

Book Review

*Microfinance:
Conversations with
the Experts*
edited by
Charles Oberdorf

by Matthew Wood

I have always been impressed by how microenterprise captures the strange mixture of idealism and practicality that makes moral action possible. When speaking of the poor—of the issues embedded within the microenterprise endeavor—too often our words become bounded by rhetoric, and the portrayal of real world solutions becomes skewed in favor of personal and institutional opinions. Through simple candor, *Conversations with Experts* avoids this common pitfall and offers the reader a glimpse into the daily decisions that weave ideals and action together.

In contrast to political and intellectual practicality, where opposing imperatives are blended into generally ineffective moderation, the real world practicality detailed in *Conversations* demonstrates that institutional practicality is very heterogeneous. The moral actions pursued by the institutions referred to in *Conversations* are concurrently radical and pedestrian, concurrently ground in market and social policy agendas. For example, it would be incorrect to characterize Rosalind Copisarow's efforts in Eastern Europe as the *market-based approach* and Vijay Mahahan's Basix as the *poverty-alleviation approach*. Neat, opposable dichotomies aren't to be found.

What can be seen is how the metric of final analysis, espoused by an institution, impacts the direction of future institutional growth. Institutions that pursue the ultimate formalization of microfinance into the greater economy first, and poverty alleviation as a by-product of process second, are presented, over time, with a different set of possibilities than institutions that pursue poverty alleviation first and market formality second.

Institutions cannot survive as fence-sitters. Business-critical processes must to be defined. Strategy must be pursued. *Conversations* provides a glimpse into not only the cultural variability of microfinance institutions, but also a view of the real-world incarnations of ideological differences. Although the microfinance institutions represented in this read draw adaptively on a spectrum of ideals, at the end of the day, or better put, at the end of the quarter, metrics of performance must be generated.

As the field of microcredit has evolved from a marginal social movement into the economic reality of microfinance institutions, the focal point of practitioner and intellectual analysis is the institutional imperative. Above all, for microfinance to succeed, the institution must be tended to. *Conversations* reiterates this imperative through its collective practitioner experiences. Regardless whether you are modeling efforts similar to SafeSave or Grameem, the institutional impact of inputs, donations, client behavior, and organizational structure must be monitored.

There does exist within the greater microfinance environment a rationale for defining a common set of metrics for all microfinance institutions. This book illustrates that not only is this unlikely, but inappropriate. The legitimate institutional heterogeneity that *Conversations* captures implies the need for institution-specific metrics.

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Microfinance: Conversations with the Experts provides a valuable sampling of institutional paradigms and best practices. It foreshadows an increasing variability of microfinance institutions, coupled with an increasing client, culture, and value relevance.

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