



International  
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# MAKING MICROFINANCE WORK

*Managing  
Product Diversification*



Cheryl Frankiewicz  
and Craig Churchill

# **MAKING MICROFINANCE WORK**

## **Managing Product Diversification**

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Cheryl Frankiewicz and Craig Churchill

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First published 2011

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ILO Cataloguing in Publication Data

Frankiewicz, Cheryl; Churchill, Craig

Making microfinance work : managing product diversification / Cheryl Frankiewicz, Craig Churchill ; International Training Centre of the ILO. - Turin: ILO, 2011

1 v.

ISBN: 9789221241409;9789221241416 (web pdf);9789221247852 (CD-ROM)

International Training Centre of the ILO

microfinance / production diversification / saving / access to credit / financial management

11.02.2

*ILO Cataloguing in Publication Data*

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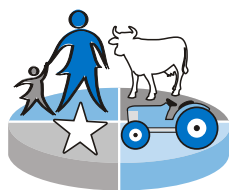
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## Acknowledgements

There is a Chinese proverb which says, “When eating bamboo sprouts, remember the man who planted them.” This book would never have been realized were it not for the ideas planted by so many other authors and the support and encouragement that we received as we attempted to weave those ideas together to facilitate more successful product diversification by microfinance institutions. We are extremely grateful to the authors and organizations who have generously allowed us to repackage and recycle their ideas and tools for this purpose, in particular:

- ACCION International
- BRAC
- CARE
- CGAP
- CHF International
- CRS
- DAI
- FINCA
- Grameen Foundation
- Handicap International
- IFAD
- IFC
- Imp-Act
- Islamic Research and Training Institute
- Kumarian Press
- Making Cents International
- MEDA
- Microfinance Information eXchange
- Microfinance Network
- *MicroSave*
- Opportunity International
- SEEP Network
- ShoreCap Exchange
- Trickle Up
- USAID
- WOCCU
- Women’s World Banking
- World Bank

There are a number of other individuals who contributed to the writing of this book and the development of the training course it is meant to support. We would like to thank Rakhat Uraimova, Merten Sievers and Julika Breyer for their work on draft chapters. We would also like to thank the network of ILO certified trainers and the 1,515 microfinance managers from 47 countries who attended a *Making Microfinance Work* training course in the last three years and contributed their experiences, perspective and inspiration to this work. A special thanks to the trainers in Ethiopia, Jordan, Nigeria, Uganda and the Philippines who helped us test the materials, and to Margarita Lalayan and Juan Carlos Sanchez, who reviewed the book in its entirety and helped ensure the integrity of the content as well as its relevance to the target market. Henriqueta Hunguana and Bich Van Nguyen Thi also participated in the peer review process and we appreciate their contributions as well.

Since the content of this curriculum pushed our own understanding of how microfinance institutions might diversify successfully, we are deeply indebted to the individuals with specialized expertise who volunteered to review our work and help us improve it. We would like to extend a heartfelt thanks to Wafik Grais, Richard Meyer, Madeline Hirschland, Michal Matul, Jan Maes, Linda Deelan, Franck Daphnis, Mayada El-Zoghbi, Daniel Seller, Petronella Chigara, Severine Deboos, Mary Yang, Diego Rei, Henry Yan, Johanne Lortie, Judith Van Doorn, Patricia Richter, Yousra Hamed, Christine Faveri, Jennifer Denomy, and Lara Storm.

We are extremely fortunate to have had the financial support of four organizations that believed in what we wanted to do and provided the resources to make it happen: the EU/ACP Microfinance Programme, the Government of Luxembourg, the United Nations Capital Development Fund, and the Government of Italy. We greatly appreciate their contributions to the development of this book, the associated trainer materials, and the trainer network through which this course will be delivered.

We would also like to recognize the support that we have received from our local partners, who helped us to organize the pilot tests and will work with us to disseminate the course material: the Association of Ethiopian Microfinance Institutions (AEMFI), Development Alternatives Resource Centre (DARC), CentroAfin, Associação Moçambicana dos Operadores de Microfinanças (AMOMIF), UNDP Uzbekistan, ACCION International, ASCODEV, Association of Microfinance Institutions Rwanda (AMIR), Banque Centrale du Congo (BCC), Fond de Promotion de Microfinance (FPM), Fundación Andares, GTZ Tajikistan, HGConseil, ICC Mozambique, Ministry of Finance and Economic Planning of Rwanda (MINECOFIN), National Confederation of Cooperatives (NATCCO), Pakistan Microfinance Network (PMN), Punla Sao Tao, Sanabel Microfinance Network, Uganda Institute of Bankers, as well as the ILO offices in Bangkok, Indonesia, Lebanon, Nepal and Viet Nam.

We would like to thank the staff at the ILO's International Training Centre (ITCILO) in Turin for their support and assistance; in particular, Matteo Montesano and Paola Bissaca for their work with the layout and design; and Rashmi Fioravanti, Cristiana Actis, Maura Degiovanni and Patricia Lowe for their administrative support. Thanks also to Stefanie Eicke for helping us bring the book into alignment with ILO style guidelines, and to Sahar Tieby for being both a knowledgeable sounding board and an invaluable partner during the pilot testing process. We extend our deepest gratitude to Peter Tomlinson, Director of the ITCILO's Enterprise, Microfinance and Local Development Programme, who managed the development of this course and patiently supported its evolution and our learning. We would also like to thank Bernd Balkenhol, Director of the ILO's Social Finance Programme, who generously allowed his staff time to work on this project. A final thanks to Kenneth Neufeld and Sarah Labaree, without whom we would not have been able to invest the best of ourselves in this exciting initiative.





## Foreword

This course evolved from material that was originally included in the International Labour Organization (ILO)'s training package, *Making Microfinance Work: Managing for Improved Performance*. In that training, product diversification was discussed as one of the strategies through which microfinance managers can improve their institution's outreach. By expanding the range of products offered, MFIs can serve more poor people, meet more of their clients' financial service needs and, as a result, make greater progress towards the achievement of their commercial and social objectives.

During pilot testing of the original training, participants requested that more time be devoted to the discussion of various product options and the management of product diversification. Rather than lengthen an already intense two-week course, the ILO responded by removing product diversification content from the original curriculum and creating a separate training to explore that material in more depth. This book is the outcome of that decision. *Making Microfinance Work: Managing Product Diversification* is the second of three volumes in the ILO's Making Microfinance Work (MMW) series. The third volume, which will help managers strengthen their "soft skills", is slated for development in 2012. Readers can find information on all three volumes at the course website, <http://mmw.ilo.org>.

This book and the training course it supports are designed to achieve four main objectives: 1) raise awareness of the opportunities and risks that product diversification presents; 2) explore options for improving the outreach of microfinance institutions (MFIs)<sup>i</sup> through product diversification; 3) provide tools and strategies for managing the product diversification process successfully; and 4) encourage more proactive management of MFI product portfolios over time.

### Why the ILO?

Founded in 1919, the International Labour Organization is a specialized agency of the United Nations that promotes social justice and internationally recognized human and labour rights. Its vision for the 21st century is decent work for all. Decent work embraces various aspects of daily life of the working poor - productive employment, safe working conditions, equitable access to employment opportunities, absence of child labour, abolition of bonded labour, for

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