. The MFMI accepts proposals and makes awards on a rolling basis. For information on how to apply, contact the MFMI at [info@themfmi.org](mailto:info@themfmi.org).

## Taking the MFMI Message Worldwide

As part of its continuing efforts to promote the training of skilled microfinance managers for the future, the MFMI participates in numerous business school conferences, courses, and meetings on financial services and development. In 2004–2005, the MFMI was represented at the following forums:

- Presentation to the Student Microfinance Club, Anderson Business School, UCLA (April 2005)
- Module on microfinance for "Humanitarian Aid" course, Robert Emmett McDonough School of Business, Georgetown University (April 2005)
- Module on microfinance for the Masters in Development Management program, University of Turin/International Labour Organization (March 2005)
- Conference on "Eradicating Poverty through Profits," San Francisco, California (December 2004). Sponsored by a number of large multinational corporations and a group of U.S. business schools, the conference featured CGAP CEO and Managing Director Elizabeth Littlefield on a panel, as well as Gerhard Coetzee, MBA Project champion at the University of Pretoria.
- Conference on Microfinance, University of California, Berkeley (November 2004). Sponsored by the Clausen Center of the Haas Business School, the conference attracted faculty, students, and other members of the Berkeley community. Muhammad Yunus, founder of the

Grameen Bank in Bangladesh, and John Hatch of the Foundation for International Community Assistance (FINCA) were the keynote speakers. The MFMI participated on a panel entitled "The Efficacy, Sustainability, and Scalability of Microfinance."

- Second Annual Network Workshop of the MFMI Microfinance in MBA Programs, Bangalore, India (October 2004). This MFMI workshop was structured to allow participants to share lessons learned, as well as to revisit and reaffirm the vision of the MBA Project. The workshop focused on establishing a process to ensure quality development of microfinance management teaching materials. As part of the workshop, the Indian Institute of Management Bangalore hosted a panel discussion on capacity building in microfinance for more than 100 faculty, students, and members of the Bangalore community. Featured speakers at the

event—which was covered by *The Hindustan Times*—included David Gibbons of CASHPOR (India), Al Fernandez of Myrada (India), and Ron Chua of the Asian Institute of Management.

- Presentations to recruit MFMI International Fellowship applicants at university and MBA programs in Kenya, Tanzania, Uganda, Egypt, Pakistan, and Morocco (December 2003–March 2004).

### Upcoming Events

August 29–September 1, 2005: "**Integrating Microfinance into Formal Financial Markets.**" This conference will be hosted by the Centre for Microfinance of the University of Pretoria with South African and Ugandan partners at the Cape Town International Convention Centre. The conference will include four one-day learning workshops. For more details, contact [gerhard.coetzee@up.ac.za](mailto:gerhard.coetzee@up.ac.za) or [www.mfrc.co.za](http://www.mfrc.co.za).

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