

Student Potential to Eradicate Global Poverty:
Building The Ideal Campus-Based Microfinance Initiative

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Executive Summary

This study aims to develop the most effective way in which students can pragmatically and sustainably address global poverty. First I plan to quantitatively and qualitatively define global poverty as the systematic exclusion of certain individuals and communities from the most basic aspects of human development. Then in highlighting the strengths and weaknesses of both the traditional charity and microfinance frameworks, this study critiques the major strategies applied to eradicating global poverty. Here we see how microfinance can empower the poor as an agent in their own development instead of simply a target of charity.

This study aims to answer the fundamental question of why and how microfinance and college or university campuses are best integrated on behalf of all stakeholders, microfinance institutions, their borrowers, higher education institutions, and their students. I compile information from traditional research, surveys, and interviews to outline the historic, overarching, and individual ways in which campus-based microfinance functions. Within this context of the complex issues of global poverty, development, and existing models, I create baseline characteristics for the ideal relationship between such campuses and microfinance; develop a series of case studies to articulate the possibilities available there in; and conclude by addressing the most prominent universal challenges that currently face campus-based microfinance initiatives. This research presents a detailed discussion and analysis as to why and how to start a new campus-based microfinance initiative.

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Modern microfinance, developed initially in the 1970s, is a growing economic development tool used to eradicate global poverty in transforming the non-working poor into small business owners through access to capital, empowering people to lift themselves and their communities out of poverty. Average microfinance loans range from \$15 to \$2,000 depending on social, political, cultural, and economic conditions.ⁱ Muhammad Yunus, renowned as the grandfather of microfinance who went on to win the Nobel Peace Prize in 2006, optimistically states that microfinance works “anywhere there are poor people.”ⁱⁱ The specific model enlisted determines microfinance’s success in minimizing financial risk while maximizing long-term socioeconomic impact and the reach of each dollar.

In elaborating this economic development framework, I will make the case that microfinance must forge a symbiotic relationship with college and university campuses to extend its reach and effectiveness. The original research in this study seeks to outline the ideal characteristics of such a model based on the various ways in which campuses throughout the United States have already incorporated microfinance. I will build a brief history contextualizing global poverty and the charity framework most applied as its solution. Then, after positioning microfinance within this larger context, I will present research articulating why and how colleges and universities can shape microfinance’s future. In this light this study aims to create a path by which microfinance can solidify into a recognized development tool through maximizing campus-based organizations.

Fundamentally, poverty is the lack of realistically benefiting from the opportunities most basic to human development, for example decent living and working conditions, self and community respect, and a long life.ⁱⁱⁱ A richer definition must also incorporate cycles of the poverty in which the majority of poverty's side effects such as hunger and a lack of education become causes of continued and deepened poverty.

Without understanding the complexity of poverty as the life situation in which billions are confined, any effort to ebb swelling global poverty will fail long-term. First, the old maxim that poverty is a rural phenomenon is simply outdated. Ravallion, Chen, and Sangraula explain that in 2005 25% of the world's poor lived in urban centers, based on the US \$1 per day standard. This number had risen 50 million from 2000 while the number of rural poor fell by 150 million, reflecting a poverty migration to urban areas.^{iv} Also as detailed in *Portfolios of the Poor* the correlations between poverty and hunger, AIDS, pneumonia, diarrhea, tuberculosis, malaria, measles, low birth weight, illiteracy rates, and rising, unmitigated conflict further ingrain the cycle of poverty deeper into society.^v Also as 13.28% of the global population went hungry in 2001, these life-threatening side effects of poverty cycles demand pragmatic and swift action.^{vi} Although necessary, defining and analyzing global poverty and the cycles that ensure its continued presence detracts this study from quantifying and planning a comprehensive future beyond poverty with microfinance on campuses.

Calculating global poverty proves almost as difficult a task as defining it then working to improve people's lives. The poor prove quantitatively hard to count as the most underrepresented class in polls and census.^{vii} In fact any attempt to quantify the issue of global poverty leads to methodological controversy. The World Bank estimated

the poor population of 2005 at just over 1.4 billion based on the international poverty line of US \$1.25 per day.^{viii} Yet some scholars argue that the World Bank, and similar institutions, have chosen an arbitrary poverty line and continue to publish misleading and inaccurate studies in an attempt to create the facade of accomplished economic development.^{ix} New Global Poverty Counts argues against the very definition of such a poverty line and provides instead an international threshold based on consumer theory and caloric intake that counted 1.37 billion poor in 2001, and growing rapidly.^x Generally literature agrees that the number of people living in poverty roughly hangs just below 1.5 billion but no consensus exists regarding methodology.

Another ideological rift pits advocates for country-specific poverty indexes that take into account socio-political climates against those reaffirming the importance of a unified international understanding of poverty. Burkhauser, Smeeding, and Merz compare many country-specific poverty line scenarios to find vast discrepancies between their ability to define poverty in developed versus developing countries with no substantial difference between socio-economically similar countries.^{xi} At the Mapping Global Inequalities: Beyond Income Inequality conference in 2008 a slew of scholars agreed that in failing to respond to poverty in the countries it is most prevalent the developed countries further separate the overwhelmingly geographically segregated nature of global poverty to the most densely populated, developing countries.^{xii} For the scope of this study the methodological distinctions in calculating poverty trends dwarf to the overarching reality that the cycle of poverty paralyzes a large, unevenly distributed, and growing portion of the world.

Any change to this devastating cycle will prove superficial and short-term until

the root problem, global poverty, is attacked head on at differing scales from local to regional and national to global. In focusing on qualifying and quantifying global poverty, economic and social capital developments have splintered apart. This separation only hinders the understanding and ultimate eradication of poverty. Generally understood as the complex intersection of the lack of access to economic and social capital, compounded by side effects such as hunger and illiteracy, global poverty demands a holistic approach to supplying this economic and social capital in a sustainable manner, proposed here as microfinance.^{xiii}

LEARNING FROM THE TRADITIONAL CHARITY FRAMEWORK

Holistic development evades any strictly defined and carefully evaluated ideal model. Approaches to such development range in scale, effectiveness, and structure. Traditional charity mechanisms, publicly or privately funded and regional to global in scale, dominate the current development landscape. Amartya Sen, a noble prize winning economist, defines economic development as a “process of expanding the real freedoms that people enjoy.”^{xiv} Microfinance shifts this paradigm to add dignity and pride to the development model as explained through Accion International’s mission statement.^{xv} Here I will focus on the discrepancies between these two frameworks in their abilities to eradicate global poverty. Although ultimately this paper will argue for microfinance as a means to facilitate sustainable change, like all other development tools it comes with limitations in identifying sustainable sources of financing, varying degrees of long-term socio-cultural integration of the earned economic capital, and intensive research to

evaluate success.

The traditional charity framework first and foremost fails to harness the poor as essential to their own upward mobility. In 1988 the United Nations declared that, “the poorest of the poor, are not in a position to undertake any economic activity,” underlining traditional charity’s mentality that poor people are only the problem and discounting entirely their potential contributions to its solution.^{xvi} Root, Callahan, and Shelly, Langlois, Safley, and Choudhury present distinctive studies summarizing the shrinking scholarly opinion that supports traditional charity's ability to raise people out of poverty when practiced correctly.^{xvii} Harbaugh discusses how philanthropy models maximize altruism to bring in large capital sums and create a culture of competition within the developed world that further increases giving for altruistic ends.^{xviii} Similarly other studies confirm that through centralizing websites, some examples housing over 800,000 charity based organizations ready for donations, Charity models best cultivate and maximize this altruistically invested capital.^{xix} Russel Roberts' *A Positive Model of Private Charity and Public Transfers* represents a school of scholars who question such altruisms ability to move beyond superficial consumption level aid and look instead to public charity models for a deeper level of development.^{xx} The Chinese proverb that *when you give a poor man a fish he can eat for the day, yet if you teach him how to fish he will feed himself for a lifetime* identifies a counter to the traditional charity model in eradicating poverty long-term even with its fundraising and centralizing strengths.

Models for traditional charity organizations keep many of the poor impoverished partially by creating a legacy of dependence one fish at a time. *Aid that Works: Successful Development in Fragile States* argues that in only providing people their essentials needs,

ten different traditional foreign aid models only prevent rather than enhance upward mobility for the world's poor.^{xxi} The Human Development Report issued by the United Nations Development Program (UNDP) blamed the traditional charity framework focused on individuals not communities or geographic regions, as only increasing a country's GDP with relatively no long-term changes in the living conditions of the poor.^{xxii} For examples Sacerdote, Alesina, and Glaeser and Auerbach and Lee identify the U.S. welfare infrastructure as the single largest force keeping people under the thumb of the welfare system. By supplying a minimal level of staples the welfare system and other similar public aid models remove the incentives for the people affected to strive towards a better life. Therefore such organizations may decrease fatalities while continuing and worsening the cycle of poverty.^{xxiii} Fundamentally traditional economic development models work from the understanding that people are not capable of lifting themselves from poverty. Such models in this way repeatedly fail to create long-term change in the face of global poverty. Where traditional charity and foreign aid fails, microfinance learns to see the poor as fully equipped to ignite their own economic development.

Microfinance, only four decades old, has created a promising and realistic route to long-term economic stability for the poor. Microfinance operates under the alternative assumption that the poor hold all of the skills needed to be economically feasible but only lack the access to capitalize on these skills. Microfinance learns from its failed charity predecessors to look at the poor not as a target of development but as potential and capable business people. Yunus realized during his initial student, detailed below, "the poor are very creative. They know how to earn a living and how to change their lives. All they need is opportunity. [Micro]finance brings them that opportunity."^{xxiv} Yet some

studies still argue that only in reaching a commercial scale does microfinance have the potential to truly curb global poverty.^{xxv} On the other hand, *Slipping into and out of Poverty: The Dynamics of Spells* shows that although less than 40% of poverty spells began with the loss of jobs or family income, more than 60% of all poverty spells end with the increase of such.^{xxvi} Logically therefore, microfinance is better positioned than the traditional charity framework to end bouts of poverty by creating or increasing a family income. Microfinance adopts the most beneficial aspects of traditional charity mechanism while shifting the operating assumption from condemning the poor as the problem itself to including them as integral in the solution.

INTRODUCING MICROFINANCE: STRENGTHS AND WEAKNESSES

Here I will introduce the strengths and structure of modern microfinance, its funding options and associated problems, and general arguments against its use as a development tool. Structurally Microfinance Institutions (MFIs) create the foundation of microfinance by providing small loans directly to the poor, regardless of traditional *bankability*. Bankability is defined by an individual's ability to use traditional banks resources.^{xxvii} The poor have been historically excluded from the financial world of loans, savings accounts, insurance plans, etc due to bad credit scores or insufficient collateral. These microfinance loans, mostly targeting women, empower the entire community directly by adding individual employment and indirectly through a general increase in financial literacy.^{xxviii} Most MFIs offer a range of wrap around services including, savings accounts, insurance plans, educational opportunities, group lending and skill

based workshops, to minimize risk and maximize long-term upward mobility. Although technically separate from microfinance's core mechanisms, these wrap-around services build social capital and provide a safety net for microfinance investments. Much like traditional charity models, based on the combination of services MFIs offer, long-term socio-economic impact varies dramatically. Yet by shifting the impoverished from target to agent in their development microfinance, executed properly, holds great potential for truly eradicating poverty.

Until the turn of the 20th century MFIs largely failed because they were held to the same economic standards of efficiency and sustainability as traditional banks.^{xxix} This rationale was incapable of taking into account the extra burdens of social capital or returns. Solutions to holistically address the ensuing issues in funding can easily be split into three categories- public subsidies, private investment, and slightly later integrating operational costs into increased interest rates.

Building social capital inherent in microfinance's core mission complicate conducting research and locating sustainable funding sources, as social returns are still economically undefined. Social capital also works to solidify financial inclusion into true poverty alleviation. In resisting the tendency to define development as only economic growth, microfinance increases its long-term effectiveness by emphasizing the importance of the human dimension in both poverty and realistic alleviation strategies.^{xxx}

Social returns are the non-monetary benefits that accompany economic investment in financially sound markets. Although traditionally excluded from any economic understanding of the return on an investment, these social returns attempt to balance the extra services and benefits extended to microfinance borrowers via MFIs.

Russel Sparks defines an economic and conceptual gap in the framework of “socially responsible investment.”^{xxxix} The absence of an economic metric capable of quantifying these social returns for lenders halts microfinance from scaling by limited investment. A discussion of the inability for traditional economics to incorporate the concept of social returns often accompanies a discussion of the social capital built as a vague altruistic trade off for a limited return on economic investment.

Social capital are the skills and network that create both a safety net and social environment encouraging instead of challenging upward mobility on the borrower end. Increasing social capital alongside access to economic capital creates the opportunity for long-term life change beyond the term of any given loan. For example the Grameen Bank constructs horizontal and vertical networks to reaffirm new norms and foster new levels of social trust to solve the larger societal problems of limited access to capital through collective action and decision-making.^{xxxix} Many MFIs lend to groups, discussed in detail later, partially as a tool to build these very networks. Such MFIs maximize personal relationships between socially homogenous group members to create social capital, which in turn increases their repayment rates dramatically.^{xxxix} In this way social capital built within communities, either as formal group lending or between separate borrowers effectively adds collateral engineered for the poor.^{xxxix} Both social returns on the lender side and social capital on the borrower side differentiate microfinance from traditional investment, including human-development and human cost indicators.

As the scope of this study will not attempt to create the economic framework for the future of microfinance, I will not attempt to build appropriate metrics for the added costs and benefits for both the lender in social returns, and borrower in social capital.

However, said research is vital to microfinance and other socially responsible investments and as interests' growth and legitimacy.

Literature is currently shifting to reflect a logical rationale behind microfinance's dependence on public subsidies. Such funds attempt to recognize the non-economic burden and benefits of ensuring high repayment rates without traditional collateral, successful focus on building long-term social capital, and the myriad of wrap-around benefits inherent in participating in these micro-loan programs.^{xxxv} For example Aneel Karnani sees microfinance as insufficient without governments help in market-based, job-intensive development.^{xxxvi} Garmaise and Natividad in the *Review of Financial Studies* find that MFIs increase their number of loans extended per employee by maximizing the eligibility criteria of such evaluation subsidies.^{xxxvii} Becchetti and Pisani agree and confirm that subsidies or asymmetric collateral work to create more efficient and self-sustaining micro-banks.^{xxxviii} These studies highlight public subsidy's direct ability to increase the organization's development capacity.

Generally in opposition to public subsidies, those arguing for privately funded microfinance champion investment options ranging in scale and type with differing degrees of efficiency and sustainability. In *Raising Capital for Microfinance* David Fehr and Gaamaa Hishigsuren represent a group of scholars who concur that traditional sources of microfinance cannot possibly take into account the non economic burdens and benefits provided by MFIs suggesting instead that select mainstream equity investors would invest without the promise of a full economic rate of return.^{xxxix} Commercial interest, increasingly prevalent as more large corporations look to incorporate social responsibility, could also play a large role in this model of expanding and scaling

microfinance. In this spirit Thomas Shaw of the Catholic Relief Services' Microfinance Program attempts to use commercially proven techniques to increase the effectiveness of their work.^{x1} Fundamentally Cull, Robert, Asli, and Morduch argue this funding arena must be considered as supplementary not operational.^{xii} Beyond the limited uses of such subsidies in the face of sustainability in the recent economic downfall an increasing number of microfinance and other socially inclined organizations are competing for a depleting pool of such funds, which further questioning their dependable integration.^{xliii} Including private and commercial interests helps microfinance diversify its funding portfolio to maximize its financial and socio-cultural services and ultimately grow into a legitimized economic development tool.

The largest argument against current microfinance is its high interest rates. As discussed, inherent in the goals of microfinance come added costs outside those suffered by traditional banks and lenders. With increasing public attention on long-term financial sustainability and decreasing acceptance of reliance on short-term public subsidies, increasing interest rates is one of the few viable options.^{xliiii} The problem arises when, as Nimal A. Fernando finds, such interest rates climb to 30-70% in the Asia and Pacific region before calculating in commissions, fees, deposits, and safeguards to collect repayments.^{xliiv} Disregarding the logical reasons these costs exist and the unfair, un-weighted comparison with market-scaled banks, placing these burdens onto the micro-borrower works against the very mission of financial inclusion and poverty alleviation.^{xliiv} Further, although creating a self-sufficient model where all costs are accounted for without government subsidies or private grants and donations appears sustainable, passing along the costs to the poor only builds MFIs atop increasingly unstable clients.

On the other hand Karlan and Zinman argue that the poor are rate insensitive in that MFIs can increase profitability without reducing the poor's access to credit.^{xlvi} They find that loan size is far more responsive to changes in loan maturity than to changes in interest rates. Such studies question the inherent success of microcredit while de-legitimizing the argument that high interest rates hinder microfinances' ability to reduce poverty.

Aside from these inherent funding complications of microfinance; many question its theoretical ability to alleviate poverty. These naysayers generally agree with Thomas Dichter of *Harvard International Review* that microfinance only contributes, if at all, to economic growth that is as short term as their loan cycles without affecting the larger institution of global poverty.^{xlvii} *Microfinance Programs and the Poor: Whom Are They Reaching? Evidence from Ghana*, finds that only the MFIs who specifically target less extreme cases of poverty can hope to reach their goal of ending poverty cycles. *The Economics of Microfinance* articulates another common notion that borrowers are a self-selected tier of the population who would have found means to capital regardless of access to microfinance.^{xlviii} Ghana's largest umbrella MFI reaffirms that borrowers, brand new to the financial scene or experienced borrowers, are better off than non-clients. These studies add critical doubt to statistics favoring microfinance.^{xlix}

Further, a simple lack of documentation and identification could discredit the positive results of nearly 25 million Indian microfinance borrowers. The *Micro-Credit Ratings International* research firm suggests microfinance practices compare to sub-prime lending.¹ Hopefully in associating the two microfinance can learn from the recent housing crisis before a similar bust. Finally, an extensive study by the *Asia Pacific Disability Rehabilitation Journal* finally accuses microfinance of transcending race,

class, socio-political system with no effort to address people with mental or physical disabilities, regardless their higher percentages within poor communities.^{li} These instances, although important downfalls in microfinance to note, are not intrinsically or fundamentally linked to microfinance and can be addressed as the theory and practice matures.

The discussion of financing MFIs remains split between public subsidies, private grants or donations, interest-rate based self-sufficiency, and a mixture of such sources. To some degree both public and private sources fail to properly fund operating and personnel costs to the same extent as built-in interests rates and such fees. Yet interest rates place the burden on the borrowers instead of outside investors, which could be seen as violating microfinance's core mission of poverty alleviation. Microfinance must focus on financial sustainability and market inclusion so that MFIs and the small businesses they create do not remain locked into informal markets, with no long-term aspiration of upward mobility.^{lii}

The problems stemming from the enormous gap in research backed best practices fail to address questions of efficient funding while ultimately freezing modern microfinance's trajectory toward a legitimate economic development tool. Such research will position microfinance to succeed in alleviating poverty worldwide by clearly articulating what criteria and operating structure characterizes the most effective MFIs in achieving their basic mission of sustainable and holistic poverty alleviation

In its pursuit of economic legitimacy, microfinance must learn to both separate its success from the range of political and socio-cultural environments in which it operates and maximize any potential assets provided by such systems. Therefore the argument over best practices should aim to translate across political regimes and economic systems alike while applying itself to the realities of different scenarios.^{liii} The World Bank's 2010 Report *The Impact of the Investment Climate on Employment Growth* proves this universal potential of microfinance. In comparing employment rates of Sub-Saharan Africa to North and South America, Europe, India, and the Far East. The report finds that such rates spike dramatically in correlation with the introduction of microfinance to a given country.^{liv} Further, "Which Microfinance Institutions Are Becoming More Cost Effective with Time?" finds that beyond all other factors including political and socio-cultural differences between countries, MFI's effectiveness directly relates to its years of operation. In analyzing these industry forerunners the common focus on long-term social integration eludes to potential transferable best practices.^{lv}

Although no agreed upon best practices exist yet, for the sake of this study I will use three main criteria— emphasizing savings, building social capital, and utilizing networks through group borrowing —as the base-line standard for a successful MFI as I developed in 2009 in a separate paper dedicated to such best practices.^{lvi}

Emphasizing or at least providing access to savings distinguishes a successful MFI for its ability to create habits that increase the long-term positive effects of borrowing. MFIs' impacts stretch long after a given loan process culminates by teaching even the poorest of the poor how helpful savings can be in times of economic or environmental turmoil.^{lvii} These savings are structurally incorporated into microfinance

via prerequisites, co-requisites, or in some cases are offered on a volunteer basis to provide the opportunity for borrowers to choose financially responsible habits.^{lviii} Meanwhile Schreiner and Sherraden find that through Individual Development Accounts (IDAs) the extreme poor save as a means of solidifying conservative family accounting as its own means of poverty alleviation.^{lix} Jean Kwon agrees that the presence of savings in microfinance as a voluntary option but not enforced encourages the act of choosing to invest part of a loan into savings and jump-starts long-term financial awareness that leads to security.^{lx} Melinda Gates takes the importance of savings even further in deeming it the true force pulling people out of poverty instead of the microfinance that enables it, especially when located in mainstream cultural establishments, like shopping malls or arcades.^{lxi} Yet when such savings programs stand alone, Caitlin Webber explains that the wealthy private donor benefits more than the borrower attempting to save because such clients generally lack the current and historical financial and social capital to understand the importance of saving.^{lxii} In allowing borrowers the opportunity to practice the financial literacy earned through participation in microfinance, micro-savings accounts extend the benefits of a given loan much further than its loan cycle and help set apart MFIs that incorporate savings from the less effective organizations.

Second, MFIs that focus on building human capital while lending ensure loan repayment and thus sustainability for the organization and socio-economic changes for borrowers and their communities. Many MFIs offer wrap around services including business classes, literacy workshops, and family education/planning to deliver social capital alongside the economic micro-capital.²⁰ By learning from successful and long standing MFIs around the world, it's clear that these wrap around services when coupled

with sound lending practices make for the ideal microfinance scenario. Started by Yunus, the Grameen Bank in Bangladesh is often cited as the first bank dedicated to microfinance. The Grameen model rests on a foundation of skills based classes and workshops in an attempt to “provide [the working poor] with real development ethics based on rigor, creativity, understanding and respect for the rural environment.”^{lxiii} The Lakota Fund, a MFI created in 1986, works to help members of the Oglalat Tribe on the Pine Ridge Indian Reservation in the upper Midwest region of the United States work their way to financial freedom through microfinance once participants have earned a certificate in a range of financial literacy, family business, and smart credit courses.^{lxiv} Finally BRAC, one of the largest MFIs in Bangladesh now serving over 110 million borrowers and comparable to the Grameen Bank in its historical and economic role, focuses directly on public health education and microfinance as the ideal marriage needed to achieve poverty alleviation.^{lxv} These examples demonstrate and confirm Sanae Ito’s thesis in *Microfinance and Social Capital: does social capital help create good practices?* that MFIs can rarely succeed without such services to support and protect their capital investment. In the same breath Ito cautions against failing institutions that use social capital development as an excuse for unsuccessful economic results.^{lxvi}

Finally an MFI that solidifies the social capital built in savings programs and these wrap around services through an emphasis on group lending proves its focuses on long-term poverty alleviation and sustainability. Broadly group borrowing unites borrowers along preexisting social and cultural similarities to add collateral into the lending process, albeit unorthodox. Arguably the largest asset that even the poorest populations have is their community. Contrary to popular belief, the social capital that

comes with these networks allows MFIs to create change at the community level for both men and women.^{lxvii} When MFIs can utilize these networks logically their sustainability within that community increases exponentially as do the long-term changes their loans spur for the entire community beyond individual borrowers. Operationally MFIs integrate group borrowing through spouses functioning as co-borrowers and co-business owners to five women sharing a series of loans or an entire village receiving a loan and unanimously deciding its implementation.²⁰ As Yunus, a champion of group lending, explains “small groups consisting of co-opted members coming from the same background and trusting each other can keep each other accountable better than any bank or outsider could.”^{lxviii} The San Francisco based Full Circle Fund's only borrower criterion is that the women join a group of five borrowers. Whom take turns receiving loans and helping each other pay them back.^{lxix} *Group Size And Social Ties In Microfinance Institutions* studies a series of MFIs internationally to find that MFIs emphasizing group lending along existing social ties have measurably lower debts and higher repayment rates.^{lxx} Microfinance models that include group borrowing succeed in building community and positive individual social and economic mobility as they develop both economic and social capital while minimizing investment risk.

Emphasizing savings, offering wrap around services, and facilitating group borrowing form a baseline index for a successful MFI, assuming sound financial practices. These criteria lack the necessary long-term research to solidify microfinance into a trusted economic development tool. The actual dialogue regarding global MFI best practices has yet to reach any true conclusions. Other potential criteria include; rise in the financial expense ratio, amount and diversity of international donor funds, historical loan

repayment, years of operation, number of borrowers, woman borrower ratio, life insurance penetration ratio, family size, wealth of borrower, population density, the host country's geographical size, its relative wealth, and the presence of a legal framework for Microfinance.^{lxxi} The sheer spectrum of different championed microfinance practices and the inability of research to quantitatively measure their relative impacts may hinder the possibility of singling out microfinance, fundamentally the access to capital, as the sole cause for upward mobility. Minimal existing research and investment limit microfinance's impact on global poverty. Yet MFIs that capitalize on access to savings, wrap-around services, and strengthening the community around upward mobility facilitate financial inclusion to stop the cycle of poverty one borrower and community at a time.

MICROFINANCE AND COLLEGE / UNIVERSITY CAMPUS

Here I will first define the scope of this study and then speak to the historical and national organizations that assist the development and implementation of campus-based microfinance. Ultimately I plan to discuss the ideal relationship between microfinance and college or university campuses throughout the United States.

The terms *college* and *university* define two-year or even online programs to medical school or doctoral graduate programs. This study narrows its scope to include only 4-year academic institutions with a residential component. Graduate students will be included in so much as they function similar to their undergraduate peers in terms of their relationship to the institution, its campus, and resources. The generic terms *institution*,

student and *campus* throughout this paper will refer specifically to any such institution; public or private, university or college, urban or rural, large or small. Community colleges, programs oriented towards trade skills, any program working towards a degree higher than a masters degree, and any low-residency institution will not be directly represented here nor will the conclusion be as easily adopted in such scenarios. The choice to narrow the definition of a campus for the sake of this paper should not understate the value such institutions would bring to the movement behind microfinance, but instead acknowledge the need for more specific research tailored to their framework. Modern microfinance and such 4-year, intensive institutions of higher education form a bond historically and currently justified.

Economics Professor Muhammad Yunus at the Chittagong University in India led his students on a summer research project to investigate how the poor of India conceptualized capital; that effort is generally understood as the beginning of modern microfinance. Poverty, famine, and conflict drastically lowered India's quality of life following the 1971 Bangladeshi War of Liberation amounting to nearly \$2.0 billion of damages, mostly to physical assets like the transportation infrastructure.^{lxxii} This devastating conflict combined with historical mismanagement of food and a regional drought spurred a famine, which alone killed at least one million of India's rural poor.^{lxxiii} Yunus became unsettled by passing so many corpses on his way to lecture the overall success of economic theory. Therefore, he and his students conducted a survey that overwhelmingly showed how the poor had specific and pragmatic plans for capital, if they only had access.^{lxxiv} Yunus dreamed that microfinance could connect the theories from his courses to the real world crisis; paving a way for such credit to reach the poor

and help them pull themselves out of poverty. To test the power of microfinance Yunus first lent \$27 US dollars of his own money to 42 villagers. These small loans allowed villagers to avoid greedy middlemen, buy their own supplies, choose their prices, and drastically improve sales and salaries. Surprisingly 100% of the original money lent was returned. This success with the help of continued research by students and professors pushed Yunus to start the first branch of a bank dedicated to micro-credit in 1977. The Grameen Bank was fittingly named after the Bengali word for ‘village.’ Three decades later the Grameen Bank had assisted more than six million poor families to lift themselves out of poverty with such clients owning 94% of the bank. Students continue to play an important role in The Grameen Bank and microfinances’ overall development.^{lxxv}

From these roots as a college professor’s research project, microfinance and campuses continue to offer each other invaluable assets. Although models of campus based microfinance groups exist in rapidly increasing breadth and depth, similar to general microfinance best practices, scholarly research lags in formally identifying why and how these two fields are best integrated. Students and campuses provide fertile ground for action-oriented individuals with an aptitude for and time to conduct the research needed to help propel microfinance forward. In general, such students’ schedules embrace involvement in campus-based microfinance, access to limited personal and private capital, and believe, to varying degrees, that global poverty is solvable. Many US campus-based microfinance groups sprouted up throughout the past few decades ranging from student lending circles to endowed departments supervised by distinct boards of directors and academic chairs. Research supported activism, access to capital, and

tailored schedules function as universal assets that position such students to participate and enhance modern microfinance.

As the field of microfinance challenges many postulates of economic theory it demands advanced research to confirm its real world impacts.^{lxxvi} Representatives from the Association for Enterprise Opportunity (AEO), a coalition of over 250 US-based MFIs admit repeatedly that MFI leaders add passionate energy to the cause and help inspire lenders and borrowers alike but lack theoretical understanding and research capacity that slows valuable evaluation and innovation within the field of microfinance.^{lxxvii} Meanwhile students thirst for opportunities to implement their economic, international affairs, or social justice coursework in the real world. For example the Microfinance Working Group (MFWG) at Columbia University was started as a direct result of student interest in exploring where their academic courses intersect with microfinance and applying their theory-based knowledge and research skills in the field. MFWG provides these opportunities partially through a series of speaker events on campus and a vast professional network seeking student labor and research practitioners.^{lxxviii} The Bentley University Microfinance Club aims to benefit students and microfinance alike in their mission of, “marrying Bentley's foundation in service and business [courses] to help address a societal issue.”^{lxxix} *The Ultimate Investing Course* goes so far as to suggest that the Applied Investment Management (AIM) program at the University of Notre Dame could be an alternative to business school because such hands-on experience alone could secure job opportunities even in today’s troubled market.^{lxxx} Student organizations maximize their theory-based knowledge in shaping microfinance’s greatest need – in-depth, long-term research.

Campuses also centralize access to small private funds, grant opportunities, and the possibility of larger alumni contributions potentially addressing another microfinance need - funding sources. As tuitions at the campuses in question exceed \$50,000 per year, aside from scholarship opportunities, more students come from privileged backgrounds, allowing them disposable funds from a few dollars to collective fundraising potential in the thousands. These funds may be invested in microfinance directly or used to increase the awareness and presence of microfinance at a given campus. Campus Kiva, an offshoot of the popular web-based microfinance clearinghouse, builds and connects over 100 student-led, campus-based lending circles across the United States, ranging in size, impact, and intensity.^{lxxxix} The Microfinance Initiative at Bucknell, one campus Kiva organization at a medium sized Pennsylvania college, not known for its wealthy students or institution, lent \$2,000 of student contributed money via Kiva in their first year. The founders explain their goal as “wanting to show how anyone, especially college students, have the power to impact the lives of others as well as spread awareness about how to combat global poverty.”^{lxxxix} Raheem Parpia founded the USC Campus Kiva group in 2008 after being inspired in his first week of classes at the undergraduate school of International Relations. In the last three years it grew to 205 members and invested \$17,125 in micro-loans worldwide.^{lxxxix} Although student generated capital fails to reach the scale of global poverty, it at once contributes to the sustainability of specific MFIs especially when coupled with other campus-based assets and teaches students long-term sound investment practices.

Such students may also access capital ranging from institutional funding for campus events to thousands of dollars from outside foundations. Currently no clear

campus-based microfinance initiative operates solely on grant funding, yet the non-profit funding model based on earmarked grants and fundraising could lend itself to campus-based organizations. The problems to avoid in adopting this model, similar to MFIs in general, are the instability inherent in short term, earmarked grants often unable to cover the operating costs of such organizations, albeit small.^{lxxxiv}

Finally third party donors, typically alumni, parents, or friends of the institution, have proved willing to donate multi-million dollar sums to support groups of inspired and motivated students.^{lxxxv} One example, although not directly microfinance, is Occidental College's student managed investment fund started in the 1970s with a six-figure donation by Charles Blyth.^{lxxxvi} Similarly the Omidyar- Tufts Microfinance Fund was founded thanks to a \$100 million gift from Pam and Pierre Omidyar to bring microfinance to their alma mater.^{lxxxvii} These examples also articulate students proven ability to manage such funds, as will be discussed later. I call for further and in-depth research into specific best practices in fundraising mechanisms on campus. With varying efficiency, the access to capital allows campus-based initiatives to directly invest in microfinance, complementing the potential assets of student research and labor contributions.

Equally important, such students generally have time to invest in microfinance. Generally in their 20s, these students are intellectually capable of understanding the intricacies of global poverty and not yet tied down with full time jobs, mortgages, or families.^{lxxxviii} This allows for realistic hands-on participation and extracurricular exploration within the broad field of microfinance. Rarely do people investigate new, unrelated areas of interest in depth later in life as they do in college, converting such time

into accessible resource for the development of microfinance as an economic tool.^{lxxxix} Campus-based microfinance leaders volunteer countless hours of their time; a commitment harder to maintain once one is supporting themselves and potentially a family outside of college. Although many full-time students cannot avoid their financial realities, especially with mounting tuition and lack of job opportunities, this paper focuses on those students and institutions that at a minimum create a conscious separation or bubble from these non-academic or social stresses. Such students also find freedom in their schedules' built in month long breaks ideal for in-depth experience in field-based microfinance atop their efforts on campus. Beyond college the opportunity to simply follow a passion to India for three months becomes closer to impossible and less strongly encouraged. Andrew Umas, an investment team officer for Microlumbia discussed in detail later, asserts "students have time and energy to donate to the cause, making some immediate impact a realistic goal."^{xc} Such institutions provide a time and space in which exploring academic or intellectual interests replace responsibilities and full-time commitments that are part of ones' life after graduation, encouraging or at least allowing in-depth participation in microfinance.

In lieu of any preexisting literature on microfinance funds on campuses, extensive research on student managed investment funds (SMIFs) provides a base from which to position my campus-based microfinance research. Gaining momentum in the 1970s, at the same historical moment as microfinance, SMIFs today manage over one million dollars on 78 campuses. These funds expand both academic and practical experience far beyond what is possible to deliver in a classroom alone. Organizationally these funds are associated with student clubs, economics classes, or mostly in stand-alone student

managed funds supported by an advisory board. While structurally such organizations are mostly funded by earmarked private donations mirroring the non-profit model explained earlier, 62% of SMIFs embed their funds into their respective institutional endowments.^{xci} Beyond proving students capable of successfully running investment boards on campuses, these studies emphasize the benefits of allowing students central roles.

Taking decision-making power away from students distances campus-based microfinance from its host student body and disregards their associated assets. In doing so such organizations' only connection to the campus is in name and prestige, becoming *neo-campus based* organizations. As articulated in the prior quantitative studies on SMIFs, students are capable of managing large and complex investments, casting doubt on the largest argument against intensive student involvement in campus-based microfinance that the host institution could offer sounder fund management. The institutional assets' used to rationalize a lack of student involvement include more academic clout; larger fundraising potential; and greater capacity to think in a time frame longer than four years. Although valid, a student-led and institutionally supported model would maximize the institutional and student-based assets, delivering the most effective campus-based microfinance for all stakeholders.

A perfect example of such a *neo-campus-based* organization is the Omidyar-Tufts Microfinance Fund (OTMF). As referenced earlier, this fund started in 2005 at Tufts University not with the help of students or professors but instead by a \$100 million gift from Pam and Pierre Omidyar to their alma mater. As stipulated in the original gift, this money has been 100% invested in international microfinance. While half of the returned capital circulates back into MFIs the other half further strengthens Tufts University. With

interest and inflation this is a remarkably sustainable and effective means of economic development if an organization can start with such a large sum of money.^{xcii} This model succeeds in creating institutionalized sustainability but in failing to empower students disconnects itself from its campus based assets. The five-person board of directors, comprised of Tufts president and trustees as well as Mr. Omidyar himself and one of his colleagues, hold full decision-making power for the fund's investments.^{xciii} By effectively excluding students the OTMF neglects the innovation, dedication, and creativity students could offer the microfinance development framework and the opportunity to further educate in continuation with the mission of Tufts University, higher education in general, and microfinance.

Research supports this understanding that campus-based funds only tap the student-based assets previously explained through their commitment to student leadership. In the most comprehensive study done on student based investing Edward Lawrence finds that in 90% of the 314 existing SMIFs students hold the decision making power. Further 64% of the funds have strict guidelines that an advisor or advisory board can veto an investment decision but from 2003 to 2008 such a veto overturned less than 4% of student investment decisions.^{xciv} These statistics speak mostly to the ability for students to make sound investment decisions that allow them to apply their demand and capacity of research while providing an asset to the industry. This paper attempts to fill the current gap in research that lags connecting SMIFs' proven investment capability to the microfinance sector.

The core values of microfinance define it as an economic theory intrinsically interested in educating and developing the next generation of lenders not only the current

cohort of borrowers, mirroring the fundamental mission of higher education institutions to educate. This mission alignment outlines potential missed opportunities with such *neo-campus-based* microfinance. Although such initiatives maximize impressive institutional assets they fail to capitalize this implicit teaching moment. Microfinance and higher educations' shared mission to educate works to further justify their integration.

INTER-CAMPUS BASED MICROFINANCE MODELS

Although virtually absent from current literature, campus based microfinance exhibits limited yet important models extending beyond isolated campuses to begin building a national network of organizations. Ranging from supplementary networking to conferences for established initiatives and investment mechanisms carefully crafted with students in mind. Here I will detail the most prominent centralizing campus-based microfinance campaigns; MFI Connect, a web-based networking and centralization project, the Berkley Simulcast, a graduate level course meant to help initiatives add an academic component regardless of host institution, and finally PoverUp, an eCampaign that develops unique lending platforms. My intention here is to at once support my original research by introducing other resources available to supplement campus-specific models while presenting the variety of functions such organizations choose to enlist and their relative strengths and weaknesses.

First MFI Connect provides campus-based microfinance important informational, educational, and social resources. Their mission is to function as “a resource for student microfinance organizations and clubs to learn, collaborate, and take action to help the

poor.” Conceptualized in 2007 when Kyle Megrue and Chris Temple spent a portion of their gap year before attending university working with Yunnus in Guatemala and Costa Rica. With the help of Haley Priebe, Christian Becker, and Brian Weinberg the platform materialized creating arguably the first collaborative space to advance campus-based microfinance initiatives.

MFI Connect is a free site that targets three specific audiences -- student initiative leaders, MFI professionals, and interested outsiders. The nearly 50 student-based microfinance groups on the site benefit from topic-specific blogs and articles; access to volunteer, intern, and job opportunities in the field; campus fund-raising campaigns and techniques; and most importantly facilitated networking and collaboration with other campus-based microfinance organizations.^{xcv} For MFI professionals, MFI Connect offers to advertise the micro-bank itself and their needs for labor and fundraising to ensure student energy and monetary donations go directly to the partnering MFI in need. Finally the site also targets newcomers to microfinance in providing vast informational databases and resources carefully scripted as an entry point to the industry with action oriented next steps.^{xcvi} In this planned vertical integration MFI Connect functions as a one-stop-shop engaging people along the entire action spectrum maintaining this audience for their microfinance lifespan.

MFI Connect “harnesses student potential in Microfinance” through their extensive web based portal full of opportunities. The prominent tabs *Jobs & Education*, *Campaigns & Events*, *Forums & Blogs*, *News*, *Media*, and *Resources* categorizes the plentiful information into an extremely user-friendly interface. Further in signing up for a free membership the site allows users to send messages, join groups, receive email

newsletters, and instant messages with other microfinance enthusiasts worldwide.^{xcvii} Its collaborative power becomes a source of advertisement and logistics for initiatives like the Berkeley Simulcast detailed below. As an umbrella organization, MFI Connect builds momentum behind campus-based microfinance through an easy to navigate website capable of supplementing the efforts of someone brand new to microfinance, an accomplished student leader, or a seasoned field based microfinance practitioner, and everyone in between.

On the academic front the Berkeley Microfinance Simulcast grants students from every type of institution the ability to supplement the work they do in microfinance with a graduate level introductory course. The course's 2010 inaugural semester also succeeded in bringing together the participating schools in a community with similar benefits as MFI Connect. The Berkeley Microfinance Simulcast provides one approach to equalizing the access to academic coursework while creating an intercampus community.

Professor Sean Foote at UC Berkeley Haas School of Business designed the course to meet the demand for an academic component to campus-based microfinance that many institutions simply cannot support. For many institutions, regardless how supportive, hiring a new professor would be too economically and physically demanding. Nearly 75 graduate and undergraduate campuses tuned into the simulcast course between October and December 2010. Foote worked with Julen Baztarrica, a graduate business student at the Haas school to help recruit campus coordinators and execute the program.^{xcviii} Aside from Foote's lecture guest speakers for this first course included Premal Shah, the President of KIVA; Vikram Akula, the CEO of SKS Microfinance; and

Alvaro Rodriguez Arregui the Chariman of Compartamos.^{xcix} As a grassroots exercise any group of students was encouraged to participate as long as one person volunteered to secure a room with the technical requirements and help recruit committed students to tune in weekly. Students were encouraged to individually or as a group create MFI Connect memberships and join the Simulcast's forum. The forum provided educational materials while also providing a needed space to collaborate and network.

The 138 individual group members on MFI connect turn this forum into a living document overflowing with advice and continued support. When one campus met challenges in finding a consistent meeting room with the necessary technology, other students suggested successful strategies to confront the administration with pragmatic demands.^c The discussion also included debriefing lectures and extending invitations to different events and speakers put on by specific campus-based microfinance initiatives. In this light the Berkeley Simulcast became a means for campus-based microfinance to expand their repertoire into the academic realm and join a community of active students inspiring each other to increase their presence and effectiveness on individual campuses.

Lastly, PoverUp is a grassroots by-students-for-students organization that aims to lift over one million people out of poverty by 2019. Their approach combines unifying existing campus-based microfinance initiatives, including big names like University of Pennsylvania and Columbia University, with creating supplementary initiatives, including the high school level.^{ci} Their goal is to have a presence on at least 500 campuses targeting nearly 38 million students worldwide by 2015.^{cii} These lofty goals aside, their approach maximizes technology and student passion to encourage an increase in campus-based microfinance.

Fundamentally PoverUp is an *eCampaign*, looking to generate buzz and investment through a simplified interface specifically targeting students. Their unique Microfinance Action Platform will harness the strengths of social media with SMS Mobile Giving after its inaugural event – Global Student Microfinance Day on April 13th, 2011. PoverUp in this light brings microfinance even closer to students in allowing them to directly text in their investment via their personal cellular device.^{ciii} Their methodologies will diversify to include dynamic facebook applications and smart phone apps soon after initial launch. PoverUp will also release a research platform to centralize existing and on-going research. The portal will also list areas of needed research and provide networking support to create proper research teams. Once erected this aspect of their work would ignite the scale of research and ensuring community the microfinance framework so desperately needs.^{civ} As MFIs and KIVA-esk groups utilize technological advances to streamline capital transfers on the lender and borrower ends, PoverUp steps in to bring these advances to students.

PoverUp hopes to capitalize on these unique technological innovations to truly incorporate microfinance into a range of campuses while, like other centralizing organizations, leveraging their student insider positioning. Their commitment to and respect for student potential in microfinance explains their dramatic growth, peaking with Inc Magazine congratulating PoverUp as “One of America’s Coolest Starts Ups of 2011.”^{cv} In providing the option for deeper involvement but also encouraging simple and small monetary investment through students’ cell phones PoverUp scales itself to meet students at any level of commitment, reaching beyond campuses supportive of full microfinance initiatives.

As MFI Connect, the Berkeley Microfinance Simulcast, and PoverUP help articulate, intercampus-based microfinance provides further resources for awareness, research, and investment opportunities, respectively. Other organizations also work to provide these resources while more importantly creating a collaborative and supportive community between campus leaders. Yet such examples like Campus Kiva, detailed above, and the Social Entrepreneurship Lab (SE Lab) at Stanford, Harvard and Princeton, fail to welcome interested students into a community as individuals and new or mature initiatives, limiting their potential membership but not their contributions. For the case of this study MFI Connect, the Berkeley Microfinance Simulcast, and PoverUP provide meaningful insight into how a centralized intercampus-based microfinance model can support and complement individual initiatives.

Modern microfinance, launched from a university campus, continues relying on students' research, capital, and time in order to become a formally accepted economic development tool. From its roots at the Chittagong University in Bangladesh to colleges throughout the United States, this symbiotic relationship has helped both college students and MFIs learn and mature. Although capital and prestige may point to the greater importance of institutions over students, campus based microfinance organizations need students to add innovation while training the next generation of microfinance leaders. Intercampus-based models further position the role of a collective body of engaged students in shaping the future of microfinance. In this study I will seek to articulate an effective path for new campus-based initiatives. I will draw from existing models of US campus-based microfinance that maximize the aforementioned universal campus assets—research capacity, capital, and time—and campus specific assets to best launch

microfinance into a proven economic development theory.

METHODOLOGY

This study aims to pull lessons from a variety of existing initiatives in order to understand the most effective relationship between campuses and microfinance, filling a literature void and providing a useful guide for future campus-based microfinance organizations. Similar to the earlier discussion of MFI best practices, the ideal campus-based microfinance model must also seek somewhat universal implementation while maximizing any campus-specific assets. This study aspires to a comprehensive breadth and depth of understanding. Over 75 current campus-based microfinance leaders at 35 distinct campuses received an 11-question survey (See Appendix A) via email in the fall of 2010. Then seven in-depth interviews were conducted with leaders to solidify the following three case studies at Macalester College, Rice University, and Duke University that highlight certain organizational structures and choices demonstrating the strengths and weaknesses of integrating microfinance into specific types of institutions. This study hopes to understand the universal characteristics of a successful campus-based organization and the unique aspects of different models that reflect their respective institutions and missions. In each of the following cases the programs' success can be clearly linked to its commitment to maximizing the campuses' assets on behalf of microfinance and vice versa.

This study will focus on three specific initiatives – The Macalester Development

Group at Macalester College in St. Paul, Minnesota; the Owl Microfinance Club at Rice University in Houston, Texas; and The Duke Microfinance Initiative at Duke University in Durham, North Carolina – demonstrating varying levels of activity, maturity, and effectiveness within campus-based microfinance. As a replicable methodology for stakeholders interested in starting a new campus-based microfinance initiative, each case study first describes the campus climate and identifies the general universal and specific campus assets that position it for successful student-led microfinance. Then through their microfinance initiatives' founding, structure, strengths, and challenges interested students at a variety of institutions can learn from their experience. Based on the school profile one can carefully select which advice best applies to one's home institution.

Finally, after introducing the case study initiatives, I will discuss the main universal challenges facing such campuses and, when possible, present a myriad of distinctive approaches to face each. Yet no such strategy can be implemented without first tailoring it to specific campus-based assets. In repeating the process of finding specific assets on a campus then redirecting them to support distinctive student-led microfinance, this study aims to function as a practical guide equipping interested students with the necessary tools to successfully integrate microfinance within their specific campus without starting from square one. With the help of traditional research, member surveys, and one-on-one interviews with select leaders, I hope the following case studies at Macalester College, Rice University, and Duke University, can bring into focus the successful potential relationship between campuses and microfinance.

CASE STUDY I: THE MACALESTER DEVELOPMENT GROUP

I will first describe the institutional assets of the Macalester College in St. Paul, Minnesota including internationalism and a supportive community that support the development of student-run microfinance initiatives. Then I will detail the Macalester Development Group's founding, operational structure, main activities, evaluative processes, and future plans. This case study hopes to articulate how such a small, liberal arts campus works to build awareness of and for the microfinance framework.

A. MACALESTER COLLEGE'S CAMPUS CLIMATE

Macalester College houses 3,500 undergraduate students in the heart of residential St. Paul. The small, liberal arts college's reputation boasts engaged and internationally-focused students with matching rigorous curriculum and extracurricular experience to complement their academic lessons. The college's potential for microfinance can be linked to its four pillars – multiculturalism, academic excellence, civic engagements, and internationalism.^{cvi}

As a liberal arts campus, Macalester grants its students extensive opportunities to turn their passions into actions and heightens their ability to bring such goals to fruition. The liberal arts nature speaks to an institutional level of support behind interdisciplinary subjects that prepare students for creative problem solving and critical thinking essential to pursuing increasingly complex issues like microfinance. This holistic approach to higher education pushes students, especially at Macalester, to engage in pragmatic and critical conversations debating overarching societal problems. Professor Kristi Curry Rogers of Geology goes so far as to define this interdisciplinary creativity as the

“signature of a Macalester student.”^{cvi}

Further, Macalester’s international focus, from the very students composing its student body to the mindset of every student, demonstrates an astute consciousness lending itself to global problems potentially including microfinance. Macalester’s student body represents over 90 countries, proving an institutional level of support in merely recruiting and maintaining such an international presence on campus.^{cvi} Yet students, both from the US and abroad, push themselves intellectually to become global citizens in their coursework and research both on campus and abroad. These different backgrounds and perspectives encourage students to seek personal and in-depth exposure to the situations in which microfinance is most needed. Many students across the country become involved in microfinance at varying levels of commitment, after seeing it in the field while studying abroad. The term *Global Citizen* saturates campus with international round-tables, international host family events, and the new Institute for Global Citizenship.^{cix} This foundation in global citizenship led students abroad and to attend the conference that ultimately brought microfinance to Macalester, as I will discuss in detail later.

Thirdly as a small institution the coherent student body builds a community where student initiatives find support and can easily recognize their achievements within the context of campus and the larger twin cities. A Macalester junior reflected “because Macalester is so small, people can see the effects of their work on a seemingly large scale. If someone organizes a volunteer trip, holds a fundraiser, or starts something like the Macalester Development Group the visibility of the event is high and the campus is an encouraging environment for these types of things.” In fact Macalester boasts a

diverse and extensive list of clubs and organization including Adelante!, Asian Student Alliance, Experimental College, and Feminists in Action. Nearly 50 courses connect students directly into the larger community through research, internships, and volunteer work. The institution works within St. Paul and Minneapolis to help spark these passions in that just over 60% of students will do an internship in the twin cities while at Macalester. Providing together the structure for an impressive communal 76,416 hours of community service in 2010.^{cx} The small, motivating, gratifying, and encouraging aspects of Macalester's campus best supports campus-based microfinance and other usch initiatives.^{cx}

Macalester, as a small liberal arts institution with strong international focus provides the setting for campus-based involvement in the microfinance movement. The Macalester Development Group grew from this union of student interests and institutional support. The founder of this young microfinance initiative thanks Macalester for nearly every aspect of the organization's strengths. He states the ambitious student body and numerous examples of former students starting their own non-profit organizations as his inspiration. These examples not only provide a path for interested students but also offer easy access to role models who can navigate the intricacies of campus and industry bureaucracies. With these role models and support, student initiatives at Macalester accomplish great things, including hosting a \$100,000 conference as we will discuss below. Beyond the institutional paths to success, Macalester's main strength in supporting microfinance are its students who can be defined as "people with big ideas who aren't afraid to follow them."^{cx} Macalester provides a telling example of how institutional support mixed with student interest

develops in the early stages of a campus-based microfinance initiative.

B. THE MACALESTER DEVELOPMENT GROUP

The Macalester Development Group (MDG) exemplifies a campus-based microfinance initiative's ability to raise awareness. First chartered as a student organization in 2009, Katie Keleher, the group's communication director, explains its main focus as to get students involved in the discourse and engagement surrounding global development.^{cxiii} To distinguish itself as unique among campus-based microfinance the MDG limits their mission and scope to only awareness, explicitly matching their main goals with their institutional assets.

The MDG was born of student desire to host their own economic development conference that directly addressed the flaws observed at larger such events. The conference, scheduled for October of 2011, will draw an expected \$100,000 from within and beyond Macalester and remains the initiative's focal activity, although the MDG has also taken on an incubator role for broader development work on campus.

Organizationally the MDG is split into sub-initiative groups. The microfinance project, responsible for the logistics of the conference and general awareness, constitutes its largest branch. Working within the traditional charity framework, other sub-initiatives include GapAfrica who distributes laptops in Zimbabwe; a collaboration with the local non-profit ARISE that works to reintroduce green industry into closed industrial sites; and disaster relief projects such as raising money for victims the 2010 Pakistani floods.^{cxiv} The MDG as a whole has grown to serve Macalester as a centralized location

for student-based development work ranging from microfinance research and awareness to addressing physical needs in the developing world. In its inclusion of the charity framework, the MDG introduce this study to a growing tension weather the microfinance framework alone can sustain a student initiative. Supplementing microfinance with aspects of the charity framework emerges as a universal challenge to campus-based microfinance. In their holistic approach to microfinance research and awareness work with additional limited traditional aid realistically addresses the complexities of global poverty. Opening their club to any means of development encourages critical discussion and debate, which applies the students' academic background in the real world.

Micheal Manansa, the founder of MDG, feared that the group would fall into the trap of simply fundraising for MFIs through organizations like KIVA. In their opinion fundraising from the student body misuses the little resources available and only sets the initiative up for failure. Further MDG would only consider lending if they could “do it themselves” by transforming into a non-profit, following the lead of Microlumbia, Owl Microfinance, or lend directly to borrowers. Yet leaders have put such plans on the back burner, prioritizing a steady growth model to first ensure initiative strengths. Yet as this model has already been created, as I will explain through microfinance at Rice University, MDG felt empowered to use the initial aim of the development conference to create a unique organization capitalizing on Macalester's strengths while addressing microfinance's need for critical and long-term research. MDG students seek a symbiotic relationship with microfinance. For example, students use their GIS mapping course projects as venues to map the current geographic gaps in microfinance's reach. In specifying their scope with regard to microfinance MDG understands that only in

allowing their assets to determine how the initiative supports MFIs will they be most effective.

Structurally MDG's student club model, easily transferable, houses a variety of activities and goals. As a young club the structural model presented here may be implemented even in an emerging campus-based microfinance setting. Weekly, five to seven students meet as the core leadership team for all of MDG, putting together a weekly e-newsletter of relevant internships, news bulletins, and group activities. The Core also plans and executes a weekly larger group meeting. Depending on size and scope, most sub-initiative mirrors this structure with a representative leader on Core and a third weekly meeting. Yet some such campus based charity work for example uses MDG more as an incubator and eventually spins off to form their own entity or dissolve as the situation demands. These three weekly meetings, one only for the core leadership team, allow some flexibility in time and energy required to participate, strengthening student engagement in factoring in varying degrees of commitment.

Macalester College supports the student-led MDG initiative as much as possible without core faculty or departments focusing on microfinance. Geography professor William Moseley advises the MDG specifically regarding the conference.^{cxv} The relationship is limited to sporadic faculty approval of student work. More surprisingly, the MDG has also received continued and personal support from Macalester administration, mostly with editing grant proposals for the upcoming conference. The college has agreed to work with the students, ultimately including Macalester's seal of approval on such grant proposals.. Although MDG will seek to diversify its funding sources, the students will primarily petition banks headquartered locally with specific

interest in microfinance, for example Wells Fargo.^{cxvi} Such administrative support would be challenging to find at a larger institution. Institutional support from Macalester College successfully empowers the students to aim and achieve big without withdrawing the focus from the students.

Only in their second year of operation, the MDG has yet to objectively evaluate their program. A successful conference – meaning wide attendance, fruitful debate, and continued relationship amongst students present – will be their coming of age as an initiative. Current leaders hope that such a conference would inspire an increase in membership and commitment that could solidify the MDG further into established and long-term presence on Macalester’s campus and in the emerging local microfinance industry.^{cxvii}

The MDG faces two main universal challenges – issues of consolidated leadership and microfinance’s potential inability to fully support student intellectual and involvement demands. First on the practical side MDG’s current president, Christian Bangert, advises new campus-based initiatives to avoid consolidating leadership and passion into one individual. Although Manasas was instrumental in uniting and focusing the MDG, going abroad the semester prior to the conference threw a wrench into the system from which the MDG will grow into a stronger initiative. Manasas surrounded himself with like-minded people with similar goals, some of whom had also attended microfinance conferences. Therefore, luckily, a pause to reevaluate goals and leadership structure upon Manasas’ departure only strengthened the MDG. Without capable successors, leadership vacuums can devastate or even destroy a student run club. The second lesson easily taken from this aspect of the MDG would be the power of such

conferences and other industry events to inspire and excite students. In lieu of courses in the umbrella category of development to inspire student involvement, Bangert highly recommends students attend such conferences to “outsource the excitement” to create a diverse and passionate membership base.^{cxviii}

A theme that has developed throughout the course of this study is the frequency in which microfinance becomes an aspect of but not stand-alone focus of campus-based initiatives. Such organizations serve as a microcosm framing the tension described earlier between the traditional charity and microfinance frameworks. The MDG plans a development conference focusing on microfinance that includes a healthy level of criticism to strengthen microfinance. Meanwhile, its investments of time and energy into charity-based service could be more focused on holistic support of the microfinance framework. For the MDG, encouraging lively debate of the relative merits between these two frameworks of development and all the intricacies therein takes precedence over committing 100% to microfinance, as critiqued later in this paper.

The Macalester Development Group showcases the capability of a campus-based microfinance initiative to see the entire picture of development after expressly consolidating its efforts to raise awareness both internally and with their community at large. In making the specific goal of hosting an economic development conference to raise awareness from their founding, MDG truly harbors a wide variety of student energy in development work. These sub-initiatives find support not control from their institution, only deepening their success. Long term, MDG faces the universal campus-based challenges of transitions in leadership and ability to remain focused, while championing the role of conferences to help bring microfinance to students. Best put by Manansa

himself the MDG succeeds in “bridging the gap between discourse and development” at Macalester College.^{cxix}

CASE STUDY II: OWL MICROFINANCE CLUB

Shifting our attention to Houston, Texas, campus-based microfinance at Rice University showcases student and institutional capacity to directly invest in microfinance in the context of holistic support behind development in general. Rice University’s emphasis in business, internationalism, and student research bring together a student body that pushes the limits of the institution to increase impact in and with microfinance. The Owl Microfinance Club demonstrates how interested students, when presented with specific challenges, can create their own non-profit organization to stabilize and support campus-based microfinance initiatives.

A. RICE UNIVERSITY’S CAMPUS CLIMATE

Rice University in Houston is a medium-sized, liberal arts institution. Above its general commitment to small class sizes, diverse course offerings, business emphasis, and substantial club opportunities, Rice defines itself as a research institution with an increased focus on internationalism. These campus characteristics easily support microfinance and other development strategies without direct specialization. The Graduate Department Coordinator of English explains, “for student initiatives to be successful you need to have a driven and engaged student body, a supportive

administration, and adequate funding; Rice has all three.”^{cxx} Rice University possesses transferable campus assets capable of accomplishing an impressive level of structure and success in their transferable model of campus-based microfinance.

Rice University’s specific campus environment paves the way for its OWL Microfinance Club. Its 5,556 students, nearly 30% of who study business at its graduate institute, enjoy a student-to-faculty ratio of 5-1.^{cxxi} This intimate learning atmosphere fosters relationships. Students also feel ownership over their collegiate experience that logically encourages them to take on extra-curricular activities and leadership roles. Of the nearly 200 student clubs at Rice University the most visited website belongs to Rice Student Volunteer Program, characterizing the general inclination of student engagement as socially conscious.^{cxxii}

The strong business focus throughout the undergraduate and graduate departments seeks to push students to approach global problems, like poverty, with business solutions, like microfinance. This business strength however, could limit the universality of certain aspects of its approach to campus-based microfinance. In general the environment created through the small feel, ample engagement opportunities, and diverse academics with a focus in business encourages student participation in microfinance and similar development work.

Rice University’s renewed commitment to all levels of research further exemplifies the university’s ability to meet the needs of the microfinance framework. The Office of Undergraduate Research proudly claims that research is a “vital part of the Rice experience.” Just under 20% of Rice’s undergraduates presented their independent research findings at conferences or in scholarly journals in 2009.^{cxxiii} This characteristic,

and other colleges who share such a commitment, offer strong and needed skills to microfinance. This aspect of Rice's culture suggests a correlation between a campus's ability to successfully engage its students with extra-curricular research and its potential to engage in microfinance.

Rice University's core mission and values increasingly align with the tenants of microfinance. Rice supplements its engaged student body, service oriented campus environment, and heavy emphasis on research with a heightened focus on international issues in regions that have a strong microfinance presence. The first of 10 points in Rice's Strategic Vision adopted in 2006 strengthen the university's commitment to an international focus, specifically in Asia and Latin America. As articulated in its Strategic Vision, Rice plans to accomplish this renewed commitment first and foremost through encouraging student clubs and the supporting academic courses.^{cxxiv} In this light although, as we will discuss, the University lacks certain practical pathways for students wishing to embrace microfinance as an economic development tool their overall missions align perfectly, ensuring the future collaborative and supportive relationships will be increasingly fruitful.

B. OWL MICROFINANCE CLUB

Owl Microfinance club, at a similar point in its development as the Macalester Development group, exemplifies what a group of motivated students can achieve beyond campus. The club hopes to alleviate poverty, which in their definition stems fundamentally from lack of opportunity, by fusing student activism with a global mindset

and pragmatic utilization of economic tools, specifically microfinance.^{cxxv} From this mission, their core activities carefully balance international lending with Kashf and awareness within their local Houston community partially through a high school competition. Owl Microfinance points out the sheer volume of potential in the first three years of founding a campus-based microfinance initiative.

In 2008 two sets of students, fresh from the field, united to found the Owl Microfinance Club and bring the hands-on development back to Rice. Dillon Eng and Josh Ozer, the founding presidents, had recently returned from a summer implementing a Global Health project training young entrepreneurs in Lesotho, Africa. After spending six weeks helping entrepreneurs develop business plans and associated marketing strategies it felt strange to drop everything when they returned to Rice in the fall. Meanwhile Tommy Fu and Elena White heard Muhammad Yunus speak and were inspired to be part of legitimizing this economic strategy. Sharing the same goals they sought support from the Clinton Global Initiative.^{cxxvi} Beyond the inherent development promise of microfinance these students saw an added appeal for students to see their limited financial potential stretched the farthest with microfinance. Fu explains “microfinance lets us help people in a tangible way” and offers students an opportunity to “pay it forward” on a scale that works for students.^{cxxvii}

Owl Microfinance’s sophisticated structure ensures fruitful realization of their ambitious goals. About 20 students form the active body with an eight-member leadership board elected every spring to serve the following school year.^{cxxviii} First year students, not formally welcomed to board, serve as Freshman Representatives. This leadership structure encourages mentorship and shared ownership of responsibility on

paper. Practically however, the students who prioritize regularly attending weekly meetings actually make the decisions, as we saw with the MDG. This realization highlights the universal campus-based microfinance challenge of maintaining student leadership commitment, as I will discuss later.^{cxxix} Even considering this challenge, Owl Microfinance Initiative's leadership structure enables shared responsibility, which implies shared passion and prioritizes sustainability.

In explaining their four goals for the semester – completing their case study competition; raising \$1,000 to augment the \$2,000 currently saved; lobbying their congressmen; and achieving 501c3 status – the current president Karthik Soora describes the group's current activities and outlines their greatest strengths and challenges.^{cxxx}

With their passion for economic development, especially the emerging tool of microfinance, Owl Microfinance went beyond the scope of most campus-based organizations that only raise awareness on their campus, in inspiring high school students across Houston. Owl Microfinance plans to generate this buzz by implementing Harvard University's Case Study Competition model. The original competition evolved from a partnership between Harvard's Education and Business departments, pinning eight groups of graduate students against each other to develop the best plan to improve a specific school district.^{cxxxi} Owl Microfinance shifted the 'problem' from an inner-city school district to global poverty. Owl also scaled the competition towards high school students. Owl Microfinance's competition encourages participating students to devise creative plans for how to stretch \$1,000 to produce the greatest direct change in relation to global poverty possible. Hosting this competition forms a community of younger students now equipped to participate, at least theoretically, in microfinance. Soora explains their goal

as helping these high school students see that development is not just economic, monetary, or technological growth but instead a fluid combination of such.^{cxxxii} The event shows Owl Microfinance's commitment to encouraging creative use of economic tools fundamental to the birth of microfinance at a manageable scale for high school students.

Impressively the students of Owl Microfinance also aim to invest as directly as possible in MFIs. Currently they have \$1,000 in a rotating, 4-year fund with Kashf and \$2,000 saved in the bank.^{cxxxiii} They raise this capital mainly through two on-campus events per year accompanied with on going awareness campaigns. These events fit into two categories – Owl Microfinance inspired events or general campus-wide events. One example of an Owl Microfinance hosted event is a pageant in between different houses/dorms with donation-based entrance of either money for microfinance or food for local shelters. Alternatively Owl Microfinance also fundraises at preexisting campus activities and events put on by other students. Although such fundraising also supports microfinance this practice continues the questions raised by the MDG regarding microfinance's ability to stand alone with out inherent support from the traditional charity framework. University funds cover any related costs of such fundraisers so that 100% of their earnings may go into their fund to be invested, which averages between \$150 and \$200 per event. They have raised over \$1,000 through this replicable fundraising model alone.^{cxxxiv}

Although Owl Microfinance can raise the funds and intellectually conceptualize direct investing, institutional support and backing in this arena fall short. Rice University supports Owl Microfinance as they do all of their other student clubs in for example putting on events. However, the institution is worried, as many others may be, of losing

their legal status by allowing students to invest such large amounts of capital under its name in a less trusted market sector. In order to continue their founding mission and truly make the most direct impact possible Owl Microfinance has decided to become a separate legal entity. Having 501c3 status will give the initiative the chance to act as an autonomous body with more structure, choices, and freedom in their investment portfolio. Logistically, Bond & Smyser LLP is guiding Owl Microfinance through the complex and confusing legal hoops inherent to submitting their articles of incorporation, pro-bono. Presenting a model towards becoming a non-profit that could easily be employed by other campuses in a similar situation nation wide. By the summer of 2011 the group hopes to have this status and begin the next phase of the initiative's development.^{CXXXV}

As they achieve this status, outside a solidified organizational structure, leaders hope to use their status to combat issues in student commitments, codify their awareness campaigns on campus and in local high schools into the future, and finally put the funds they have raised directly towards microfinance and other tools of economic development.

Their goal to lobby their representatives highlights the group's aim to incorporate their extensive knowledge of microfinance into political action. This focus, although receiving the least amount of time and energy, proves the group's holistic approach to microfinance. The students understand the importance and potential impact of lobbying their representatives to shift the US government's foreign policy to incorporate more from the microfinance framework to just rely on the traditional charity framework as formerly critiqued. It also encourages students to remember political activeness in helping scale their passions beyond what Owl Microfinance can do alone.

Institutionally many campuses, as we saw at Macalester College, struggle to

house faculty capable of encouraging and motivating students in an academic pursuit of microfinance. Owl Microfinance's mentors provide occasional advice on larger group decisions but fail to have a major role in their every day processes. Uniquely, at least one of Rice's professor's personal research pertains directly to microfinance. Yet this researcher and interested students remain disconnected. In this sense Owl Microfinance could benefit from the currently untapped resource of deeper faculty involvement and support that some campuses lack entirely. The disconnect between the undergraduate students and this business graduate professor may further exacerbate this rift. If students could tap into him and other faculty resources not only could they better accomplish their current activities but they could also add distinguished research to their repertoire. Including faculty connection would increase involvement and further legitimize themselves within the academic and the microfinance field.

Like the MDG at Macalester College, Owl Microfinance has taken on the partial role of a Development Catch All at Rice helping address issues like the Pakistani floods within the context of the traditional charity framework. This continued reliance on such a framework casts doubt on microfinance's ability to stand alone to address the complexities inherent in true poverty alleviation. Including this in their microfinance work teaches to-be student development initiatives the importance of keeping both the big picture and the details of their activities in focus, through political lobbying and awareness building.

Owl Microfinance faces a series of challenges from student to logistical and institutional. These challenges are not specific to Rice University or the Owl Microfinance Club. Their approach showcases one strategy as to how to successfully

tackle such universal challenges, specifically student commitment on a variety of levels and unclear means and mechanisms to invest directly in microfinance.

Soora explains the largest challenge facing the initiative as the failure for most students to commit, placing the weight of the initiative on one person, regardless of organizational structure.^{cxv} A large number of students currently involved simply do not connect their work with Owl Microfinance to their own passions and long-term interests. A student only participating to strengthen their resume and increase, say, their chances to shine as a medical school applicant, universally fails to prioritize the commitments they have made to Owl Microfinance. Instead their superficial involvement detracts from Owl Microfinance's ability to realize its core mission. This student engagement focus on breadth over depth of commitment contributes to problems in overdependence on too few leaders often with insufficient succession procedures in place. The recent scandals within India's microfinance sector became an educated excuse for such refusals to commit to the group. Such students dismiss entirely the group's function to facilitate critical debate on whether microfinance truly and most effectively addresses global poverty.^{cxvii} The general challenge of student commitment, be it resume packers or commitment-phobes, is confronted here by an organizational structure capable of sharing leadership and empowering young and new members.

On a practical note Owl Microfinance also faces the challenge of undefined investment mechanisms within the microfinance field. Following their mission and strengths regarding fundraising, not only does Rice University fail to support their students' direct investment as aforementioned but outside of umbrella organizations like KIVA and soon PoverUp mechanisms to directly interact with MFIs lagging behind

current demand, especially for students. With their 501c3 status the group would ultimately hope to avoid such limited diversifying options and include micro-insurance and micro-savings into their portfolio.^{cxxxviii} Until they finalize their legal status the microfinance field limits in-depth, economically based relationships between students and MFIs.

After thorough research the group plans to focus its investment in Kiva, Wokai, or Rang De but find weaknesses within all three. Owl Microfinance would like to avoid relying on Kiva, detailed earlier in this study, because the site fails to facilitate a fuller relationship than simple investments and has no presence in China or India, where demand is great.^{cxxxix} Second, Wokai is an organization that mirrors Kiva but works exclusively in China. In accordance with the microfinance best practices presented above, the organization's criteria for MFI partners are; at least a 95% loan repayment rate, inclusion of training and other wrap around services,; transparent management systems; and finally the capacity and desire to increase the scale of their reach.^{cxl} Yet Owl Microfinance does not appreciate Wokai's dependence on the traditional charity framework in that the site only facilitates investment as donations. Wokai then continues rotating these loans through their borrowers with no payback to the original investors. In this light the organization operates on the altruistic benefits of donating to charity on the lender end while maximizing the borrower end benefits of microfinance. Owl Microfinance does not see such a model contributing to their goals of longevity as an organization and will thus minimize Wokai's presence in their portfolio in spite of its geographic focus and sound lending practice. Finally Rang De, the strongest option in their collective perspective, takes donations in a similar structure to Wokai yet these

funds revolve globally and may be withdrawn at any time after the primary loan cycle. The biggest downfall to this mechanism is the limited depth of borrower profiles. This implies that the funds go to individual loans and operational demands, both important as discussed within the framework of challenges to microfinance. Ultimately, few mechanisms exist capable of facilitating student investments in microfinance. One approach to this universal challenge, regardless of institutional support behind said investments, is to create a non-profit separate from the campus, as Owl Microfinance will, opening their investment portfolio to a dramatic increase in options with both depth and maturity.

Owl Microfinance, only three years old, has developed a structure, a reputation on campus, and a successful repertoire of fundraising techniques. The group can also be an example of how important it is to have well articulated future plans. Only through such planning can the group achieve the reputation it will within Houston through the high school case competition and its non-profit status with all the investment potential there in. Yet beyond their goals lose detail and precision after their four immediate tasks for the upcoming school year, of 2011-2012. Its ability to make these careful choices does not immunize Owl Microfinance from the universal challenges like transitions in leadership and institutional hesitation but gives them tools to approach them successfully. Therefore the group remains focused on its main, long-term goals of “making loans to entrepreneurs in developing countries, and developing business training tools to be used locally by aspiring entrepreneurs.”^{cxli}

CASE STUDY III: DUKE MICROFINANCE LEADERSHIP INITIATIVE

Duke University hosts the Duke Microfinance Leadership Initiative (DMLI), representing a mature and reciprocal model for campus-based microfinance. First I will explain how Duke's institutional assets — internationalism, prestige, and research — encourage student engagement. Then with the help of both primary and secondary sources I will outline the initiative's founding, strengths, weaknesses, and holistic direct investment strategy. DMLI exemplifies how student and faculty interests combine from the onset for holistic and long term relationships within the microfinance field and on campus.

DUKE UNIVERSITY'S CAMPUS CLIMATE

As a young and prestigious research institution, Duke University is a prime host for a mature campus-based microfinance initiative.^{cxlii} Its 13,000 students cover diverse fields from economy to divinity and theater, evenly split between graduate and undergraduate programs. Similar to prior case studies, Duke benefits from institutional support of internationalism and service-based engagement.^{cxliii} Duke also highlights the potential role prestige plays in helping student-led microfinance thrive. This institutional backdrop empowers and sustains the Duke Microfinance Leadership Initiative.

As detailed above, strong commitments to internationalism and service help expedite the transition from interest to action for campus-based microfinance. Like Macalester, internationalism has become a cornerstone of Duke's campus environment

with 7% international students and over 50% of students studying or conducting research abroad.^{cxliv} Jesse Huddleston, a 2010 sociology graduate, saw his campus as a “global university” because of the over 90 countries represented in its student body and strong encouragement for everyone to be a global citizen.^{cxlv} Also, as Lydia Greene, a current senior, explains at Duke “public engagements are a part of the education itself.”^{cxlvi} For example, the Duke Engage program sent 250 students to do eight-week service learning or civic engagement projects throughout the world. Once awarded the all-inclusive trip functions as a Duke capstone experience where students and university share pride in the positive effects of their development work.^{cxlvii} The university’s strong commitment to the application of knowledge in the field challenges students to see themselves as a part of the theories they study and pushes them to take initiative in including microfinance.

Thanks partially to its prestige; Duke is amongst the nation’s leading higher education institutions in fundraising. Such efforts identify a knack for fundraising either from individuals or foundations into the campus climate, although on different scales and with distinctive goals. Over the past nearly 90 years Duke has grown its original \$40 million endowment to \$4.8 billion dollars as of the summer of 2010.^{cxlviii} Most recently the university reached its Financial Aid Initiative of \$300 million.^{cxlix} These accomplishments not only provide adequate funding for Duke to invest in student initiatives but also set the precedent of successful capital campaigns associated with Duke’s prestige.

Structurally Duke University exasperates the space between distinctive departments on campus to highlight and proactively address the universal challenge of isolation within higher education. In forcing pragmatic and planned collaboration, Duke

encourages true interdisciplinary learning. The university's Strategic Plan champions "emphasis on specialization and tightly bounded disciplines" as a means of emphasizing the work that must go into the "special strengths in collaboration and connection of knowledge to real-world problems." In this respect they aim to embed the practice of reaching across barriers including departments, colleges, races, religions, and cultures, to equip its students with the creativity and flexibility needed to succeed in the increasingly flattened and polarized world.^{cl} As a graduate student reflected, being honest about the isolation inherent to higher education, Rice solidifies the structures for interschool communication.^{cli} Since the potential problem of a disjointed campus climate is not veiled as it may be on smaller, seemingly more interdisciplinary campuses, Duke is able to integrate a comprehensive plan for bridging these gaps that dramatically support interdisciplinary student interests and ensuing initiatives.

From its home in Durham, North Carolina, Duke actively supports campus-based microfinance. Duke encourages such student initiatives specifically in its emphasis on internationalism balanced by its commitment to service both at home and abroad. While Duke's impressive fundraising abilities economically drive student initiatives. Then its pragmatic communication system fosters true community between distinctive colleges. These institutional characteristics present Duke University as an encouraging campus for intellectual curiosity and action by its students.

DUKE MICROFINANCE LEADERSHIP INITIATIVE

The Duke Microfinance Leadership Initiative (DMLI), this paper's final case

study, is a mature, student-led, campus-based microfinance initiative with extensive institutional support. In its fifth year of operation DMLI has now matured into its organizational second-generation as the majority of its founding students and their direct disciples have already graduated. Over the last five years DMLI has become a “living laboratory for microfinance and more general development” where students with faculty guidance raise money, identify sustainable partners and mechanisms for development, lend accordingly, and help measure success of loans both in general market research and on the ground through hands-on research.^{clii} DMLI’s replicable operational structure supports long-term relationships on campus and in the field, differentiating it from other campus-based microfinance.

Although its founding story in many way reflects the organizations previously detailed, the addition of faculty as collaborators from its onset immediately adds a level of legitimacy other organizations strive to add later in their development. As a collaborative of students, faculty and staff, DMLI was started in 2006 as stake holders interested in microfinance held a series of increasingly formal conversations addressing Duke’s intellectual and practical void in association with microfinance. Three graduate students at Duke’s Terry Sanford Institute of Public Policy, with international experience essential to the groups inherent long-term, field based relationships, formally founded DMLI.^{cliii} As a student-run leadership and microfinance organization, DMLI’s main function remains filling the gap between student demand and university provided internships, coursework, and investment experience within microfinance and other social entrepreneurship.^{cliv}

DMLI’s operational structure aims to support the impressive variety of activities

and balancing undergraduate and graduate students while not stiffening innovation. DMLI's constitution remains a general document of goals and values but purposefully allows current leadership to have ownership over length of terms, organizational focus, and day-to-day decision-making. This living document allows for natural ebbs and flows in participation while keeping the initiative on point. The executive board is generally comprised of a small group of students, historically more undergraduates than graduates, but now nearly 60% graduates. These leaders reflect a wide variety of majors and schools within Duke.^{clv} Most leaders serve two years on the board, one to gain grounding experience and the next to use it. As students are joining the board earlier in their short lifetimes at Duke this popular scenario allows seniors to focus on their thesis while acting only as support and planning a lot of the leadership with both graduate and undergraduate underclassmen. This leadership body is responsible for holding weekly committee meetings and working with faculty, alumni, and MFIs to implement all aspects of work. Yet the executive board's primary role is cultivating new leadership and keeping that principle front and center.

DMLI recently created a board of associates to help formalize the mentoring role of alums as the founding generation graduates. This advisory council comprised mostly of alums helps mentor and fundraise but most importantly turn the student initiative into a life long practice in leadership and networking. Although institutional memory is still a challenge to DMLI, a flexible constitution, increasingly turning to young leadership and joint degree candidates who spend more time at Duke, help overcome this universal challenge to campus-based organization.

Like so many newly founded campus-based microfinance organizations, DMLI

first focused on raising capital to invest directly in MFIs as they solidified into today's thriving organization. Primarily DMLI turned to fundraising on campus and to alumni and friends of Duke and with great success formalized their fund with \$6,000. They invest half in their first year to support the relationship they were building with Nkokoneru Savings and Credit Cooperative (SACCO), described shortly.^{clvi} They leveraged the remaining capital to continue growing the fund. Their greatest success fundraising has been on campus because it also works as awareness and outreach for the organization itself. DMLI partners with DIA, the largest event on campus, as its primary fundraising event, a technique easily replicated on any campus. Currently their largest concern is how to grow their pool to a scale that matches the rest of their activities, yet impressively they have retained a substantial fund without enlisting more sophisticated fundraising methodology.

DMLI's successful integration of a long-term, field partner distinguishes it from most other campus-based organizations. Sustaining this relationship underlines the initiative's professionalism and allows the students to learn from the entire vertical integration of microfinance. For the past three years DMLI has worked closely with SACCO a prominent MFI in Uganda. The relationship budded from a handful of Duke engineering students who had frequented the region through Engineering With Out Borders trips. These students got in contact with DMLI to investigate how to supplement their relationship and enrich the community they had grown to personally appreciate. Starting with a relationship like this allowed the community partner to understand their commitment and ensure a level of accountability between Duke and SACCO.^{clvii} Unlike many similarly attempted relationships without prior Duke presence in the community,

DMLI and SACCO carefully built an ongoing and mutually beneficial relationship highlighting each party's strengths while minimizing risks in a telling example what care such a relationship needs.

At first SACCO saw the relationship as simply a potential funding source but the existing relationship, sheer volume of capital, and persistence helped SACCO envision a future partnership with the students. In the spring of 2009 DMLI essentially doubled SACCO's loan portfolio, gaining the MFI's respect, and opening up the relationship to holistic decision making. Students and MFI lenders came together to speak about each stakeholder's potential assets and responsibilities, mainly between the role of investment funds and student labor. In the first summer of the partnership two students traveled to Uganda to study the impact their investment had on specific borrowers. The summer of 2010, students returned from a larger range of backgrounds to implement the curriculum they developed for business classes. In this second year upper classmen worked with their first year peers to help the younger generation apply for grants to support their summer travel. This tangible example of DMLI turning each opportunity into leadership development sent a frosh to Uganda who now has three years to apply that experience to increase the productivity of DMLI. Opportunities like these also help DMLI students graduate with impressive jobs lined up for after graduation; for example Rafe Major, a student on the inaugural trip to Uganda, now works at CGap.^{clviii} The variety of tasks DMLI and SACCO work into their on-going relationship give other campus-based microfinance organizations potential ideas of how to imagine the diverse role students can play within an MFI context.

Academically DMLI has pioneered microfinance courses on campus to support

their work abroad and reach a larger student population to enrich campus-based debate on the merits of distinctive economic development tools. With overwhelming departmental support, faculty from 3 departments pooled their resources to offer a month-long, graduate level, interdisciplinary course in microfinance. Since, the Duke Environmental Leadership program at the Nicholson School joined in their support for DMLI and following the impressive turnout the larger institution of Duke University took over support for this month long course. The institution also designed an undergraduate version of the microfinance course in the economics department. In the fall of 2010 DMLI participated heavily in the Berkeley simulcast and a similar academic collaboration with ACCION USA. These intercampus academic pursuits helped develop information about microfinance beyond Duke based courses and created networking opportunities to brainstorm possible impacts with other campus-based organizations. DMLI's academic accomplishments at once demonstrate what active and engage students can accomplish with institutional support, specifically faculty.

Two unique aspects of DMLI's mission not necessarily included in most campus-based microfinance organizations are its inherent ability to see past microfinance on behalf of smart development and its commitment to leadership. First DMLI's approach uses microfinance to hook interested students, jumping off from there to debate the merits of a varied and diversified set of development tools. In their opinion limiting research, investment, and awareness to only microfinance stifles student innovation and intellectual pursuit of the most effective economic and social development tools. DMLI's constantly compares microfinance with other models and techniques to ensure a critical lens is always applied to microfinance.^{clix} Allowing microfinance to grab interest and bring less

economically inclined students into a larger discussion of merit within economic development helps increase and diversify the pool of scholars debating microfinance and helps diversify the student leadership, again helping stabilize the future of the campus-based organization.

Secondly, DMLI intentionally includes *leadership* in their name as a conscious effort to ingrain it as a core principle of the organization. The founders saw the importance of leadership development to microfinance as a tool to overcome poverty and followed this lead to ensure stability as a campus-based organization, tackling from the onset the potential risk of unreliable student involvement. DMLI transformed itself into a place to cultivate individual leadership collaboration among students and professors alike, filling a second void on Duke's campus. Not only does DMLI consider this focus in leadership a critical foundation for the future of the organization but also as good practice for each individual member's future.^{clx}

DMLI grew beyond what any other student-led initiative had accomplished at Duke, raising large sums of capital, sending international interns, and proposing academic courses. Although Duke supports calculated contact between departments to a degree, leaders realized that pushing multiple boundaries, explicitly their institutionalizing growth and interdepartmental home, would only slow their efforts. DMLI retreated legally to the support of the Center for International Development but in spirit, mission, and practice remain a fundamentally collaborative effort.

Although DMLI's most prevalent challenges of transitions in leadership and microfinance's ability to alone satisfy students' desire to engage with development hands on have been discussed, their unique approach presents a new means addressing or

rationalizing these issues for any campus regardless its similarities to Duke University.

First to confront leadership transitions and infuse value on preserving institutional memory, the DMLI created the Board of Associates. As the second generation of DMLI leaders prepared for graduation they worried the group would lose focus on its founding mission. DMLI alumni comprise most of the Board of Associates with additional local leaders from the microfinance field. Unlike a board of trustees the goal here is to create a community beyond graduation to mentor students, provide opportunities, and establish credibility for the DMLI. The longevity implied ensures strong commitment because students want to continue in the cycle and help advise the initiative's next generation. Also temporary bouts of leadership vacuum will have less impact on the group's overall mission, especially important in the context of direct investments and long-term partners, with presence of this Board of Associates. Soora looks forward to joining this board after graduation and regardless her individual career trajectory will therefore continue her involvement in microfinance.^{clxi}

DMLI first and foremost uses microfinance as a hook to grab an academically diverse membership but work hard to avoid idolizing microfinance as a silver bullet with regard to global poverty. As detailed above the realities of development and the microfinance framework stir up important contradictions and insufficiencies within microfinance. As I have articulated most of these concerns conflate with the current execution of microfinance by MFIs not inherent in the theoretical framework. As an organization, DMLI attempts to think critically of microfinance as an instrument of development. Their goal is to give students the experience and education necessary to harness their energy towards truly solving the nuanced problem of global poverty. Their

focus above all is sustainably supporting resource scarce environments holistically and long-term.^{clxii} In this mindset the inclusion of select charity framework sub-initiatives complements the students' quest to critically compare the strengths, weaknesses, and risks of the entire scope of development work. DMLI has committed to microfinance, in name and mission, because they see true promise within the developing framework yet their critical eye advances microfinance more than simply pledging their alliance.

Duke closes our in-depth case studies by demonstrating a mature organization in its development that has chosen to remain in every aspect of the word a student-led initiative. By remaining true to their leadership ideals and understanding that microfinance will not alone solve global poverty, DMLI actively invests, researches, and raises awareness of development tools and news throughout Duke's campus and abroad. Still the initiative faces universal challenges in envisioning how to build a larger and diversified community around economic and social development. Such issues, as we will discuss in the following sections, include diversifying academic focus of student leadership to include public policy, business, international affairs, environmental studies, and economics, truly reflecting the multifaceted and interdisciplinary nature of microfinance.^{clxiii} The process that transformed DMLI from a few interested but dispersed students and faculty to a thriving, institutionally supported, and accomplished campus-based microfinance initiative articulates one possible trajectory for interested stake holders at an institution with similar assets as Duke University.

ADDRESSING UNIVERSAL CHALLENGES

My independent research identified universal challenges fundamental to campus-based microfinance. Certain campuses are more and less prone to and prepared for facing specific challenges. As initiatives mature and grapple with these concerns each campus overcomes a combination of hurdles by implementing unique strategies that best fit their institutional and student assets. Although this research set out to detail the ideal model of campus-based microfinance, I argue that due to the range of assets presented at these campuses such a model could not take into account the intricacies necessary to build a successful and universal campus-based microfinance initiative. Instead, I hope this paper builds the case for such reciprocal relationships and through the prior case studies demonstrated a strategy for how to integrate microfinance into a campus environment based on its specific assets. Here I will go through the main universal challenges to campus-based microfinance – long-term student commitment, reliance on the traditional charity framework, and investment mechanisms available to students – and when possible present a number of solution strategies to each given challenge.

A. LONG-TERM STUDENT COMMITMENT

As introduced above, student-led, campus-based microfinance initiatives best facilitate a reciprocal relationship between higher education and the microfinance field while tapping into all stakeholders' assets. Yet, involving students in the central leadership and development of such groups also involves a variety of challenges. Students are frequently over committed to their coursework, employment, or other student-led clubs or initiatives. Although campus climate encourages student

involvement, the double-edged sword of over-involvement can hinder in-depth commitment to a growing initiative if the student fails to prioritize this commitment. Also a students' lifespan at an institution within the scope of this study is typically four years, with minor exceptions of students who continue onto graduate school within the same institution. With that in mind careful attention should be paid to avoid issues regarding leadership transitions, building institutional memory, and institutionalizing a long-term presence on campus. By revisiting DMLI and Owl Microfinance Club, I will present distinctive structural approaches to address the universal problems associated with student leadership.

Duke Microfinance Leadership Initiative (DMLI) proactively addresses the challenges presented by students in their constitution, leadership terms, and board of associates. Most of this material can also be found in the third case study above. First, DMLI's constitution carefully commits their initiative to a series of goals and values without creating an unrealistically specific and rigid structure. The founders wanted to allow the group to develop and change hands fluidly. Ultimately the constitution grants current leadership the power to structure and control the group in whatever way they see fit. This qualifies DMLI's generally fluid structure meant to address issues in student leadership.

This structure allows for leaders to define their own leadership terms. The assumed practice is that leaders will reflect the department and class standing diversity present in the general membership. Leaders typically serve on the executive board for their middle two years at Duke. In this way seniors typically step down formally before they leave the school to act as role models and avoid any issues of transitions in leadership. This proves DMLI's pragmatic inclusion of leadership development in their

name and essential in their ability to infuse microfinance into the campus climate. This example of focused leadership development avoids the major challenge presented by frequent transitions in leadership.

DMLI recently created a Board of Associates to act as another line of defense against transitions in leadership and institutional memory. This board unites recent alum and local microfinance practitioners interested in mentoring and legitimizing the initiative. This formal mentorship facilitates long-term commitment to extend beyond graduation. For both students and the alumni who sit on the board, this structure adds to their experience and connection with microfinance ensuring long-term communal and individual involvement in microfinance. The board also helps MFI field partners trust student investments. The Board of Associates creates a realistic path for long-term student commitment while adding legitimacy and longevity to the initiative that overcomes the challenges of working with students without losing the essence of student leadership.

DMLI's proactive structure minimizes the impact of over-committed students, transitions in leadership, and institutional memory. As discussed in great detail above, their model can best be applied to an institution representing a wide variety of academic disciplines on the graduate and undergraduate levels. The aspects of their structure discussed here could help any campus face the universal challenges linked to student leadership.

Meanwhile, The Owl Microfinance Club presents a rigid structural means of accomplishing a similar level of commitment and longevity, while calling for institutional support. The details of both campus climate and club history are detailed in the second

case study above. Owl Microfinance showcases how strict leadership roles and articulated transitions can avoid many such universal challenges.

Eight leaders with specific roles and responsibilities run Owl Microfinance. Each spring group elections are held for the following year's leaders. This structure ensures that leaders are committed to serve their full year. The entire membership hears candidates' speeches and proposed plans for the following year before voting, which creates a level of ownership for even first year member. Further, although first years are not welcome to join the board, every fall Freshman Representatives are included in the leadership team.^{clxiv} This formalized inclusion of first years helps mold the next year's executive team and share responsibilities and commitments. In these solidified structures Owl Microfinance pulls interested students together and preemptively addresses the potential challenges of student commitment and transitions in leadership.

Although faculty, staff, and administrators have supported the initiative without overwhelming it, their support fails to reach every aspect of the group's activities. The support they do receive adds institutional memory and important. Soora, the current president, advises someone interested in starting campus-based microfinance to "be sure to have extremely motivated members and try to get as much support from the administration."^{clxv} Rice University unfortunately has not been able to support student's direct investment goals. Such legitimizing support, like we saw in DMLI, helps MFIs trust the longevity of student investments. The students see institutional support as essential in fostering presence and impacts both on campus and in the field.

As explained in the beginning of this paper, students present important assets to campus-based microfinance that *neo-campus-based* organizations can access. As this

study is concerned only with truly student-involved campus-based microfinance the challenges that are associated with student leadership need to be carefully considered. The single most important thing to remember when addressing commitment and sustainability issues associated with student-leadership is to preemptively incorporate appropriate safeguards into the operational structure. The leader of Occidental College's campus-based microfinance, the Occidental Impact Fund (OxyIF), insists that the young group's success is directly tied to the strength of its membership. Their president and founder, Taylor Corbett, advises students interested in bringing microfinance to campus to "find other students interested first and go from there. It's possible, but really hard to try to start an organization like this completely on your own. If you can get allies on campus it makes it much easier."^{clxvi} This section demonstrates two parallel, one loosely and one rigidly defined, means of successfully addressing student-associated challenges.

B. INCLUSION OF TRADITIONAL CHARITY FRAMEWORK

Throughout this study campus-based initiatives repeatedly turn to the traditional charity-model to supplement their activities and accomplish their varying goals. We saw this reliance in all three case studies above. The traditional charity framework aids each group in distinctive ways including having larger concrete and direct impacts, as we see in MDG and Owl Microfinance; hooking interested students into microfinance, as we see in MDG and DMLI; and critically debating development in general. Depending on the rationale and execution of the integration, I argue that although in some instances the inclusion of the traditional charity framework detracts from the mission of microfinance, while in others it heightens the potential impact. Here I will bring in outside results from

my broad survey to articulate that the traditional charity framework detracts from the field of microfinance only when used to increase a group's impact. Yet when utilized as a hook or in research such an initiative is actually helping mature the microfinance framework in supplementing it with an inclusionary look at development.

Campus-based microfinance initiatives that utilize traditional aid in order to see their contributions to global poverty miss the opportunity to have greater efficiency by working within the microfinance framework. As outlined in detail above the microfinance framework enables greater long-term impact by empowering the poor to be a motivating force in their own development instead of simply the target of short-term monetary or service aid. Students, especially members of a group with no direct investment, may become frustrated that although they are generating buzz and research to help build microfinance as an economic development tool, there are no tangible ways to feel their impact. This frustration is valid yet by filling the void with traditional charity students fail to directly contribute to microfinance and benefit as outlined above. In their inclusion of fundraising for victims of the recent Pakistani floods, supporting service-based organizations like Arise, and equating microfinance investments to food drives the case study organizations each fail to maximize their association with microfinance.

OxyIF struggles with these same issues of how to make the most impact possible in regard to global poverty without relying on what they see as the flawed traditional charity framework and can therefore offer one plausible approach. Corbett dreamed OxyIF would have the power of transforming anyone's passion to tangible impacts. Yet this language of creating a space to realize every aspect of development brought in crowds of students less interested in pragmatic reflection on the most effective

pathways.^{clxvii} Meanwhile, sophomore Megan Lang one of the OxyIF's co-chairs of research voiced concerns that students interested in generating awareness of the lack of potable water worldwide attempt to make OxyIF into an issue based group not set on actually having an impact, against their core mission and name.^{clxviii} Although the case study examples directly incorporated such traditional charity impacts into their organization, OxyIF leaders informally advice such students to keep OxyIF's actual investments in microfinance separate. Such an approach is transferable to nearly any campus and while allowing the microfinance initiative to stay on message, helps increase the institution's involvement in development type work which could be helping form allies and future microfinance participants. OxyIF's strategy successfully flips the inclination to rely on the traditional charity framework into an asset in increasing their successful integration of microfinance and development into campus life.

In contrast to the issues associated with using aspects of the traditional charity framework for direct impact, campus-based microfinance organizations can include it as a means of bringing in a larger and more diverse membership without sacrificing their goals within the microfinance framework. This level of diversity is important when addressing the first universal challenge described above. Although students may say that they are interested in aspects of the traditional charity framework many simply have not been exposed to the emerging field of microfinance. Therefore this potential conflict is simply a lack of experience easily solved, not a defiant refusal of the extra benefits and impact associated with microfinance that traditional charity cannot accomplish. Just over 20% of the campus-based microfinance leaders I surveyed quoted traditional charity as their introduction to microfinance. Corbett shared that he started OxyIF to explore having

a sustainable impact, whatever means possible.^{clxix} An anonymous member of Lehigh University's Microfinance Club's leadership board became involved in campus-based microfinance after a discussion in their Introduction of Philosophy course in his first year that accused "charity of being the chains of the poor that keep them bound to their poverty" and immediately wanted to find a better way of addressing poverty.^{clxx} Using the traditional charity framework to divert interested students towards microfinance increases the quantitative membership and qualitative intensity of campus-based microfinance initiatives.

Finally, allowing the traditional charity framework to influence the research questions posed by campus-based microfinance initiatives positions student research as central in the debate over the legitimacy of microfinance as a development tool. The overwhelming mission of campus-based microfinance involves a heavy reliance on microfinance as the most effective and sustainable means of creating long-term change, implying that if another tool proved better in these criteria such student initiatives would shift their activities accordingly. Corbett directly states "its important that people understand that we [OxyIF] are not exclusively a microfinance club. Currently our clubs focus in microfinance, but if other opportunities for impact and investing become available that are more efficient or target more needy issues we will pursue those avenues."^{clxxi} Keleher of the MDG articulates the potential for research outside of microfinance that will in fact strengthen the microfinance sector. "Many of our [research] questions are somehow versions of the following: *Is aid the answer?* We discuss the strengths and pitfalls of microfinance and development over all." She goes on to advice that students do their due diligence thoroughly instead of diving into investments without

proper understanding. She explains, “Uninformed aid,” in whatever framework, “can do more harm than good.”^{clxxii} Here framing microfinance against the traditional-charity framework allows students to defend their choice of supporting microfinance while adding legitimacy to it as an economic development strategy.

Contrary to popular belief that inclusion of non-microfinance traditional charity misses the opportunity for campus-based organizations to benefit and benefit from the microfinance economic sector; careful inclusion actually propels the microfinance field further than isolated support. Yet campus-based initiatives that include direct action within the traditional charity framework do so at reciprocal detriment. This paper’s case studies show the universality and complexity of this challenge. It is easy for such organizations to fall back on these service-based activities because they are most simple to carryout but do detract from and contradict a group’s microfinance focus. Yet following OxyIF’s example such initiatives can turn potential weaknesses into campus assets of allies and increased support. On the other hand organizations that use traditional charity as a tool to increase and diversify their membership and facilitate healthy critique of microfinance help push the framework to the next level in theory and practice.

C. INVESMENT MECHANISMS

The final universal challenge, least touched upon in the case studies above, is the challenge of limited and insufficient investment mechanisms available to students. As discussed, KIVA and similar sites provide an easy yet superficial investment option with no ability for campus-based microfinance to delve deeper into their relationships with MFIs. This issue of superficiality runs across the board as we saw in Owl Microfinance’s

use of Wokai, Range De, and Kashf. Throughout my research only two strategies emerge for successfully addressing this industry-based challenge, personal relationships with MFIs or the creation of an independent not-for-profit organization.

Campus-based microfinance initiatives looking to directly invest in MFIs can typically do so through the myriad of connections their host institution develops worldwide. As highlighted in each case study's campus climate section, the host institutions best equipped to support campus-based microfinance generally have a large presence internationally from international students to study abroad options and more unique long-term programs. The DMLI case study showcased how the long-term Engineers With Out Borders relationship in Uganda paved the way for a healthy and in-depth relationship between SACCO and DMLI. Meanwhile the Investment Team Officer for Microlumbia, one of two campus-based microfinance initiatives at Columbia University, explains that many of their target MFIs "come to us through MBA projects, summer internships, and other institutional connections." In fact he thanks Microlumbia's Investment Teams' and its host the Columbia Business Schools' "many connections with MFI networks" for all of their successful investment.^{clxxiii} Relying on these personal connections works for certain campuses but in-depth research and development is needed to allow for greater options of diversification for student direct investment in microfinance.

Another option for addressing the challenge of limited investment mechanisms available to students is founding a 501c3 independent of the host institution. We have discussed Rice University's liability concerns that drove Owl Microfinance to seek incorporation as a separate entity still connected in mission, activities, and leadership to

the institution. Important to the model they present is the help provided by Bond & Smyser LLP to submit the paper work necessary pro-bono.^{clxxiv} Microlumbia followed a similar move towards its own non-profit status after push back regarding student's direct investments from the host institution. Yet Microlumbia has separated further from the student body of its host institution including non-Columbia leadership.^{clxxv} Regardless the levels of student leadership, more investment options become available for campus-based microfinance that choose to become their own, independent non-profit organization.

Successful campus-based microfinance initiatives operate under vastly different structures with distinctive goals but all such initiatives face a series of universal challenges. Instead of building an ideal model for emerging campus-based microfinance initiatives to enlist as a means of learning from past examples, here I have outlined the largest universal challenge I found throughout my research. By accompanying each of these broad challenges with suggested and historically successfully strategies, students interested in bringing microfinance to their campus should feel better equipped to prepare for the challenges they can expect – long-term student engagement; tendency to include the traditional charity framework; and few investment mechanisms available for students. New campus-based microfinance initiatives will also face a series of unique challenges associated with their host institution and mission. Following the example produced by each case study, interested students should first outline the institutional and campus assets available then develop their unique initiative maximizing institutional, campus, and student assets while keeping in mind these universal challenges and the potential successful strategies presented here.

CONCLUSION

Modern microfinance, as developed by Yunus in the 1970s, presents a potential avenue towards eradicating global poverty. In contrast with the traditional charity framework that dominates current development conversations, microfinance learns to empower the poor with the skills and capital needed to help in their own upward mobility. A lack of adequate funding mechanisms and research-supported guidelines currently limit microfinance from reaching the scale of global poverty, currently affecting rough 1.5 billion individuals worldwide, as defined earlier. Yet microfinance can begin to raise the bottom line one community at a time when the small loans that define microfinance can be supplemented with savings plans, wrap-around services, and group borrowing.

An important, reoccurring theme in this study is a lack of preexisting research. As an emerging development framework, microfinance must seek support from long-term research before it can hope to compete with the traditional charity framework. As I have mentioned throughout this paper such research needs include: long-term upward mobility of borrowers after their loan cycle ends; extent of lifestyle change for the community hosting borrowers; economic indexes for investors in microfinance that can account for the extra burdens associated with MFIs; and universally agreed upon microfinance best practices. In light of this study, more in-depth research is also needed to justify and then position microfinance at a series of campuses not included in the scope of my research contributions. Such studies would defend and expand microfinance while legitimizing it as an effective economic and social development tool.

Finally since its birth within a university research project, microfinance and college or university campuses have built a strong and mutually beneficial relationship. Campus-based microfinance initiatives should attempt to tap into student, institutional, and industry assets while simultaneously meeting their demands. As analyzed through three case studies – the Macalester Development Group, the Owl Microfinance Club, and the Duke Microfinance Leadership Initiative – as well as national intercampus-based organizations and a discussion of universal challenges, microfinance and such campuses help each other achieve the awareness, investment, and research both seek.

In answering the fundamental question of why and how microfinance and college or university campuses are best integrated on behalf of all stakeholders – microfinance institutions, their borrowers, higher education institutions, and their students – I argue that microfinance needs student involvement and vice versa. This study aims to function as a practical guide, first defining then justifying the marriage between microfinance and such campuses. It's important to then show interested stakeholders examples of how to start and sustain campus-based microfinance for a variety of types of institution and initiative goals. I equip such stakeholders with the tools needed to enhance both student involvement and the microfinance framework. This explanation as to why and how to start a new campus-based microfinance initiative hopes to empower student engagement capable of eradicating global poverty at its roots.

APPENDIX A

The Ideal Campus-Based Microfinance Organization



* Required

Informed Consent Form

Today I was informed by Mackenzie Brown of Occidental College of the following research project, the way it will be conducted and the conditions of my participation in it:

Mackenzie Brown is investigating if college or university campuses create a working atmosphere for the microfinance movement and if so articulate the best model such campuses can use to help move microfinance into a legitimate economic theory.

I understand that participating in this study is completely voluntary and that I may opt out of the research at any point including after the interview. As a subject I will be provided the option of a telephone, email, or combination interview at the most convenient time possible. If I or my organization so wish to join the network of campus-based microfinance organizations I understand I can simply follow-up with Brown after the interview for more information. Finally I understand that my identity will be concealed as I so indicate on the bottom of this form. Any questions before, during or after the interview can be directed either to Mackenzie Brown at mbrown@oxy.edu or Professor Robert Gottlieb at gottlieb@oxy.edu.

I am at least eighteen years of age. I am fully aware of the nature and extent of my participation in this research project and the possible risks as outlined above. I understand that I may withdraw my participation on this project at any time without prejudice or penalty of any kind. I hereby agree to participate in this research project.

Type your signature as proof that you have read and understand the information above *

This name will be used in no other context

I wish to specifically be represented in the final research, if at all, as... *

If you would like your identity to remain anonymous please indicate that here.

- My name, organization, and position
- An anonymous representative of my organization and/or campus
- Completely anonymous

Affiliate Organization and College/University Campus *

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