

2019 Boulder Microfinance Training (MFT) Course Syllabus

Course Information

Course:	Microcredit Methodologies
Faculty:	Sahar Tieby
Dates:	July 22 – 26, 2019
Time:	Morning (10:30am – 1:00pm)
Language:	English

Course Description

How do microfinance institutions lend money to low-income persons, get repaid, and cover their costs in the process? In fact, there are a variety of different strategies for overcoming the major microlending challenges depending on the local environment and the targeted market segment.

This course will compare solidarity groups, village banking, individual microlending and other microcredit technologies to explore how they work and the circumstances in which they work best. It will also introduce a framework for managing credit risk and examine how different microcredit methodologies apply that framework. It will pay particular attention to the ways in which methodologies are evolving to better manage the tradeoffs between credit risk, cost and client worth.

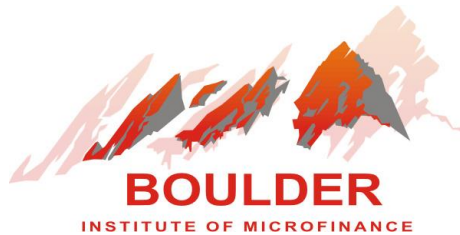
The course will be relevant for those who are not yet familiar with the design of microloan products or are familiar with one or two methodologies but wish to better understand others in order to diversify their product offering. It uses a participatory methodology that draws on the experiences of all participants to achieve its objectives.

Objectives

By the end of this course, participants will:

1. Articulate how different microcredit methodologies overcome the four main challenges associated with lending to the poor
2. Compare the advantages and disadvantages of individual and group lending methodologies
3. Select an appropriate lending methodology for a particular market segment
4. Analyze a framework for managing credit risk
5. Practice managing the tradeoffs inherent in the design of a microcredit methodology

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Prerequisites

An interest in microcredit methodologies and a willingness to participate in large and small group discussions.

Audience / Participants

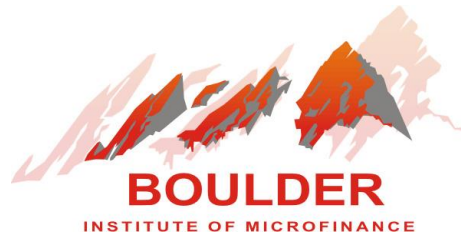
Those who have not had significant exposure to microcredit, or are familiar with only one or two methodologies, and wish to gain broader understanding of the mechanisms through which microloans can be delivered.

Methodology

A combination of small group activities, case study analysis, large group discussion, role plays or videos, and lectures will be used to facilitate learning objectives.

Suggested Reading List

1. Berenbach, S.; Guzmán, D. 1992. *The solidarity group experience worldwide* (Washington, DC, ACCION International), at: <http://resources.centerforfinancialinclusion.org/>.
2. Churchill, C. 1999. *Client-focused lending: The art of individual microlending*. (Washington, DC, Calmeadow), at: <http://resources.centerforfinancialinclusion.org/>.
3. Delien, H.; Leland, O. 2006. *Introducing individual lending*, WWB how-to guide (New York, NY, Women's World Banking), at:
http://www.microfinancegateway.org/gm/document-1.9.29474/33826_file_Individual_20Lending_20How_to_20Guide.pdf.
4. Harper, M. 2002. *Grameen bank groups and self-help groups: what are the differences?* (Filigrave, ITDG Publishing), at:
<http://www.microfinancegateway.org/gm/document-1.9.27267/3249.pdf>.
5. Westley, G. 2004. *A tale of four village banking programs: Best practices in Latin America* (Washington, DC, IADB), at:
http://www.microfinancegateway.org/gm/document-1.9.27393/22782_VB_BPP_FINAL.doc.



Outline

Day 1 :	<ul style="list-style-type: none"> • The difference between lending and microlending • The main challenges associated with lending to low-income persons • Strategies for overcoming the challenges
Day 2 :	<ul style="list-style-type: none"> • Six stages of the lending process • Comparison of the five main microcredit methodologies • Advantages and disadvantages of individual and group methodologies
Day 3 :	<ul style="list-style-type: none"> • Selecting a microcredit methodology for a particular market segment • Analyzing performance indicators by lending methodology • Balancing competing objectives in the design of a microloan product
Day 4 :	<ul style="list-style-type: none"> • Managing credit risk in micro loans • Identifying which of the “Five Cs” is most important • Delinquency management practices
Day 5 :	<ul style="list-style-type: none"> • The roots of microcredit crises • Designing more effective microcredit methodologies • Balancing financial and social performance for both the institution and the client.