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microfinance dialogue: THE NEXT DECADE

2 November 2007

Conference held at the:

Fletcher School of Law and Diplomacy
Tufts University
160 Packard Avenue
Medford, MA 02155 USA



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The Friedman School of Nutrition Science and Policy, Tufts University

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Tufts University

Co-Chairs:

Neil Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School
Kim Wilson, Lecturer, The Fletcher School



Framing the Issues

In April 2007, Banco Compartamos completed an Initial Public Offering. By the end of the first day of trading, the bank was valued at more than \$1.5 billion. This landmark success hurled microfinance from the world of financial breakeven into an era of remarkable investment opportunity. It also ushered in a tide of debate.

Microfinance – The Next Decade brought together practitioners, donors, policy-makers and scholars to explore the critical issues and breakthroughs in the field of microfinance today.

Dialoguers and attendees were asked to reflect on three themes:

Microfinance and the Capital Markets – Who Benefits? What is the impact of commercial financing on microfinance? Who benefits - customers, investors, the local economy, or the public at large? What is an appropriate role for policy in mediating microfinance, if any?

Microfinance and Soft Money – What is Its Best Use? Is soft money necessary now that commercial efforts have proven successful? If, so how can it best contribute? What are the optimal uses of grants, concessionary loans, tax benefits and other forms of subsidy?

Microfinance and The Next Decade – What's Next? Looking ahead, how big a role can and will microfinance play? What other resources are needed to accelerate its benefits or to limit its negative impact? What key issues must the private, public and NGO sectors address?

The Dialogue format was designed to promote and provoke open exchange among experts representing various points of view. Each session included a panel of Dialoguers and two moderators. After briefly stating their positions on the theme, Dialoguers engaged with the audience by addressing specific questions hand-picked by the moderators. The following is a summary of that interaction.



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One Student's Perspective

By Matt MacGregor

The Major Leagues:

Microfinance has reached the major leagues.

That was the conclusion posited by Kim Wilson, a lecturer in international business and microfinance at the Fletcher School, during her introductory speech at the “Microfinance Dialogue” on November 2nd. Hosted by the Fletcher School’s Center for Emerging Market Enterprises and prompted by the recent financial success of the Compartamos initial public offering (IPO), the “Dialogue” served as a forum for public debate between distinguished academics, practitioners, and leaders in the microfinance field. The topic: What role can and should international capital markets play in expanding the scope of financial services for the poor? If the Compartamos IPO and the enormous profits it generated for investors is a watershed, what are the implications for the well-being of the billions of people around the world who still lack access to formal financial services?

A wide variety of influential actors in the microfinance community assembled for the conference. New players (like Inshan Ali Nawaz of First Microfinance Bank and Raven Smith of the American International Group), faced off with heavy hitters (ACCION Executive Director Maria Otero, Harvard Business School professor Michael Chu, and Director of the Omidyar Network Jim Bunch). In addition, some of microfinance’s earliest pioneers (Malcolm Harper, former Chairman of Basix and Director of M-Crill and Professor John Hammock, former Executive Director of ACCION) were in attendance, giving the day’s activities both an interdisciplinary and inter-generational feel.

Wilson’s assertion that microfinance has just begun to reach its financial prime was reflected in the overall tone of the “Dialogue”—a tone that stressed the positive implications of microfinance’s newfound ability to tap into the vast financial resources of capital markets, alleviating poverty through profit. Harvard’s Michael Chu outlined the four keys he believes are essential to widespread poverty alleviation: scale, permanence, efficacy, and efficiency. The only thing that society has ever known that can deliver on all four, noted Chu, is



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the profit motive. And when this profit motive attracts trillions of dollars from the capital markets, even the billions of the Omidyars and Gateses pale in comparison.

According to Chu, *“The idea that you can tap into the trillions of the capital markets and invest in commercial ventures to affect poverty is the best news the poor have received in thousands of years.”* Many of the panelists agreed. Somak Ghosh, President of Corporate Finance and Development Banking at Yes Bank in India, praised Compartamos as a successful model of what microfinance could be. He noted that the Compartamos success story has the potential to bring more investors into the game, helping to improve competition, lower interest rates, and offer better products to the poor.

Profiteering?

Some of the panelists, however, were not so sure. Malcolm Harper, former Chairman of Basix and editor of a new book entitled *“What’s Wrong with Microfinance”* stirred up the discussion with references to Karl Marx and the dark side of the Compartamos IPO—profiteering. Although admitting he supported the idea of bringing increased access to financial services to the poor, Harper noted that the excessive profits generated by the Compartamos IPO are a cause for concern. Making the poor pay excessively high interest rates for financial services, he remarked, is like charging the thirsty high prices for water. If the goal of microfinance is to alleviate poverty, should we not be more concerned with the impact financial services have on development than with the rate at which they are reaching scale?

Perhaps a forthcoming study by the MIT Poverty Action Lab—an organization known for doing serious impact evaluations—on the Compartamos experience will help shed light on what effect high interests may have on client well being. Until then, Harper noted, people who make a lot of money out of the shortage of financial services will still be considered good guys.

Throughout the early discussions, the limelight remained squarely on one of today’s chief protagonists—Compartamos co-CEO Carlos Danel. For his part, Danel defended the IPO and his management of Compartamos, arguing that profit and poverty alleviation do not operate in a zero sum game. Effective and efficient businesses can generate returns while helping the poor; microfinance institutions that receive capital market investments can remain accountable to both investors and their clients. Citing interest rates that have



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been decreasing for each of the past five years, Danel argued that Compartamos has focused its efforts not on a profit maximizing model, but on a growth maximizing model. This is what he sold to investors, and this—scale—is what he believes will help make microfinance a real force in poverty alleviation.

Noting that he had left a successful career in the private sector to found Compartamos (originally as a NGO), Danel argued that there are a wide variety of avenues that can be pursued. The Compartamos model and “going to the capital markets” is simply one of them. *“I am very satisfied in what we have done,”* he said, *“because we do believe that we are making a difference in other people’s lives...You can like it or you can criticize it, but for God’s sake, do something.”* Nods from many of the participants on stage indicated that they seemed to agree.

The question of subsidy:

Buried in the discussion of Compartamos’ impact was also the issue of subsidy. If Compartamos has proven that money for microfinance can be raised in the private sector, what does that mean for philanthropy?

Some of the panelists, including the Founder and CEO of MicroRate (Damian von Stauffenberg) took the traditional view on subsidy, arguing that it allows for inefficiency and discourages the “internal struggle” within businesses to constantly evolve, adapt, improve, and lower costs. Stauffenberg noted that the intervention of development organizations into microfinance—particularly International Financial Institutions (IFIs)—may be dangerous, and could decrease the probability that microfinance will become a mainstream player in the long run.

Guy Stuart, however, a professor at Harvard’s Kennedy School of Government, was not so certain. The Grameen Bank, he argued, is an institution that has received significant subsidy. But it has a lower operating cost than the much less subsidized Compartamos, providing evidence to the contrary in the efficiency argument.

Despite Stuart’s and Stauffenberg’s differing points of view, they reached a relative consensus on the role subsidy can play in “trailblazing” new areas—helping organizations take risks that might ultimately benefit the client. Perhaps subsidy could fund MFIs that wish to offer additional services to their clients that focus on



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more holistic development (education, health, etc) or perhaps business development services for the MFIs themselves. Jim Bunch of the Omidyar Network summarized this point of view, noting that “*subsidized capital should enter where nothing else exists. Where there is a clear public common good and a chance to be the first into the snow to blaze the trail.*” Some of the present subsidies, the participants acknowledged, were doing just the opposite—forcing capital markets into riskier investments and allowing charity to take the easy road. What is needed, they noted, is soft, patient capital for risky investments into unknown territory.

As for crowding out, Guy Stuart of the Kennedy School was the most articulate. Noting that Muhammad Yunus has recently pushed for the creation of more and more “social” ventures that would challenge traditional investment and traditional business models, Stuart argued that competition between the social markets and the capital markets may not be a bad thing after all. Let them compete, he said, and maybe the client (or in the case of microfinance, the poor) would be the better off as a result. Where Stuart did have concerns, however, was where subsidy may crowd out the provision of saving services for the poor. Savings, he argued, is where microfinance should now turn its focus. Helping the poor gain access to formalized savings services so that they can manage risk on a daily basis is the next vital step in a now vibrant movement.

The Future:

The emphasis on the savings side of microfinance was particularly important to the final panel of the day, which focused on identifying what lies ahead. The panelists acknowledged that, until now, credit has been the norm--and in many cases, the only option. Moving forward, what is needed is a more holistic package of financial services for the poor, focused on savings, insurance, *and* credit.

Beyond providing savings and other services for the poor, the panelists argued for an improved regulatory framework within which microfinance can operate—a framework that would help standardize the industry and improve the protection of its clients. Mr. Ghosh of Yes Bank saw a powerful role for NGOs in this arena. In his view, NGOs could carve out a new niche, morphing from providers of cheap capital to major forces in the push for an improved regulatory and fiscal framework that would facilitate private sector participation.



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This improved regulation, argued Professor Chu, should focus on three questions: How to protect (clients), how to promote (microfinance services), and how to draw the line on acceptable profit levels. An improved regulatory framework, added Maria Otero (The Executive Director of ACCION) would help make microfinance part of the financial mainstream. This, in turn, would mean improved services for poor clients.

Otero also stressed the role advances in technology could play in helping microfinance reach the poorest of the poor, particularly in rural areas. And when asked what she thought may be something that could burst the microfinance bubble, Otero was clear: poor, misplaced government intervention. Using the example of her native Bolivia, Otero argued that “populist” approaches to microfinance that make financial services for the poor unprofitable have the potential to “wipe out” the industry. Promoting competition, Otero argued, is the only real way to get prices down. And, ironically, the case in point for the impact of competition on prices is Bolivia itself.

In the end, it seemed, the future of microfinance will be a product of two mutually beneficial forces: the creative energy required to build new financial products that more efficiently meet the needs of the poor, and the ability to find the right sources of investment to finance them. Given the Compartamos IPO, the second force may be the easier of the two. As Sally Dungan, Tufts University’s Chief Investment Officer and the point person for Tufts’ 100 million dollar microfinance fund (a gift provided by EBay Founder Pierre Omidyar), noted: *“If someone told you that you had to invest 100 million dollars in the fastest growing market in a service that everyone needs, what would you do”?*

If there was one conclusion to take away from the conference, it seemed to be that many of the participants in the “Dialogue” would indeed invest. And (barring a few reservations), that this would be a good thing for the poor.



For the Record: A Review of the Conference

By Kevin Bouchard, Richard Finke, Matt MacGregor, and Matt Griffith

Introduction

Professor Kim Wilson from the Fletcher School opened the conference with a discussion of what she called “the three fictions” of modern microfinance. These fictions include: 1) microfinance is special, 2) microfinance is superior to regular finance, and 3) microfinance does and should have a double bottom line. Wilson argued that microfinance is in fact traditional finance, but without the regulation and consumer protection provisions that serve as a backbone of financial activities. Despite its claim to a double bottom line, she continued, microfinance actually enjoys a double top line consisting of very high interest rates and donor subsidy.

Wilson portrayed the success of Banco Compartamos as a watershed. She argued that the microfinance community is open to innovation, and enthusiastically stated that “microfinance will take the world by storm.” Wilson reiterated that while the IPO of Banco Compartamos has “catapulted microfinance into the major leagues,” the industry must shed its claim to a double bottom line and begin acting like “real finance,” subject to laws and regulation that protect consumers from indebtedness and unsavory collection practices.

Microfinance and Capital Markets- Who benefits?

Moderators: Neil Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School
John Hammock, Associate Professor of Public Policy, Friedman School of Nutrition Science and Policy & The Fletcher School (F '67)

Dialoguers: Carlos Danel, Co-CEO, Banco Compartamos
Sally Dungan, Chief Investment Officer, Tufts University
Malcolm Harper, Former Chairman, M-Cril
Inshan Ali Nawaz, Chief Operating Officer, First Microfinance Bank, Ltd.
Piyush Tantia, Director, Oliver Wyman

**“Microfinance is only at the beginning stages of what it is likely to become.”
- Carlos Danel, CEO Compartamos**



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Commercial Models and Scale

During the first session, the Compartamos commercial IPO was the central topic under scrutiny among the Dialoguers and the audience. Throughout this session, the limelight remained squarely on one of the chief protagonists in the current debate, **Carlos Danel**, co-CEO of Banco Compartamos. Danel explained the history and evolution of Compartamos, emphasizing that the model promoted growth maximization and scale. Danel argued that in order to increase scale with such small loan sizes, the commercial model of growth was necessary. Danel commented that the objective of Compartamos was to provide financial services to the greatest number of people as quickly as possible, which was one of the reasons it tapped the capital markets. He reminded the audience that reaching out to the capital markets was not a “zero sum game” as some critics claim. Effective and efficient businesses can generate returns while helping the poor; microfinance institutions that receive capital market investments can remain accountable to both investors and their clients. These investments, Danel noted, have been instrumental in helping Compartamos reach its long term objectives, a win-win for clients and investors.

Malcolm Harper, author of “What’s Wrong with Microfinance?” and Chairman of M-Cril, presented a different view. Refusing to dance around the tough questions, Harper used the term “profiteering” in the context of Compartamos, and speculated that this may be inevitable as microfinance becomes increasingly commercial. Harper noted that many microfinance institutions were making large profits simply because of the shortage in financial services faced by people in the developing world. But making the poor pay excessively high interest rates for financial services, he remarked, is like charging the thirsty high prices for water. If the goal of microfinance is to alleviate poverty, should we not be more concerned with the impact financial services have on development than the rate at which they reach scale? Although he stopped short of proposing a different path, Harper argued that the present situation was clearly not “ideal.” The task of finding a better microfinance model, he noted, would be left up to the next generation of microfinance practitioners. Yet what may serve as a litmus test to come was **Malcolm Harper’s** question to the audience. Harper asked, “Is the integration of microfinance into the finance mainstream a good idea?” By a show of hands, the audience responded with a split decision: half the room seemed to believe it is good for the future of microfinance, and half that is not good for the future or microfinance. The result pointedly demonstrated just how unknown is the future of the microfinance story.



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Inshan Ali Nawaz, COO of the First Microfinance Bank in Pakistan, offered a third viewpoint regarding the varying microfinance models. Nawaz stated that the First Microfinance Bank's objective was to marry entrepreneurship with capital formation. To advance its dual mission of social and financial returns, the Bank would avoid the profit maximizing model. In response to a concern that this may limit the growth potential of the First Microfinance Bank, Nawaz argued that the evidence showed the opposite. His customer base, he noted, had grown to over 100,000 clients in five years and has maintained very rapid growth rates, all without a purely commercial model.

Interest Rates

In response to a question about the interest rates Compartamos charges, **Carlos Danel** responded that interest rates for Compartamos clients have dropped approximately 30% in the last five years. Even if Compartamos had a return of zero, he argued, the high cost of doing business in Mexico would still leave interest rates at 63%. Danel's defense of the high interest rates reflected his overall opinion that the poor should not be viewed as different people. This was one of the reasons that traditional banking left the poor unbanked in the first place. Danel added that he does not "look at the poor as different people," rather they are clients of Compartamos and should be treated equally. Danel reiterated that Compartamos seeks to provide a better life for its clients through extending financial services to as many as of them as possible.

Inshan Ali Nawaz responded to the interest rate discussion by arguing that the question of interest rates is really a question of the ultimate objective of the institution. "There is nothing stopping us from charging 70% [interest rates]," he said, explaining that the First Microfinance Bank does not currently charge its clients those rates because their objective was fundamentally different from that of Compartamos. Articulating a concern that seemed to be in the minds of many in the audience, Nawaz stated that the true objective of his microfinance institution was poverty alleviation, not profit maximization.

Role of Government and Future Regulation

There was a large amount of consensus amongst the Dialoguers surrounding the role of government and regulation. Many Dialoguers stated that government protection and regulation was needed. However, success would ultimately depend on how the specific regulation was written and implemented. **Malcolm Harper**



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provided an example from India, where a misguided Andhra Pradesh government may have done significant harm to microfinance clients by closing down a number of microfinance institutions due to concerns over high interest rates. Such harmful legislation was in direct contrast to other recent regulatory activities taking place in India, however. Harper praised Indian legislation mandating that 40% of the loans from each institution must directly target the poor. **Piyush Tantia**, Director of the consulting firm Oliver Wyman, added that parallels from the United States market could apply within the microfinance context. Tantia stated that the United States had a significant amount of financial regulation, but innovation often outpaces regulation, with needed protections lagging to levels that are dangerous for consumers. Tantia stated that the US was the most financially literate country in the world, yet the US was currently experiencing a serious credit situation as a result of sub-prime loans. Using the sub-prime loan crisis as his backdrop, Tantia posed an interesting question to the audience: If the United States was unable to avoid financial boom and bust cycles with an abundance of regulation and protection mechanisms, what does that mean for the highly unregulated microfinance industry throughout the world?

Profit

The role of profit and the acceptable levels of profits for a microfinance institution were another underlying theme from the first session. The Dialogue included questions directed to **Carlos Danel** asking whether “making a fortune off of the poor” was ethical. Danel responded that one needed to look at the level of profits differently, separating out the IPO proceeds from the regular yearly profits of the institution. Concerning the IPO, Danel stated that the founders never expected to make a great deal of money, so the IPO was a surprise to everyone. Danel reminded the audience that two-thirds of the IPO proceeds went to social investors including ACCION International, enabling firms like Compartamos to spread the wealth around the world in the form of increased financial services to the poor. Danel continued, “I am very satisfied in what we have done, because we believe that we are making a difference in other people’s lives. You can like it or you can criticize it, but for God’s sake do something.”

Competition

Throughout the course of discussion, the Dialoguers addressed the question of competition. Given that serious competition would quickly arrive to saturate the Mexican market, one of the Dialoguers pointed out



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that Compartamos could be an “open book” for competitors to duplicate. Recognizing this, Danel reiterated that Compartamos must find better ways to compete and service its clients in order to maintain growth rates, and compete with other commercial banks within Mexico. **Piyush Tantia** added that the smaller microfinance institutions have an intimate relationship with customers, helping them to keep their customers and remain profitable. Moreover, if Compartamos was designed to solely make a profit, he expected it to “blow up” in a few years. Tantia commented that a boom and bust cycle was commonplace within the financial industry and its effects could someday be felt within the microfinance industry as well. Tantia warned that because of the growth and profitability within the microfinance industry today, MFIs must be careful to avoid this type of unsustainable cycle.

Investment

Sally Dungan, CIO of Tufts University responded that the growth and competitive landscape within the microfinance environment was a very important factor in analyzing investments in microfinance institutions around the globe. Differing in perspective from some of the other Dialoguers, Dungan remarked that she had to be a “pure capitalist” in her position, and sought to maximize profits for Tufts University. “I am a fiduciary,” she said, “and that means in my mind Tufts is the poor person.” In order to push toward the desired rate of return, Dungan stated that Tufts must structure its portfolio carefully in order to have numerous growth strategies for each microfinance investment. Dungan claimed that despite the upsurge in investment firms within the microfinance industry, Tufts still needed to make a number of direct investments in microfinance institutions because of the lack of portfolio managers inside the industry today. The Dialoguers and Dungan agreed that the microfinance industry had room to grow in a number of differing directions.

Microfinance and Soft Money – What is its Best Use?

Moderators: **Peter Walker**, Director, Feinstein International Center, Rosenberg Professor of Nutrition and Human Security, Friedman School of Nutrition Science and Policy
Kim Wilson, Lecturer, The Fletcher School and Senior Researcher, Feinstein International Center

Dialoguers: **Jim Bunch**, Director, Investments, Omidyar Network
Manuel Malaret, Director of Microfinance, Corporation Andina de Fomento (CAF)
Damian von Stauffenberg, Founder and CEO, MicroRate



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Guy Stuart, Lecturer, Kennedy School of Government, Harvard University

**“...not everything that subsidized money does is bad, as there are actually outstanding good things.
However, most of it is bad in microfinance.”**

-Damian von Stauffenberg, CEO MicroRate

The Role of Subsidy

The majority of the discussion within the second session revolved around the question of subsidy and its effect on financial services for the poor. **Jim Bunch**, Director of Investments for the Omidyar Network, started the Dialogue by pointing to the ability of soft capital to venture into risky territory. Subsidies, he argued, could be useful in the areas where commercial capital was unwilling to go. According to Bunch, “subsidized capital should enter where nothing else exists. Where there is a clear public good and a chance to be the first into the snow to blaze the trail.” Bunch applied this logic to the initial years of Compartamos. He was quick to point out, however, that this same subsidy should not crowd out the commercial capital markets, where the private capital was now plentiful and beginning to make a tangible social impact.

Guy Stuart, Lecturer at the Kennedy School of Government, agreed that subsidy could play a role, particularly in its ability to help scale up nascent microfinance institutions or launch new financial products for the poor. Arguing that the provision of financial services often highlights other issues that are relevant to holistic development, Stuart noted that subsidy could be suited for the non-financial realm of microfinance. He stated that if microfinance institutions were serious about becoming a platform for other services to the needy, then additional subsidies could be crucial to the daily livelihoods of the poor. Stuart, however, was quick to add that if an institution were to collect subsidies, it should create separate accounting and management structures to properly reflect these subsidies on its financial and social balance sheets. He added that his was a very real solution now being applied by BRAC and SEWA, both of which have separated the accounting structures for subsidized and non-subsidized activities.

Manuel Malaret, Director of Microfinance at the Corporation Andina de Fomento, noted that as commercial banks enter the field of microfinance, there will be greater penetration toward the bottom of the economic pyramid, creating a situation whereby the market will need to develop new strategies to address the poorest of the poor. Malaret suggested that these very strategies may require subsidies to increase outreach and development to areas where microfinance institutions have not previously ventured. Other Dialoguers,



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including **Somak Ghosh**, President of Corporate Finance and Development Banking of YES BANK, stated that subsidies could play a role as effective tools for underwriting and lowering risk. **Inshan Ali Nawaz**, Chief Operating Officer of the First Microfinance Bank of Pakistan, added that subsidies were very helpful when dealing with a pilot program or a new and creative product. However, Nawaz warned that the subsidy must have a formal end date that marked its expiration.

Damian von Stauffenberg, Founder and CEO of MicroRate, was outspoken on the topic of subsidies. Overall, he argued, subsidies are damaging to microfinance institutions because they discourage the “internal struggle” that takes place within businesses to evolve, adapt and compete. “The problem,” Stauffenberg said, “is that these discussions tend to be black and white, bad or good, and I think I’ve been put in a position where I am expected to say ‘government bad and private sector good.’ I’m glad to comply, but with a caveat that not everything that subsidized money does is bad, as there are actually outstanding good things. However, most of it is bad in microfinance.” Stauffenberg expanded on his explanation by stating that the subsidies created two fundamental issues at microfinance institutions: one, they decreased efficiency, and two, subsidies intended for the poor ended up subsidizing the middle class.”

But not everyone agreed. **Guy Stuart** rebutted Stauffenberg’s comments on the role of microfinance subsidies and their impact on inefficiency. Stuart used the example of the Grameen Bank, an institution that is more efficient in terms of operating costs as a percentage of assets than Compartamos, yet one that also receives a significant amount of subsidy. Stuart stated that there was relatively little academic research to back the claim that subsidies create inefficiencies. He concluded that it should be an area for further research and investigation.

Role of the International Financial Institutions

Near consensus emerged regarding the roles of international financial institutions (IFIs) in microfinance today. Many of the dialoguers argued that the involvement of IFIs in microfinance was both precarious and possibly counterproductive to the introduction of commercial capital. **Damian von Stauffenberg** was vocal in labeling the actions of IFIs and their investments in microfinance institutions as “trophy lending.” Their lending policies, he argued, must prove that “they [the IFIs] are needed” by the development and microfinance community. Stauffenberg continued by noting that the IFIs have doubled lending over the last few years, but at the same time shying away from risk. According to Stauffenberg, the institutions have been



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lending to the safest MFIs, thus forcing commercial and private capital markets to compete at a disadvantage. **Jim Bunch** concurred, noting that subsidies by IFIs “distort the market by giving someone an unfair advantage and crowding out the commercial sector.” **Manuel Malaret** was the sole dissenting voice, arguing that IFI loans assist numerous different types of MFIs and help begin new industries. The lower parts of the pyramid are still not being serviced by the MFI community, Malaret pointed out, and for MFIs to survive as they reach increasingly poorer segments of the population, they must turn to subsidies.

Crowding Out

The discussion continued regarding the roles of the many players within the microfinance community. **Guy Stuart** spoke about the role of social impact and long term objectives of capital. He stated that “the capital markets are fickle and unreliable partners,” noting that it might be good for the client to let the social capital markets and the commercial capital markets compete. Stuart however, made sure to mention that he was concerned about the potential of crowding out of financial service providers offering savings products. As an essential service for improving the well being of the poor, Stuart argued that savings products should be the focal point of the microfinance community. Helping the poor gain access to formalized savings services so that they can manage risk on a daily basis is the next vital step. **Damian von Stauffenberg**, however, disagreed. He proclaimed that the real revolution of microfinance involved credit, not savings. Stauffenberg pointed out that a large proportion of the developing world does not have formal means of employment, and thus credit or “loan creativity” has real value to the unemployed in need of capital.

The Double Bottom Line

With regards to a double bottom line, **Damian von Stauffenberg** was skeptical. He challenged the existence of a double bottom line in practice, stating that “...this thing about the double bottom line... it sounds great, it’s nearly irresistible. But in practice I believe that the double bottom line is mostly words...rarely do I see it...” In most cases, Stauffenberg argued, the goal of a double bottom line hurts the efficiency and effectiveness of MFIs. This means that instead of passing on profits to the poor, the lack of pressure to perform evaporates profits. The employees, rather than the clients, are the ones that benefit.

Guy Stuart, however, cast a more positive light on the existence of a double bottom line. Stuart explained that if microfinance institutions like Compartamos used their loan and credit networks to reach



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families in need of nutrition services, the goal of the double bottom line could be achieved. Stuart noted that a social oriented stock exchange, a concept proposed by Dr. Mohammed Yunus, could be a more reliable funder of social businesses, including microfinance. In general, he noted, there are too few businesses, funds, philanthropies and institutions that are actively willing to take a risk and fund social ventures that receive below market returns.

Microfinance and The Next Decade – What’s Next?

Moderators: **Neil Allen**, Co-Director for Emerging Market Enterprises, The Fletcher School
Nancy Wilson, Associate Dean, Jonathan M. Tisch College of Citizenship and Public Service, Tufts University

Dialoguers: **Michael Chu**, Senior Lecturer, Harvard Business School
Somak Ghosh, President, Corporate Finance and Development Banking, YES BANK Ltd.
Peter Johnson (F’ 78), Partner, Developing World Markets
Maria Otero, President and CEO, ACCION International
Raven Smith, (F ’06), AIU Business Development, American International Group (AIG)
Nicholas Sullivan (F’ 03), Publisher, Innovations: Technology/Governance/Globalization (MIT Press)

“The idea that you can tap into the trillions of the capital markets and invest in commercial ventures to affect poverty is the best news the poor have received in thousands of years.”

-Michael Chu, Senior Lecturer, Harvard Business School

Future Trends

The final panel discussion of the day addressed future trends and forecasted the possible trajectories that the microfinance industry may take over the next few years. **Maria Otero**, President and CEO of ACCION International, argued that there were two primary challenges in the future of microfinance. First, how microfinance can be incorporated into the mainstream financial systems of developing countries? Otero believed this integration would require an improved and standardized regulatory environment. Second, how can the microfinance industry improve the overall quality of the financial services it provides the poor? According to Otero, these services need to become “faster, cheaper and better.” Such improvements would include lowering interest rates, increasing efficiency, and utilizing existing and emerging technology to reach clients at lower cost.



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Peter Johnson, Partner and Founder of Developing World Markets, added that microfinance should never be viewed simply as mainstream finance. From his perspective, microfinance is finance within a “socially positive” framework. By incorporating a socially positive perspective into their investment decisions, he noted, investors will become savvier about asking important questions regarding their investment portfolios. Investors will demand relevant information regarding investments in microfinance, and this knowledge base will benefit the entire microfinance community. Although the levels of growth will not last forever, Johnson argued that the concept of microfinance will continue to become more and more mainstream.

Nicholas Sullivan, Publisher of “Innovations: Technology/Governance/Globalization” and author of “You Can Hear Me Now,” focused on the way in which technological innovation may impact MFI client outreach. Sullivan explained that the banking and financial system needs to extend outward and gain new clients, while at the same time engaging local entrepreneurs in rural areas via the “local entrepreneurship ecosystem.” This ecosystem could transmit banking services into the rural areas by utilizing specialized technology. In fact, this is already happening in parts of Asia and Africa where people located in the village use the technology to bring financial services to the doorsteps of the poor. Sullivan also pointed to the potential of linking remittances to MFI activities, and concluded by arguing that more “patient capital” will have a lasting effect on entrepreneurship in the developing world.

Michael Chu, Senior Lecturer at Harvard Business School, argued that to predict microfinance’s future it is important to understand the past. Chu argued that there are four necessary characteristics of efforts to reduce poverty: scale, permanence, efficacy and efficiency. In a particularly pointed moment, the soft-speaking Chu said that the only thing that society has ever known that has had the ability to achieve all four of these goals is the “profit motive.” Opening up microfinance to the capital markets, he said, is the only way microfinance will be able to achieve the scale necessary to alleviate poverty in the developing world. Attacking the problems of poverty, Chu added, will require mobilizing the “trillions of the capital markets, not the millions and billions of the social capital markets. Even the Gates and the Omidyars of the world pale in comparison to the capital markets.”

Somak Ghosh, President of Corporate Finance and Development Banking at YES BANK, offered his intriguing view of the way in which the Compartamos IPO has changed the microfinance landscape. “Just as we talk about the time before Jesus and the time after,” Ghosh declared, “in microfinance we will talk about the time before Compartamos and after Compartamos.” Only time, Ghosh argued, would tell whether or not the Compartamos IPO will have set a beneficial precedent for clients and investors. There is no doubting,



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however, that Compartamos revolutionized the conventional thinking in financial services for the poor. Despite Compartamos' success, Ghosh pointedly reminded the audience that the financial services provision that exists today is not actually microfinance; rather it should be labeled microcredit. Gosh suggested that the future of microfinance lies not in conventional lending, but in other products, including savings, insurance, education and utilities.

Raven Smith, Management Associate at American International Group (AIG), explained that the future of microfinance would hinge upon the role of complementary products such as micro-insurance. Smith added that these products globally have been growing rapidly within the last five years. Today, there is an established market today for micro-insurance, whereas in previous years credit was the priority, not insurance. Because financial organizations such as MFIs have already created a viable platform of the distribution of products, Smith added that cross-selling insurance products becomes more cost effective to the client. Smith stated it was easier to market and sell other products via the same platform used to distribute other financial products, like microcredit, which ultimately benefit the poor and their specific needs.

Competition and Regulation

Increased competition, argued many of the panelists, was vital to decreasing costs and passing efficiency savings onto the client. This competition was embraced and welcomed by **Maria Otero** of ACCION International. Otero spoke about the new entrants into the market, including the wide variety of banks and other financial institutions that have emerged in the past few years to offer financial services to the poor at the bottom of the pyramid. Otero used the example of her native Bolivia to show how competition has been able to force interest rates to drop to approximately 19%. Improving the regulatory framework, argued Otero, would be a vital step in increasing competition and improving the quality of the services offered to the poor.

Michael Chu took the issue of regulation a step further. Chu spoke about the potential regulatory framework for microfinance institutions, and the questions legislators must ask when developing policy. The first was how much profit to allow. Pricing, Chu Argued, is a pivotal area that has been tested for the last 30 years. By and large, he said, the State is an "awful player" in providing continuous efficiency and efficacy in pricing. As a result, Chu argued that the State should not be a direct provider of financial services and should not set interest rate caps, which stifle competition. The second question surrounding regulation was how to protect microfinance clients. Chu mentioned that common accounting standards and transparency were vital



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to improving client protection. Helping to establish standards in this area, argued Chu, is key. And lastly, Chu argued that policy makers should think clearly about how to promote microfinance services. Chu suggested a variety of proactive steps for the promotion of microfinance, including tax incentives to spur growth and development. An improved regulatory framework, added **Maria Otero**, would help make microfinance part of the financial mainstream. This, in turn, would mean improved services for the poor.

ACCION Returns From The Compartamos IPO

A question was directed to ACCION and **Otero** concerning the profits of the additional capital raised by the Compartamos IPO in April. Otero stated that the main business segment and expertise at ACCION was microfinance and that the proceeds would go directly to support these business lines. Additionally, Otero stated that ACCION would look to use their increased financial resources to expand ACCION's presence in African markets, as well as to improve and incorporate better consumer protection.

A Microfinance Bubble

Lastly, the Dialoguers were asked if there was something that could burst the microfinance bubble. **Michael Chu** responded that it is likely that microfinance would follow a similar business pattern cycle as the rest of the private sector, complete with ups and downs. The cyclical nature of microfinance, however, was far less of a concern to Chu than a variety of other threats. Chu argued that misplaced government intervention could impede the growth of the sector, as well as decrease access to financial services for the poor. When asked what she thought what might be capable of bursting the microfinance bubble, **Otero** was clear: poor, misplaced government intervention. Again referring to Bolivia, Otero argued that "populist" approaches to microfinance that make financial services for the poor unprofitable have the potential to "wipe out" the industry. Otero reiterated that the proven method to decrease costs to microfinance clients around the world was to increase competition between microfinance institutions, which would ultimately benefit the poor clients in need of financial services. Regardless of the future ups and downs, however, Otero argued that microfinance clearly "is here to stay."



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BACKGROUND OF DIALOGUERS AND MODERATORS

Neil A. Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School

Neil A. Allen is the Co-Director of the new Center for Emerging Market Enterprises at The Fletcher School. A leader in emerging markets investing and investment banking, he was the Managing Director in charge of Emerging Markets at Bankers Trust and DLJ, and was named an “Emerging Market Superstar” and “Top Head of Latin America” by Global Finance. As Managing Member of AGEM LLC and Allen Global Holdings LLC, he developed and oversaw one of the first global emerging markets long short hedge funds and advised companies and investors.

Mr. Allen is a graduate of The Fletcher School (MA '76), and Yale College, B.A., cum laude, American Studies. He serves on the Board of Overseers at Fletcher, to which he donated the Neil A. Allen Visiting Chair of Latin American Studies. He also serves on Fletcher’s International Management Group and Latin America Advisory Group.

Jim Bunch, Director, Investments, Omidyar Network

Jim Bunch is Director of Investments for the Omidyar Network. The Network funds both commercial and non-profit investments in microfinance, participatory media, open innovation and transparency in government. Ashoka, International Law and Development Organization and Blue Orchard are among investments in the Omidyar Network’s diverse philanthropic and commercial portfolio.

Previously, Mr. Bunch was CFO of MTI Micro Fuel Cells, Inc. He has worked in the energy sector as an equity research analyst, reporting on Russian oil companies for Goldman Sachs in New York. Additionally, he worked in Moscow with Renaissance Capital, a Russian investment bank. Mr. Bunch received a BA in international relations from Stanford University and an MBA from Harvard Business School.

Michael Chu, Senior Lecturer of Business Administration, Harvard Business School

Michael Chu is Senior Lecturer in the Initiative on Social Enterprise of the General Management Group of the Harvard Business School. He teaches *Effective Leadership of Social Enterprise and Business* and *The Base of the Pyramid*. He is also Faculty Co-Chair of the Executive Education program Strategic Leadership for Microfinance.

Previously, Mr. Chu served as a Founding Partner of Pegasus Capital and as President and CEO of ACCION International, where he led ACCION’s groundbreaking work in linking microfinance institutions to the capital markets. He also helped launch microfinance institutions and regulated banks in Latin America, including the well-respected Banco Solidario. Mr. Chu graduated from Dartmouth College and received a MBA (Baker Scholar) from Harvard Business School.



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Carlos Danel, Co-CEO, Banco Compartamos

Carlos Danel is co-founder and Co-CEO, since 1994, of Banco Compartamos, a prominent ACCION-affiliated microfinance institution in Mexico that serves more than 700,000 clients. On 20 April 2007 the highly successful Initial Public Offering of Banco Compartamos generated substantial interest from the media, investors, and the general public.

In 2002, Mr. Danel was named "Young Global Leader" by the World Economic Forum and he is a member of the Director's Council of ACCION International. He holds an MBA from the Instituto Panamericano de Alta Dirección de Empresas (IPADE) and a BA in Architecture from Universidad Iberoamericana, Mexico City.

Sally Dungan, Chief Investment Officer, Tufts University

Sally M. Dungan is Chief Investment Officer of Tufts University and manages Tufts' investment portfolio, which includes the Omidyar-Tufts Microfinance Fund. The OT Fund invests exclusively in microfinance initiatives.

Previously, Ms. Dungan was Director of pension fund management for Siemens North America, and Chief Management Officer of the Massachusetts Pension Reserve's Investment Management Board. She has also worked for Lehman Brothers and other firms in the securities industry. Ms. Dungan holds a BA in French literature from Pomona College and a MA in intercultural communication from the Monterey Institute of International Studies.

Somak Ghosh, President, Corporate Finance and Development Banking, Yes Bank

Mr. Ghosh is the President of Corporate Finance and Development Banking at YES BANK Ltd., a high-growth and highly regarded bank in India. The bank is now entering the microfinance market with YES MICROFINANCE and plans a full array of products including loans, savings and insurance.

Previously, Mr. Ghosh was a Director of Rabo India (100% subsidiary of Rabo International, the Dutch Banking major). Additionally, he has many years of experience in lead organizations such as ICICI, Reliance Industries and Ispat Europe. Mr. Ghosh holds an MBA Degree in Finance from FMS Delhi and a BE in Chemical Engineering from the University of Mumbai.

John Hammock, Associate Professor of Public Policy, Gerald J. and Dorothy R. Friedman School of Nutrition Science and Policy & The Fletcher School, Tufts University

John Hammock, currently on a sabbatical working as a Research Associate at Oxford University, is Associate Professor in humanitarian aid at the Fletcher School of Law and Diplomacy at Tufts University. He teaches development, humanitarian aid, globalization and NGO management.

Professor Hammock has served as the Executive Director of Oxfam America and ACCION International. He was also the Director of the Feinstein International Famine Center at Tufts University, which he founded. Additionally, he has worked as a consultant for Women's World Banking and USAID. Professor Hammock holds a MALD (1967) and PhD in International Relations (1971) from The Fletcher School and a BA from Denison University



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Malcolm Harper, Chairman, M-Cril

Malcolm Harper is Director of M-Cril a premier microfinance credit rating agency based in New Delhi with institutional microfinance clients across Asia and Europe.

Previously, Dr. Harper was Chairman of Basix, Hyderabad, a leading 'new generation' microfinance institution. He was also the founding Editor-In-Chief of the respected journal *Small Enterprise Development*. He has advised microfinance institutions around the world. He taught at Cranfield School of Management, where he was Professor of Enterprise Development. He has written many books and articles, among them the recent *What's Wrong with Microfinance*. Dr. Harper was educated at The Queens College Oxford University (BA), Harvard Business School (MBA) and the University of Nairobi (PhD).

Peter Johnson, Partner, Developing World Markets

Peter Johnson is currently a partner at Developing World Markets (DWM), an emerging markets equity fund management and consulting company. DWM provides investment banking, asset management and distribution services to firms engaged in linking capital markets to the provision of important social solutions, such as microfinance.

Previously, Mr. Johnson worked as an investment banker at Bankers Trust, focusing on emerging markets in the Middle East, Asia, Latin America and Eastern Europe. His work centered on restructuring, capital raising through bond issuances, coordinating debt for equity swaps and helping launch asset backed financing. Mr. Johnson is a graduate of the Fletcher School (MALD '78) and received a BS from the School of Foreign Service at Georgetown University.

Manuel Malaret, Director, SME and Microfinance Unit, Corporacion Andina De Fomento

Manuel Malaret is Director of the SMGE (Small and Medium Enterprise) and Microfinance Unit of the Corporación Andina de Fomento (CAF). CAF is a multilateral financial institution that helps both public and private sector initiatives in sustainable development.

Mr. Malaret formerly held the position of Corporate Business Director and Deputy Director of Credit Administration at CAF. Before moving to CAF, he held various positions in Venezuelan financial and capital market institutions, including Vice President at Bank of America in Venezuela. Mr. Malaret holds a degree in Administrative Sciences from Universidad Metropolitana in Venezuela and an MBA from University of California – Los Angeles.

Inshan Ali Nawaz, Chief Operations Officer, First Microfinance Bank Ltd. (pending)

Inshan Ali Nawaz has been Chief Operations Officer of First Microfinance Bank, Ltd. since December 2004. First Microfinance Bank is the result of the transformation of the Aga Khan Rural Support Program into a specialized microfinance bank serving Pakistan.

Previously, Mr. Nawaz served as Vice President of Client Coverage at ABN AMRO, and began his career at Standard Chartered Bank in the Corporate Banking Division. Mr. Nawaz holds a BBA and MBA from The Institute of Business Administration in Karachi. He is also a candidate of CFA level III.



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Maria Otero, President and CEO, ACCION

Maria Otero is president & CEO of ACCION International. Ms. Otero first joined ACCION in 1986 and became president of the organization in 2000. Ms. Otero has also served as the chair or been on the board for the MicroFinance Network, Bread for the World, and the Inter-American Foundation. Additionally, she has served in an advisory capacity to the World Bank's Consultative Group to Assist the Poorest (CGAP).

Ms. Otero has been an adjunct professor at the John Hopkins School for Advanced International Studies (SAIS). In 2006 she was appointed to the UN Advisors Council for Inclusive Financial Sectors. In 2005, she was profiled in Newsweek's special report, "How Women Lead" as one of the 20 most influential women in the United States. Maria Otero has an MA in Literature from the University of Maryland and an MA in International Relations from Johns Hopkins School of Advanced International Studies (SAIS).

Raven Smith, AIU Business Development, American International Group (AIG)

Raven Smith is a Management Associate with the American International Group (AIG) and is working within its American International Underwriters Business Development Unit. The Unit works with innovation in distribution and product development for low-income markets with a specific focus on growing AIG's microfinance / micro insurance business. AIG is a global leader in insurance and financial services with operations in more than 130 countries and jurisdictions.

Ms. Smith spent two years working for Edward Jones Investments. She also interned at the Omidyar-Tufts Microfinance Fund and at Basix Finance in Hyderabad, India. Ms. Smith is a graduate of The Fletcher School (MALD '06) and received a BA from Principia College.

Damian von Stauffenberg, Founder and CEO, MicroRate

Damian von Stauffenberg is the founder and principal of MicroRate, the first rating agency of microfinance institutions. He has also served as Chairman of the Investment Committee of Profund (the first commercial investment fund specializing in microfinance), a member of the Executive Committee of the Latin American Challenge Investment Fund (LA-CIF), and President of Seed Capital Development Fund. Mr. von Stauffenberg is a board member of the Esquel Group Foundation and represents FUNDES, a Swiss non-profit foundation dedicated to enterprise development in Latin America.

Previously, Mr. von Stauffenberg worked at the World Bank and the International Finance Corporation (IFC). Mr. von Stauffenberg holds a Master's degree from the Graduate School for Economic and Social Sciences in St. Gallen, Switzerland.

Guy Stuart, Associate Professor, Lecturer, Kennedy School of Government, Harvard University

Guy Stuart is Associate Professor and Lecturer in Public Policy at The Kennedy School of Government, Harvard University, where he teaches courses on management. He is currently conducting research on racial and economic segregation in the US and on microfinance and thrift cooperatives in India and Latin America.

Previously, Professor Stuart worked as an Economic Development Specialist for the Metro Chicago Information Center. During his time in Chicago, he also served as the Director of the FaithCorp Fund, a



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nonprofit community loan fund. Mr. Stuart received an MA and PhD from the University of Chicago and a BA from Oxford University.

Nicholas P. Sullivan, Partner, Director of Research, Treasurer, Global at Horizon Partners LLC.

Mr. Sullivan currently works as Partner, Director of Research and Treasurer at Horizon Partners LLC. Mr. Sullivan is also a visiting scholar at the Legatum Center for Development and Entrepreneurship (MIT), as well as publisher of *Innovations: technology/governance/globalization* (MIT Press) and the author of “ You Can Hear Me Now”, a book about microfinance, mobile banking and technology.

Previously, Mr. Sullivan was Executive Director of Money Matters Institute, Treasurer of Inc.Com and Vice President/Editor-in-Chief/Executive at and at Soho Group (Scholastic Inc.). Mr. Sullivan is a graduate of The Fletcher School (MALD '03) and received an undergraduate degree from Harvard University.

Piyush Tantia, Director, Oliver Wyman

Based in San Francisco, Piyush Tantia is a Director in Oliver Wyman’s Retail and Finance and Risk areas. He is leading Oliver Wyman’s research for Fletcher’s Center for Emerging Market Enterprises in the area of risk management of financial institutions.

Since joining Oliver Wyman in 1996, Mr. Tantia has worked on projects spanning a vast array of retail financial services businesses, including home equity, prime and subprime lending, deposits, and retail distribution. He has researched, advised on, and managed areas that include strategy, credit scoring and modeling, customer value management, credit process, sales force management, branch network management and governance. Mr. Tantia holds a B.S. in Economics from the Wharton School at the University of Pennsylvania, and a B.S in Engineering, also from the University of Pennsylvania.

Peter Walker, Rosenberg Professor of Nutrition and Human Security, Director, Feinstein International Center, Tufts University

Since September 2002, Peter Walker has been the Director at the Feinstein International Center (FIC) at the Friedman School of Nutrition Science and Policy at Tufts University. The FIC focuses on research and advocacy in areas of humanitarian assistance and issues affecting communities in situations of conflict and natural disaster.

Dr. Walker has worked for diverse NGOs and environmental organizations, including the International Federation of Red Cross and Red Crescent Societies, ActionAid, and OXFAM. He has also been a university lecturer. Dr. Walker has management and research experience in the Middle East, Africa, Eastern Europe and the former Soviet Union, and has published widely. Peter Walker holds a PhD and a B.Sc. from Sheffield University, UK.



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**Kim Wilson, Lecturer, The Fletcher School
Senior Researcher, Feinstein International Center, Tufts University**

Kim Wilson is a Lecturer at the Fletcher School and teaches two courses: *Microfinance: Issues and Breakthroughs* and *Development Aid in Practice*. In addition, she is a Senior Researcher at The Feinstein International Center.

Previously, Ms. Wilson was Director of the Global Micro-Finance Unit at Catholic Relief Services. Prior to working in microfinance, she was managing director of a Boston-based merchant banking firm focused on franchiseable ventures. Ms. Wilson is researching the financial resilience of marginalized and conflict-affected communities. She holds an MBA from Simmons Graduate School of Management and a BA from Wellesley College.

Nancy Wilson, Director and Associate Dean, Jonathan M. Tisch College of Citizenship and Public Service, Tufts University

Since January 2004, Ms. Wilson has served as Director and Associate Dean of Tufts' Jonathan M. Tisch College of Citizenship and Public Service. She is responsible for programming of this university-wide initiative to engage students, faculty and alumni in a lifelong commitment to civic engagement.

Nancy Wilson has over 20 years experience in non-profit and for profit management, in the United States and overseas. While in Africa working for and with early donors and investors in microfinance, she helped launch and support successful microfinance ventures in Kenya, Tanzania and Namibia. In South Africa, she was a partner with PricewaterhouseCoopers Management Consulting Services. Ms. Wilson holds a BA and an MBA from Stanford University.

CONFERENCE AGENDA

AGENDA

MORNING SESSION

- | | |
|----------------|--|
| 8:00 am | Coffee and Registration |
| 8:30 am | Welcome and Introductions
Stephen W. Bosworth, Dean, The Fletcher School
Neil Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School |
| 8:45 am | Framing the Issues of the Day – Kim Wilson, Lecturer, The Fletcher School, and Senior Researcher, Feinstein International Center |
| 9:00 am | First Dialogue: Microfinance and Capital Markets – Who Benefits? |



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10:45 am Publicized as a sustainable way to alleviate poverty, microfinance is now attracting huge sums of commercial capital. Venture capital, asset financing, and flotation of public securities all fuel growth. What is the impact of greater pools of financial resources on service providers, investors and customers?

Moderator

Neil Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School

John Hammock, Associate Professor of Public Policy, Friedman School of Nutrition Science and Policy & The Fletcher School (F' 67)

Dialoguers

Carlos Danel, Co-CEO, Banco Compartamos

Sally Dungan, Chief Investment Officer, Tufts University

Malcolm Harper, Chairman, M-Cril

Inshan Ali Nawaz, Chief Operating Officer, First MicrofinanceBank Ltd.

Piyush Tantia, Director, Oliver Wyman

11:00 am **Second Dialogue: Microfinance and Soft Money – What is the Best Use?**

12:30 pm While microfinance proves to be highly profitable, funding from public sources, foundations and NGOs continues to flow into the sector. In its various forms, soft money can promote commercial success or compete with it. Should institutions receive subsidies in the form of grants, concessionary investments or tax breaks? Can soft money do the work that commercial money cannot?

Moderators

Peter Walker, Director, Feinstein International Center, Rosenberg Professor of Nutrition and Human Security, Friedman School of Nutrition Science and Policy

Kim Wilson, Lecturer, The Fletcher School, and Senior Researcher, Feinstein International Center

Dialoguers

Jim Bunch, Director, Investments, Omidyar Network

Manuel Malaret, Director of Microfinance, Corporacion Andina de Fomento (CAF)

Damian von Stauffenberg, Founder and CEO, MicroRate

Guy Stuart, Lecturer, Kennedy School of Government, Harvard University

12:30 pm **Lunch**
1:30 pm

AFTERNOON SESSION



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1:30 pm

Third Dialogue: Microfinance and the Next Decade – What is Next?

3:15 pm

Microfinance has changed radically since its early days of serving groups of women entrepreneurs with loans. New actors in mobile banking and IT industries have transformed service delivery, reaching whole new segments of the market. What other services and new actors might emerge in the decade ahead? What kinds of impact might we expect from them?

Moderators

Neil Allen, Co-Director, Center for Emerging Market Enterprises, The Fletcher School

Nancy Wilson, Associate Dean, Jonathan M. Tisch College of Citizenship and Public Service, Tufts University

Dialoguers

Michael Chu, Senior Lecturer, Harvard Business School

Somak Ghosh, President, Corporate Finance and Development Banking, YES BANK Ltd.

Peter Johnson (F' 78), Partner, Developing World Markets

Maria Otero, President and CEO, ACCION International

Raven Smith (F' 06), AIU Business Development, American International Group (AIG)

Nicholas Sullivan (F' 03), Publisher, Innovations:
Technology/Governance/Globalization
(MIT Press)

3:15 pm

Closing Remarks

3:30 pm

Adjournment and Refreshments – Hall of Flags