



**2008 Microfinance Conference**  
**Innovations for Poverty Action, Financial Access Initiative, and Yale University**  
**October 17-18, 2008 at the MacMillan Center at Yale University**

**Panel 1: Credit Product Design – Monitoring and Enforcement**

**Chair: Nigel Biggar, Director of Social Performance at Grameen Foundation**

- Dairy farmer loans in Kenya - Billy Jack, Michael Kremer, Joost de Laat and Tavneet Suri  
*Dairy farmers are offered loan contracts on water tank, which provide a regular water source for farming and household purposes, to analyze the impact on livelihoods and the structure of credit markets. Pilot data indicates that less time was spent on water related chores, and other preliminary findings are detailed in: [Dairy Loans](#)*
- Changing repayment schedules in India - Erica Field and Rohini Pande  
*Although frequent repayment is believed to be one of the most important premises for successful micro-credit programs they also include large transaction costs for both borrowers and lenders. Testing this belief, this study finds no evidence that a less frequent repayment schedule increases either the likelihood of default or delinquency. For more information: [Repayment Schedules](#)*
- Reputation in a public goods game: Taking the design of credit bureaus to the lab - Craig McIntosh  
*As many credit bureaus in developing countries track group rather than individual loan behavior, these games examine whether sharing information on individual quality or group quality is more efficient. This study found no evidence that a change in credit bureau reporting would be cost effective. For more information: [Credit Bureaus](#)*

**Panel 2: Microfinance and Entrepreneurship – Clients Selection**

**Chair: Gaamaa Hishigsuren, International Finance Corporation**

- Psychometric tools for entrepreneurship screening - Asim Khwaja  
*SMEs in developing countries lack access to finance, and traditional credit scoring is next to impossible in these low-information environments. The Entrepreneurial Finance Lab at Harvard is examining the role psychometric testing can play in screening entrepreneurs, with the aim of developing technology that allows the private sector to finance this segment in a profitable and sustainable way. For more information: [Psychometric Tools](#)*
- How do lenders select entrepreneurs? - Matthieu Chemin and Joost de Laat  
*This study looks at MyC4, an online microfinance institution where investors may bind on small scale entrepreneurial projects in Africa, to determine if lenders are solely interested in financial returns or also social returns and the implication of these finding on selection of entrepreneurs and the credit market in general. For more information: [Selecting Entrepreneurs](#)*

**Panel 3: Returns to Capital**

**Chair: Jonathan Morduch, Professor of Public Policy and Economics at New York University and Managing Director of the Financial Access Initiative**

- Returns to capital for small Kenyan retailers: Evidence from inventories - Michael Kremer  
*Analysis of data on purchasing behavior and inventory estimate high rates of return to capital in this sector, and likely far greater than those in developed country equity markets. Future research will explore whether unexploited profit opportunities are a result of credit constraints or*

behavioral biases. For more information: [Small Retailers Returns](#) and [The Return to Capital for Small Retailers: Evidence from Inventories in Kenya](#)

- Investigating the barriers to female microenterprise growth - David McKenzie  
*Further investigating results from Sri Lanka where the average female microenterprise owner saw no return from grants while the average male owner did, this study finds evidence that these gender differences relate to both investment activities and work sector. Female owners that did see greater returns were those that scored higher on digit-span recall tests. For more information: [Barriers Female Enterprise](#)*
- Measuring returns to capital and insurance among farmers - Dean Karlan and Chris Udry  
*By examining how insurance products and capital shocks impact farmers' investment decisions, this study will distinguish between the effects of risk aversion and of capital constraints on farmers' behavior. For more information: [Farmers Returns Capital](#) and [Examining Underinvestment in Agriculture: Returns to Capital and Insurance among Farmers in Ghana](#)*

#### **Panel 4: Financial Literacy/Business Training**

**Chair: Beatriz Vaca Dominguez, Deputy Director of the Social and Economic Analysis Department at BANSEFI.**

- Debt traps, financial literacy & savings - Dean Karlan and Sendhil Mullainathan  
*These ongoing studies in India and the Philippines analyze two interventions – debt-payoff and financial training – aimed at entrepreneurs perpetually in debt. Results will focus on borrowing and savings behavior as well as business activities and household expenditures. For more information: [The Psychology of Debt: An Experiment in India](#) and [The Psychology of Debt: An Experiment in the Philippines](#)*
- Business training and financial literacy in India - Erica Field and Rohini Pande  
*This ongoing study examines the impact of business training on financial and business behavior. The primary research questions explored are the impact of a scalable business training program and the effects of receiving training with a peer. For more information: <http://ifmr.ac.in/cmfr/research/swbt.html>*
- Financial literacy in India - Jonathan Morduch and Shamika Ravi  
*Two studies are currently ongoing to investigate the impact of financial literacy training on ultra poor households and microfinance clients. Spending, borrowing, and savings patterns will be analyzed as well as other indicators discussed here: [Financial Literacy](#)*
- Role of investors in financial literacy - Gaamaa Hishigsuren  
*Ms. Hishigsuren speaks about the role of investors in research and implementation of financial literacy programs.*

#### **Presentation: Entrepreneurship and the poor - What are the open questions?**

- Abhijit Banerjee: [Microfinance, entrepreneurship and the poor](#)

#### **Panel 5: Credit Impact**

**Chair: Justin Oliver, Executive Director of the Centre for Micro Finance**

- An impact evaluation of micro-credit in India - Esther Duflo and Cynthia Kinnan  
*This study is ongoing and seeks to answer a variety of questions, including impact on expenditures and risk-smoothing strategies of households and on number, scale, and profitability*

of businesses. It will also investigate use of available microcredit and how its impact varies with household characteristics. For more information: [Credit Evaluation](#)

- Impact evaluation design: focus on spillovers - Manuela Angelucci, Dean Karlan, and Jonathan Zinman  
*This study is ongoing and seeks to measure the impact of a microcredit product on factors such as income, health, self-esteem, decision-making power, and political participation, as well as spill-over effects on those that did not borrow. Analysis will also examine how microcredit impacts groups differently, for example current vs. future business owners. For more information: [Microcredit Impact Mexico](#) and [Impact of Microcredit on Borrowers in Mexico](#)*

## Panel 6: Savings

**Chair: Robert Vogel, Financial Markets and Institutions Consultant**

- Village banking and microenterprise development: Evidence from a randomized experiment in Kenya - Pascaline Dupas  
*Formal savings accounts were provided to poor daily income earners (market vendors, bicycle taxi drivers, and self-employed artisans). Using self-reported daily logbooks, we estimate the impact of the program on individual outcomes and find that on average the accounts had substantial positive impacts on investment and expenditures for women, but no effect for men. For more information: [Village Banking Kenya](#) and [Impact of Rural Banking Program on Savings, Consumption Smoothing and Intra-Household Resource Allocation in Kenya](#)*
- Community-based savings and loan groups in Mali and Ghana - Lori Beaman, Dean Karlan and Bram Thuysbaert  
*These ongoing evaluations measure the impact of savings-led community finance on various factors including outreach, income, household vulnerability, and solidarity among women. The cost-effectiveness of this program will also be analyzed. For more information: [Savings-led Community Finance](#) and [Evaluating the Saving For Change Program in Mali](#) and [Evaluation of a Village Savings & Loans \(VSLAs\) Program in Ghana](#)*

## Panel 7: Risk Mitigation

**Chair: Lynn Exton, Chief Risk Officer for Opportunity International**

- Barriers to household risk management: Evidence from India; Weather insurance and information on futures prices in India - Shawn Cole and Xavier Gine  
*After documenting relatively low levels of adoption of an innovating rainfall insurance product, this study demonstrates that price and credit constraints are important determinants of adoption, as well as an endorsement from a trusted third party. For additional results: [Weather Insurance](#)*
- An impact evaluation of health insurance bundled with micro-credit in India - Richard Hornbeck  
*This ongoing study analyzes a loans bundled with a mandatory catastrophic health insurance policy. The project seeks to inform whether microfinance institutions are an effective channel for providing health insurance and to provide insight into a number of economic parameters that play an important role in the optimal design of health policy. Preliminary findings can be found here: [Health Insurance](#)*