

# Catching Fire: The University Microenterprise Movement in 2012



By Elaine Edgcomb  
and Luz Gomez

October 2012



**FIELD**  
at the Aspen Institute



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*Cover photo courtesy of the Capital Good Fund.  
Financial Coach Kay Zagrodny with client Brandi Lemoi.*

FIELD (The Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination), is a research and development organization dedicated to the expansion and sustainability of microenterprise development efforts, particularly those aimed at low-income Americans. Its mission is to identify, develop and disseminate best practices, and to broadly educate policy makers, funders and others about microenterprise as an anti-poverty intervention. To learn more, visit: [www.fieldus.org](http://www.fieldus.org).

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## Introduction

In June 2008, we received a phone call from our Mott Foundation program officer asking us to visit the Elmseed Fund, a Yale University-based microenterprise program that had caught the attention of the Associated Press. An article, written in mid-May 2008, reported not only that the Elmseed Fund had been making loans for several years, but also that it had achieved self-sufficiency because of its student volunteer labor. In addition, the article noted that student programs were emerging at other universities across the nation.<sup>1</sup> Intrigued by the potential of student organizations to offer microenterprise services cost-effectively and help scale the field by reaching new markets, our program officer asked us to explore what was happening in this arena. That call led to a lunch meeting with some of the leaders of Elmseed and, by early 2009, we were site visiting both the Elmseed Fund and another, newer, program, the Intersect Fund, which had been emerging from the work of two Rutgers University students. We were also surveying other university initiatives and developing some impressions of this movement.

In June 2009, we produced a report entitled “Can Student-run Microenterprise Organizations Help Address Issues of Scale and Sustainability in the U.S. Domestic Microenterprise Industry?”<sup>2</sup> in which we concluded that:

- Although there were no self-sufficient university programs in the U.S., there were many low-cost ones.
- Their potential for scale was not clear, as many were nascent and their capacity just emerging.
- Their capacity to manage loan funds was low; yet, because this service is extremely appealing to students, a model needed to be evolved to address the challenges that student-run lending contained.
- Their capacity to deliver training and technical assistance, on the other hand, was higher because of the talent that the students possessed, and their capacity to access other university and community resources.
- Their ability to mobilize student engagement and community involvement was very high, as was their capacity to build greater awareness of microenterprise development in their communities and their potential for developing next generation leadership for the industry.

We concluded that there was a real need to evolve a stronger methodology and supporting structure for these efforts, and we recommended some support to a core set of these emerging organizations to accelerate their learning and enable them to explore if and how a common infrastructure could help overcome some of the challenges we observed.

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<sup>1</sup> Associated Press, “Yale students launch loan program: Microfinancing effort takes off.” May 2008, accessed at [http://www.boston.com/news/local/articles/2008/05/12/yale\\_students\\_launch\\_loan\\_program/?comments=all](http://www.boston.com/news/local/articles/2008/05/12/yale_students_launch_loan_program/?comments=all), June 25, 2012.

<sup>2</sup>Elaine L. Edgcomb and Luz Gomez, June 2009, <http://fieldus.org/Publications/ScaleUniversityME.pdf>.

Now three years later, this is what we see:

- *A dynamic landscape*: some of the programs we surveyed in the 2009 report have folded; more have emerged; and some have grown and strengthened their operations. Overall, the field is larger than it was three years ago.
- *A move towards professionalization* on the part of some: three of the early programs now have full-time leadership and are growing the number of clients they serve along with their products and services. They have:
  - Built growing microfinance programs and are piloting innovative products;
  - Experimented with new approaches to training and technical assistance; and
  - Developed structures that blend student engagement with permanent leadership.

Others have maintained their student-volunteer-led models, and some are university-directed or guided. Whether some of these will also “spin off” to become independent of their university roots is not clear. Given the range of models, calling these university programs is somewhat of a misnomer. “Student-powered” might better characterize some, or “student-founded” might characterize others.

- *A common infrastructure*: the Campus Microfinance Alliance (CMFA), founded in late 2009, offers opportunities for peer learning, tools, training and financial resources. With one paid staff, leadership from the most mature university-born programs, and an advisory board, the Alliance has developed a strategy for seeding and supporting new student groups built around a summer internship program and a program of ongoing support.
- *Growing reputation and awareness*: Several of the leaders, and programs, have achieved substantial recognition. Two organizations’ founders have received Hitachi Young Entrepreneur Awards; two leaders are now board members of the Association for Enterprise Opportunity; one organization has been accepted into the Scale Academy for Microenterprise Development. The Alliance has been featured broadly in the media with the result that over 180 applications were received for its current intern program, called *Lend for America*.

The movement is clearly gaining credibility and momentum. And, our estimation of its potential has only increased since we first observed the efforts of a few of the programs. In this report, we will describe the movement’s scale and scope, illustrate its potential to serve as an “innovation lab” for the industry and to contribute to scale, review the Alliance’s efforts to foster peer learning and replication, and assess its strengths and the challenges ahead.

In short, there is much to admire in what has developed from the vision of students at some of the nation’s leading universities. And, it is clear that these programs are making unique contributions in communities that, despite a very large industry of professional programs, have been underserved. How they navigate the next stage of seeding initiatives as strong as theirs remains to be seen. But, the first steps are promising, as is the leadership’s capacity for quick re-invention, and their dedication. This

story holds more interest and potential than the Associated Press reporter, and we FIELD staff, ever thought when the Elmseed Fund was first encountered.

This report will:

- Describe the field of university microfinance and its growth over the last three years;
- Present a typology of program types found in this field;
- Describe the Alliance's efforts to foster peer learning, replication and quality;
- Through two case studies, illustrate the potential for innovation and scale that these models represent; and
- Assess the movement now and describe the challenges ahead.

## The Evolution of the University Microenterprise Movement

The “student-powered” microenterprise landscape has changed considerably over the last three and half years, due to the maturation of several “leader” programs, the launch of more startup programs and the burgeoning number of students expressing interest in joining the movement. In the spring of 2009, FIELD highlighted eleven domestically-oriented student groups that were engaged in microenterprise. These groups responded to an online survey and FIELD conducted in-depth interviews with several of their student leaders. Fast forward three years and the student movement now has the benefit of a core of leaders who, having blazed the trail, are compiling and sharing best practices with more nascent groups. Of the initial eleven, one seems to have ceased operations (Harvard’s Cambridge Microfinance Initiative); another has shifted to awareness building on behalf of international microfinance (Duke Microfinance Leadership Initiative discontinued its domestic coaching). But, the others remain, with more joining the field.

FIELD helped several of the early leaders organize the first convening of the groups it had uncovered toward the end of 2009. The intent was to see how learning might be diffused more rapidly and whether a common infrastructure could be developed. From that meeting, the Campus Microfinance Alliance was born — a coalition of student-run microfinance groups whose mission is to raise awareness, provide technical assistance, and create networking and learning opportunities for student-powered microfinance organizations. Several of the more mature organizations have led the development of the Alliance — Elmseed Enterprise Fund, Intersect Fund, Community Empowerment Fund, and Capital Good Fund.

Currently, the Alliance has 14 members (11 serving clients and 3 in start-up mode) that can access technical assistance from Alliance staff and members, participate in an annual learning conference and apply for small capacity-building grant opportunities. A complete list of members is available in the appendix. Below is a quantitative summary of the organizations that are current members of the Alliance and have started to serve clients. The scale of several is noteworthy. Three are at or above the median number of clients reported to FIELD by programs in the same age group (less than five years old). And, one organization is just under the median, which is 95.<sup>3</sup>

Not all in the Alliance have followed the same trajectory. Some groups have remained campus-affiliated organizations, while others have become professionalized programs with full-time staff. Those that have professionalized have built growing financing programs and are evolving their products and services with especially innovative approaches to training and technical assistance. Despite the professionalization, these leaders have also developed models that continue to engage students (see more on typology in the next section). Emerging groups are focused on their own capacity building, discovering who their target market may be, testing products and services, and developing or reconfiguring their operational structures and mechanisms for student transition.

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<sup>3</sup> Ten organizations under five years of age reported their 2010 scale to FIELD under its MicroTest program. MicroTest is a performance measurement system that offers common metrics, analytic tools and customized reports to its users. Data for 2011, comparable to that provided by CMFA, is currently being collected on the larger field.

In the last year, the Campus Microfinance Alliance has brought on a paid staff person to build the membership and develop tools, training and financial resources for the groups. Special focus has been placed on seeding and supporting new student groups, using a summer internship program and seed capital to get them started.

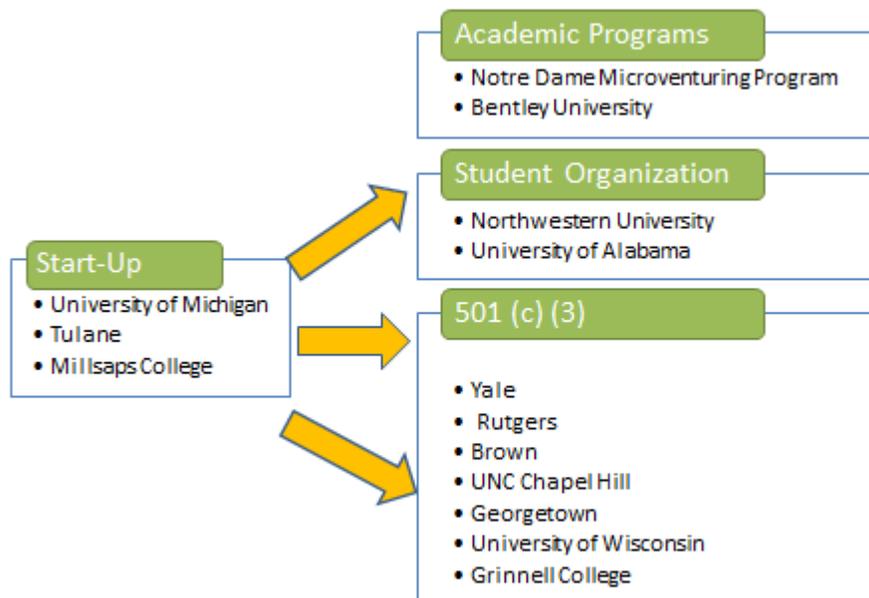
And, there is seemingly no lack of interest in this sort of work. Three years after the first convening, the Alliance has identified at least 28 organizations that are currently running or looking to start a microenterprise organization with a domestic focus.

<b>Campus Microfinance Alliance Members</b>											
Data from 2011-2012 Academic Calendar											
	<b>Bentley Microcredit Initiative</b>	<b>Capital Good Fund</b>	<b>Community Empowerment Fund</b>	<b>Elmseed Enterprise Fund</b>	<b>Forza Financial</b>	<b>Hilltop Microfinance Initiative</b>	<b>The Intersect Fund</b>	<b>LEND</b>	<b>The Madison Fund</b>	<b>Notre Dame Microventuring Certificate Program</b>	<b>Social Entrepreneurs of Grinnell</b>
<b>Year Started</b>	2008	2009	2009	2001	2009	2008	2008	2010	2010	2009	2009
<b>Area Targeted</b>	Boston, MA	Providence and State of RI	Orange and Durham Counties, NC	New Haven, CT area	Tuscaloosa, AL	Washington DC (Columbia Heights and Ward 7)	Central and Northern, NJ	Evanston, IL	Madison, WI	South Bend, IN	Communities surrounding Grinnell, IA
<b>Campus Affiliations</b>	Bentley University	Brown University	UNC Chapel Hill	Yale University	University of Alabama	Georgetown University	Rutgers University	Northwestern University	University of Wisconsin-Madison	Notre Dame University	Grinnell College
<b>Participants Served</b>	5	285	250	100	45	12	834	22	12		n/a
<b>Clients Served</b>	1	250	140	75	5	9	241	12	3	6	17
<b>Clients Served Since Inception</b>	4	350	190	350	5	10	393	16	3		47
<b>Loans Disbursed (#)</b>	1	78	0	11	3	2	90	3	1	0	18
<b>Loans Disbursed (\$)</b>	\$8,000	\$110,453	\$0	\$34,333	\$6,750	\$10,000	\$199,030	\$7,500	\$7,300	0	\$13,187
<b>Loans Disbursed (\$) Since Inception</b>	\$24,800	\$210,400	\$4,299	\$88,493	\$6,750	\$18,000	\$270,550	\$12,000	\$7,300	n/a	\$29,124.31 (incl. International)
<b>Loan Loss Rate</b>	0%	18.00%	0%	0%	0%	0%	3%	0%	0%	n/a	0%
<b>Program Focus</b>	Credit-led	Credit-led	Training-led	Training-led	Credit-led	Credit-led	Training-led	Credit-led	Credit-led	Training-led	Credit-led
<b>Savings (\$)</b>	n/a	n/a	\$55,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Organizational Structure</b>	Academic; registered student organization	501c3	501c3	501c3	501c3	501c3	501c3	501c3	501c3	Academic program	501c3
<b># of Student Staff</b>	65	20	130	40	25	12	5	14	12	Two semester long course	20
<b>Operating Budget (\$)</b>	\$2,500	\$180,000	\$38,000	\$13,000	\$5,000	\$15,000	\$800,000	\$1,000	\$0	n/a	\$2,500
<b>Program Progress (highlights)</b>	*Recently developed a succession plan. Focused on campus-wide education on microlending.	*Development of a financial coaching model paired with small credit-building loans.	*Savings program went from pilot to program. A new focus on Latino population.	*Shifting towards de-linking the training and lending services to offer more client flexibility.	*Recently opened in August, delayed because of the tornadoes.	*Newly launched program, recently received nonprofit status.	*Selected as member of the Scale Academy, received CDFI funding, providing individual consulting to other Alliance members.	*Recently awarded the Catalyst Award by the President of the University for their work in the local community.	*Launched in late 2010/early 2011. Offer business and consumer microloans.	*Possibly looking to incorporate some lending in partnership with the program.	*Recently entered the Grinnell community with lending in the last year. They have been active, since 2009, lending internationally (vis a vis other lending organizations.)

## A Typology of Programs

Not all university programs are alike. They differ in their origins and in their institutional form. Who drives them differs, as do their ambitions. Leaders of the Campus Microfinance Alliance have developed their own typology of the member programs, and it is helpful in gaining a fuller understanding of the institutional landscape.

The figure below is a graphic representation of the typology listing Alliance members. Its form suggests that start-up programs may evolve in one of several ways. Programs in any of the categories may evolve further as they mature.



*Academic programs* are designed and led by faculty, and students participate under their guidance. Notre Dame’s Microventuring Certificate program, for example, engages students in course work and supervised consulting with micro and small businesses in South Bend. It also connects students to internships in domestic and international microfinance organizations. Bentley University’s microloan program is a loan program of the university, but is managed by undergraduate students under administration supervision.

*Student organizations*, like that at Northwestern or University of Alabama, are approved campus-based organizations that are run by students and have no independent legal identity. These clubs vary in mission and ambition, but most seek to be microlenders.

*Organizations with nonprofit status [501(c) (3)]* have the greatest independence from the universities with which they were associated. They also tend to have the largest ambitions in terms of scale, impact and sustainability.

The Elmseed Enterprise Fund of Yale, in fact, is the oldest of all the student-founded organizations, having started in 2001. Unlike the other larger programs, it remains fully student-run and has the most developed protocols for managing the leadership and staff transitions that come with undergraduate initiatives. Its board, composed of community and bank/funder representatives, also has helped foster continuity. Nonprofit status also offers the organization, and others like it in this category, independence of action with respect to its lending operations. Some university administrations have balked at allowing student groups to raise loan capital and make microloans, concerned with potential liabilities that might arise from claims either by borrowers or by the providers of capital. Nonprofit student programs remove their microfinance operations from the purview of administration review and, if they develop good systems for oversight and accountability and access the right expertise on their boards, they may, in the long run, be stronger than if they stayed under university control.

Three of the nonprofits in this category have actually taken further steps to professionalize and move their operations out of the university quad. The Capital Good Fund, created by a Brown University graduate student, now has three paid staff at its core, and expands its capacity through VISTAs and student volunteers. It received Brown University support in its founding year, and maintains good relationships with the university and others in Providence. But it is strictly on its own, an active participant in the local community development arena. Similarly, the Intersect Fund, which was the brainchild of two Rutgers University students, had faculty and administration support among its advisors and first board members and became independent of the university when its founders decided to “take the organization with them” when they graduated. The Fund now has a core team of eight paid staff and very limited student volunteer labor. The Community Empowerment Fund at the University of North Carolina has three paid staff members. Like Capital Good Fund at Brown, it leverages a large cadre of students as advisors to its clients. Of these three programs, it maintains the closest ties with its university home. Its administrative team includes students, faculty and alumni. Its 501(c) (3) status has allowed it to experiment with a variety of products and services, and develop a network of partnerships that help it effectively offer savings and other services to its clients.

Given the relative size of the programs within each category, an easy argument could be made that the ones that move toward nonprofit status are the ones with the greatest potential to make a contribution to the fields of microenterprise and microfinance. Certainly they are generating committed and talented young leaders, and their experience with nonprofit management from the ground up is teaching them lessons that many staff in larger organizations do not get to learn for some time. But, there are also risks inherent in any startup operation, as FIELD’s periodic census of the microenterprise industry has demonstrated through its documentation of organizational closures as well as openings. Growing nonprofits require more resources to fund staff and organizational infrastructure. On the other hand, the student volunteer models offer opportunities for exposure to the practice of microfinance, for leadership development and for some limited gap filling in underserved markets. Given the evolving nature of the work, it is also too soon to say what the final form of some of the new student groups may be and whether the academic programs may become seedbeds for more entrepreneurial efforts as time goes on. At the very least, it is clear that the movement has already demonstrated more capacity and staying power than many would have anticipated just a few years ago.

## Models of Innovation

The young leaders in this movement pride themselves on their high sense of social purpose, their skills and their openness to innovation. Just like upstarts in the tech industry, they are willing to invest sweat equity in building for the future, to quickly prototype and test new approaches to delivering products and services, and to discard what is not working. Tech savvy, they are fast to apply their computer skills to increasing their efficiencies and their outreach to their markets and supporters. With no need to unlearn traditional ways of doing things, they search others' experience to adopt what seems to be best practice, but also try their own ways. Sometimes this means that they stumble, sometimes they leap ahead. Their experiments are interesting and, more and more, they are as likely to have something to share with their "elders" in the microenterprise development community as they are to have something to learn. This section will profile two of these student-founded organizations to illustrate what this looks like in practice.



The Capital Good Fund (CGF) was founded in 2008 by Andy Posner and Mollie West,<sup>4</sup> both graduate students at Brown University, who, while participating in a social entrepreneurship class, came up with the idea of creating an initiative to address environmental and economic issues facing low-income Americans. Today, the Fund is an independent nonprofit microfinance institution serving Providence and greater Rhode Island and is the only microenterprise lender with a substantial physical presence in the state that FIELD has found through its annual census of the industry. Moreover, as a recent recipient of funding from the Community Development Financial Institutions (CDFI) Fund, CGF is on track to become a certified CDFI.

Through May 2012, it reported making a cumulative 132 microloans totaling \$206,286, graduating 148 clients from financial or business coaching and completing 228 free tax returns that returned \$275,000 to low-income individuals. Through the last complete academic year (fall 2011 - fall 2012), the Fund disbursed 78 of these loans and served 250 clients. This demonstrates that its growth has accelerated in the last 18 months as it has evolved its services, learned from its experiences and generated resources. Its target operating budget for 2012 is \$395,000, double its budget for 2011. As of April 2012, it was still fundraising toward that target, and expected the financing to come from two key projects that the Fund was working on with the state government and other entities. Although this financial situation concerned at least one of the organization's board members, a former banker accustomed to more established operations, it did not trouble CGF's leadership, who were convinced that the money would be forthcoming to bankroll the newly launched programs. Some might observe that the Fund and its

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<sup>4</sup> Mollie West now sits on the board of the Capital Good Fund and works as a research associate at the Harvard Business School.

leadership live on the edge, but this way of working seemed aligned with the upstart nature of the nonprofit.

Capital Good Fund’s leadership has always been about using microfinance as a tool for poverty eradication. To that end, the organization, from its start, has offered microenterprise development loans plus consumer loans. Its current product line includes:

- Microenterprise loans, up to \$5,000;
- Digital equity loans, for the purchase of laptop computers and accessories;
- Green loans for energy home improvements;
- Citizenship loans for application costs; and
- Small-scale consumer loans for credit building and other purposes (up to \$2,000).

In addition, the organization offers free tax preparation for low-income residents, digital literacy training and financial coaching. It was also preparing to launch a business coaching service.

Andy Posner’s vision drives the organization and inspires the staff. He defines CGF’s mission as providing “equitable financial services that create pathways out of poverty.” And, he thinks big. Given the magnitude of poverty in the United States, his vision is ultimately to develop a multi-state organization that will achieve high social

impact, scale and self-sufficiency. He has modeled the projections that will get CGF to breakeven — seven regional offices, each with ten local offices serving 35,000 clients with financial coaching and making 34,775 loans. At this level, the organization would serve over 50,000 unique clients annually, and its regional offices would produce sufficient revenue to cover local and regional expenses, as well as over \$1 million in headquarters expenses. As Robert Browning wrote, “Ah, but a man’s reach should exceed his grasp, or what’s a heaven for?”<sup>5</sup>

### Our Values

*At CGF we believe in big ideas for solving big problems in as little time as possible, for we agree that “justice too long delayed is justice denied.” We are inventive, daring, fun, ambitious. We are passionate about collaboration, open-source sharing, transparency, and authenticity. We are unafraid to forge a new path in the service of our mission. And we are single-minded in our devotion to fulfilling Dr. Muhammad Yunus’s dream of putting poverty in the only place it belongs: museums.*

*(From CGF website,  
<http://www.capitalgoodfund.org/aboutus/ourvision.>)*

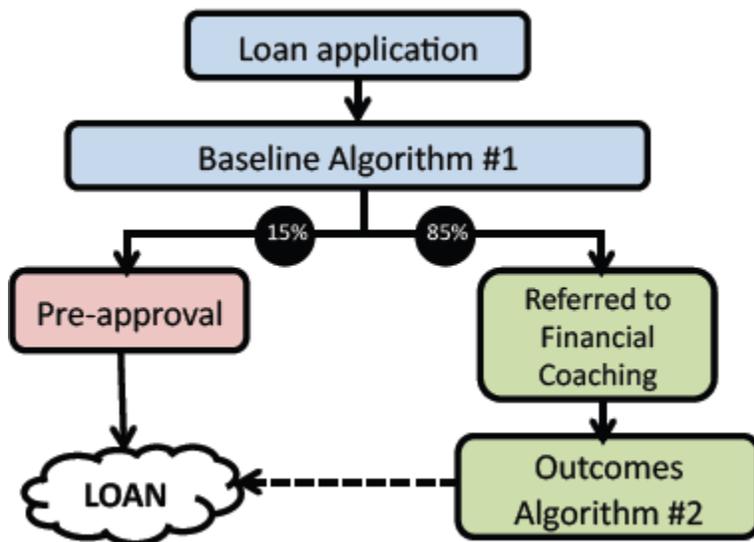
<sup>5</sup> From “Andrea del Sarto,” line 98, [http://en.wikiquote.org/wiki/Robert\\_Browning](http://en.wikiquote.org/wiki/Robert_Browning)

The drive has had one important effect on the organization: all products and services are considered through these three lenses of impact, scale and revenue generation. And, the organization continues to try, modify or discard products, services and operational models based on how they stack up against these criteria. In the process, CGF has tried peer lending in the spirit of Grameen and found that it did not work in its target market. It has subsequently developed its own underwriting algorithm to increase efficiency, at the same time offering a “second chance” strategy to make financing available to more people; and, it has evolved an organizational structure that makes heavy use of student volunteers to maintain a lean operation. In the process, financial coaching has become a cornerstone of its services, playing multiple roles — as a stand alone service for many, as a tool for credit building and as a gatekeeper to financing for those who do not, at first review, demonstrate the capacity to successfully manage a loan.

Through a new program with the Rhode Island Office of the General Treasurer, called the Financial Coaching Corps, CGF hopes to offer financial coaching to 300 clients between July and October 2012, and another 700 from October 2012 to July 2013. CGF will access clients through schools and partner employers. Through a second program, with Broadband Rhode Island, Cox Communications (an Internet provider) and local schools, CGF will also offer financial coaching to parents who sign up for free digital literacy classes and loans to purchase Internet-ready devices. In addition to those streams, almost all individuals who approach CGF directly for loans are channeled to financial coaching.

### The Model

The model looks like this:<sup>6</sup>



<sup>6</sup> This graphic and the ones following are from a PowerPoint presentation provided by Andy Posner entitled, “Presentation on Capital Good Fund’s Performance and Outlook for Growth.”

As the graphic describes, all loan applications (generally taken by phone by student interns in about ten minutes) are reviewed by staff and passed through an algorithm that evaluates their capacity to repay, their financial position (banked or unbanked), their credit score, past performance and if seeking a business loan, projected business income. The model, which is still “tweaked” monthly, incorporates a set of data that allows the organization to estimate expenses and disposable income, and assess character. Pre-approval can occur within a day, and the loan can close quickly upon receipt of documents substantiating reported data. CGF reports approving 15 percent of all applicants on the first pass. The rest are referred to financial coaching with the following offer:

- CGF will provide three financial coaching sessions and two check-ins, at six and twelve months, covering the basics of budgeting, credit, debt and banking, for \$120. CGF will cover the cost upfront and book it as a no interest loan, with the client paying \$10 monthly. This “credit builder” loan will help clients attain or increase their credit score, and the coaching will help them improve their overall financial position.
- After completion of the first three sessions, and after financial coaches score them on attendance and adoption of key practices, their loan application will be reviewed again. Although a loan is not guaranteed, CGF reports that about half those who start the coaching process receive a loan and encourages clients to engage in that coaching to increase their potential to receive a loan, in addition to gaining other “financial empowerment” benefits.

Posner estimates that, of 100 who apply for a loan, thirty percent end up receiving a service (financial coaching and/or a loan) and more get an important financial benefit. He notes that this approach allows them to say yes to many more people than they would just on the assessment made at application. In addition, client payments for the service, and ultimately interest rates and fees paid by borrowers (20 percent fixed APR and a 4 percent closing fee) moves the organization to self-sufficiency. Further, the new underwriting/coaching model has improved the performance of the portfolio. CGF had a rocky start with its lending, as the initial Grameen-style program led to a number of defaults (\$20,000 out of \$210,000 in approved loans) and delinquencies. But, now the organization reports that the new model has righted the ship. As of March 2012, CGF had 118 loans outstanding (51 financial coaching loans; 67 in other products) and a 17.6 percent portfolio at risk rate for loans 30 days or more past due. Eleven percent were greater than 90 days past due. But, the trend since implementing the new model has been increasingly positive, as the graphic below indicates:

## Loan Portfolio:

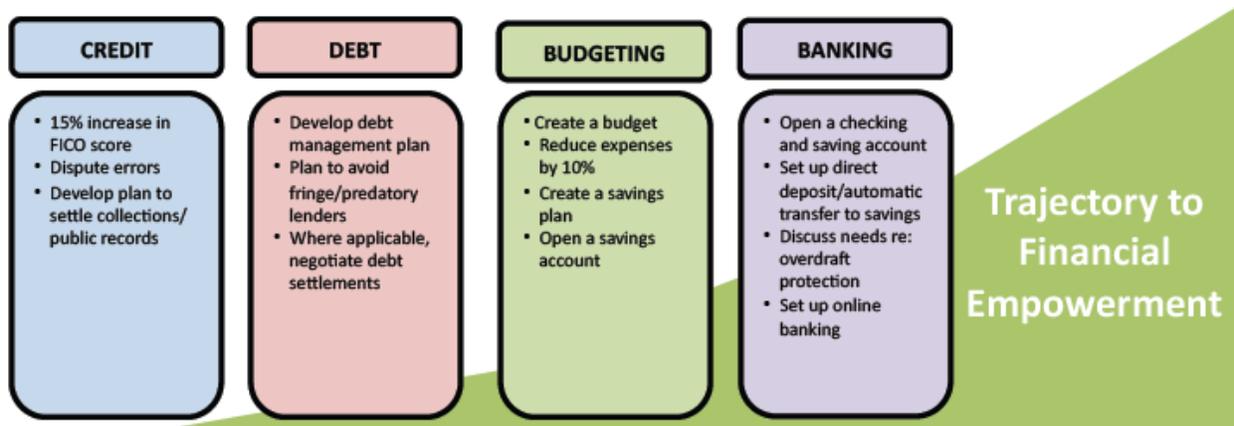
- Since the deployment of our two underwriting algorithms in Sept 2011, the portion of our portfolio that was 100% on-time in the first six months went from 69% in Dec 2010 to 76% in Dec 2011, and continues to increase



The organization expects that its portfolio quality will continue to rise as it gains more experience with this model and continues to improve it.

### Financial Coaching

Just as the organization has invested in the underwriting model, it has also invested in designing and continuing to improve its financial coaching model. After a review of many curricula, the team developed its own, which is designed to transform clients' financial practices, helping them move from situations of debt, poor credit and few assets to ones where they are on a path to greater financial stability and asset development. The practices are summarized in the graphic below:



To achieve these goals, a financial coach works with a client over three 90-minute sessions, offers them two additional sessions at the client's discretion, and then is expected to complete six – and twelve-month check-ins to track the clients' progress. Because the program was launched last August, the staying power of clients through the check-in periods, and their compliance with monthly payments have not been fully tested; yet, initial results show that the average client saves \$1,100 per year. The

head financial coach noted that some clients will continue to pay because they understand the credit building value, whereas others “don’t have the same commitment to pay,...some are not ready to take this on; they just want the loan, or just want to understand some piece, and don’t get the holistic approach.” Those who do fully engage, however, work with the coach through a binder of materials that start with goal setting (two long-term and two short-term goals are established). They are guided to spend two weeks tracking

income and expenses on the road to developing a budget. A subsequent session reviews their banking status and helps them set up accounts as needed. The budgeting component incorporates guidance on savings, with the intent that all clients at least develop savings for emergencies. The module on debt incorporates a review of their credit score and guidance on how they can build their credit. If necessary, coaches help clients develop dispute letters and create a debt

management plan. Some are guided to a secured credit card as a credit-building tool, and CGF has working relationships with Navigant Credit Union that can help facilitate a card.

Once the client completes the three sessions, the coach inputs the actions taken in the second stage underwriting model and his/her recommendation. The final decision on a loan depends on the resulting score. Although some clients are deeply angered by not receiving a loan after coaching, many recognized independently that they are not ready for a loan or can approach acquiring funds in other ways (through savings, for example). And, those who do qualify are better positioned to succeed in using and repaying their loan because of the preparatory work they have just completed.

### ***Organizational Structure and Student Engagement***

CGF marches on the back of a small paid staff, several Americorps VISTAs and student volunteers. At the time of the site visit, CGF had three professional staff: an executive director, and directors of operations and programs. Three VISTAs served as head financial coach, head loan officer, and creative officer, and there were at least five students serving as financial coaches and staff in other capacities.

**Financial coaching clients**

*A business owner approved for a loan but who needed help developing a household budget and finding additional savings to invest in her business*

*Someone seeking a loan for car repair with poor credit and high debt, who needed assistance developing a household budget and debt management plan, as well as basic credit education.*

*An older married couple who owe half their monthly income for debt payment on a home mortgage, education loans for their children and consumer purchases. Seeking help in negotiating new payment plans for their debt and ultimately reducing credit card use.*

Student interns were serving in key roles — as accounting staff, developing branding, web and other creative materials, and documenting organizational processes for a manual. Students working as financial coaches are called Fellows, and offer 15 hours service weekly during the school year. They were trained in an intensive three-day orientation that covered content basics, coaching techniques and how to manage client relationships. Fellows were expected to master the content through self-study, and to learn coaching through hearing from clients, observing staff coaching sessions, and then leading sessions under supervision. This spring, the head financial coach was developing a written curriculum for training the next round of coaches that would:

- introduce American consumer finance and economic structures;
- describe poverty in America;
- summarize microfinance in its international and domestic applications;
- introduce Capital Good Fund and its clients; and
- train on financial coaching.

*“Student volunteers are great because they’re enthusiastic, have a lot of optimism and new, fresh, innovative ideas.”*

*– Head financial coach*

*“I think clients are receptive to me. I’m becoming better at making a connection with them, but it’s a two-way street...A lot of them on this path of coaching don’t always realize that we place a lot of responsibility on them, that their actions really effect whether they get a loan.”—financial coaching fellow*

*“Clients are at first a little taken aback [but] when we start talking about the material, they realize I know what I’m talking about... None of them know the information on credit, and this can influence their life decisions. They feel empowered when they come out of it. They have a bank, a financial advisor. It’s a very empowering feeling for our clients. ”*

*—financial coaching fellow*

The manual was also planned to include a supplemental section that would provide resources for other services clients might need, such as benefit programs, child care and housing, health issues, etc.

CGF sees these student volunteers as essential to its delivery system, and so is expending substantial effort to systematize their training and supervision. And, although there are challenges with working with students (the head financial coach mentioned meshing student schedules and client schedules as one; changing motivations as another), the organization finds that this mechanism works, taking advantage of smart, committed talent, and applying it to challenging and rewarding assignments. Clients appear to have no issues working with students and, in many cases, appreciate their knowledge. And, students appear to be learning substantial lessons about how the financial system works, what poverty looks like, and what is involved in starting and growing a nonprofit.

Not surprisingly, the students gain great advantages as well. In addition to gaining experiences that burnish their resumes, students report being affected by their exposure to the “reality of life” and “you

need to be prepared and think ahead” in terms of risk management. They report a strong sense of competency in financial management skills, better teaching skills, and learning how to work with people, and take differences into account. They also report increases in critical thinking skills and knowing how to work independently.

### *An Appreciation*

It is clear from the description above that CGF is a special organization, one that is molded by the vision and energy of Andy Posner and embraced by its core team of professionals. In this way, it is not unlike many emerging nonprofits. What makes it stand out is its relentless pursuit of new ideas, and its willingness to change things up over and over again. Sometimes this is a good thing. Sometimes it exhausts those caught in its wake. Also unique to CGF is its “open source” approach to its intellectual capital, something that is markedly different than the approach taken by many leading microfinance organizations. Posner offers the organization’s tools and materials to others in the Campus Microfinance Alliance, expecting that this orientation not only will accelerate the progress of other organizations, but also will provide CGF useful learning. If all share, all can benefit.

The observations of those closest to the organization, as represented in interviews with VISTAs, student volunteers, a board member and a client, are telling. All recognize its value in helping clients and its high innovation IQ. The client called its greatest strength the “support and encouragement” it provides, and its “laid back and nonjudgmental approach” to people living in poverty who, like her, have become a “nonentity in the world.” CGF offers personal relationships and a fundamental support system that says: “you can do this, we believe in you.” Student volunteers also note that it fills a very special niche in Rhode Island, offering relationship-based financing unlike traditional financial institutions. Its emerging partnerships with the State also demonstrate a capacity to generate potential solutions to the substantial problems the state is facing in terms of employment, the financial fragility of many and weak digital literacy.

On the other hand, all recognize that it is an organization that is still very, very young, that its model is still not fully developed, much less tested and proven, and that getting the funding to sustain, scale and make progress towards self-sufficiency is daunting. The ups and downs left some students, at times, with limited work to do or with assignments that were not “what they signed up for.” CGF’s inability to keep some of its strong VISTAs as staff is also a detriment, as it now must annually regenerate key positions in the institution. There is work that needs to be done to strengthen financial systems and other infrastructure, although several noted the progress that has been made in this respect. As one board member put it, the institution has to do a lot of infrastructure building, demonstrate successful initiatives here, and “be a not-miss- a-beat organization here before going to another state.” Part of that is going to require figuring out what they need to focus on and what functions they can outsource.

Certainly, CGF depends heavily on Andy Posner, and its success will depend on its ability to increase the heft of the whole team and move from innovation to systematization, from changing to consistent, from financially fragile to secure. Even as is, it is a compelling organization that offers fresh approaches to the field.



## *Its Beginnings*

The concept of the Community Empowerment Fund (CEF) emerged from two existing campus initiatives at the University of North Carolina, Chapel Hill (UNC). The first organization, Homeless Outreach Poverty (HOPE), worked deeply with the homeless and near homeless population surrounding the UNC campus. The second was a group with experience in international microfinance, the Carolina Microfinance Initiative (CMI). In the two years prior to the launch of CEF, HOPE built strong interpersonal relationships through programming it developed working in the men’s and women’s shelters. The programming included a writing group for a literary magazine published by shelter residents, called “Talking Sideways,” which focuses on the notion of storytelling and what the group terms “inclusive community development” to understand and address issues facing the homeless community. The group’s work increased the volunteers’ understanding of what would be CEF’s target market and the complex nature of people’s journey into and out of homelessness. As a result of these experiences, CEF cofounders wanted to find direct ways to assist in transitions from homelessness. They saw the potential connection between small amounts of financial assistance and financial empowerment.<sup>7</sup> CEF still remains connected to HOPE and its methodology of working with the homeless community. The program’s foundation is built on creating meaningful connections and trust, using methods of storytelling among the homeless population; members get a safe space to share their knowledge and experiences with other fellow members of the homeless community.

The Carolina Microfinance Initiative further helped solidify the focus on financial empowerment. CMI helped raise awareness of microfinance on the UNC campus and, observing HOPE, the notion of microfinance to help eradicate poverty among this target population began to coalesce.

### **CEF Founding Beliefs**

CEF was founded on the idea that small amounts of capital coupled with social support, savings opportunities, financial education, and positive community could facilitate transitions out of homelessness.

### **Defining CEF’s Target Markets**

“productive homeless:” individuals who are homeless due to bankruptcy, bad credit, or domestic issues, and are business-minded and quick learners.

“working homeless:” those who are homeless due to un- or under-employment and limited access to affordable housing.

Latino entrepreneurs: often a more stable population, with a strong interest in business development and formalizing employment. The CEF Latino program strives to work with this market.

<sup>7</sup> Historical background and conceptualization of CEF taken from a paper outlining the organization’s pilot experience; written by Maggie West, summer 2009.

By the fall of 2009, CEF launched as a student-led nonprofit organization in partnership with shelter residents, HOPE, and the Law School Center on Poverty Work & Opportunity. The organization has grown beyond the Chapel Hill area and now serves both Orange and Durham counties.

### ***But First A Pilot...and Emergence of a Savings Product***

A 2009 summer pilot initiative was launched to test the offering of microloans up to \$300 with a small group of participants targeted through the HOPE program (CEF loans were structured to finance both formal sector employment and individual entrepreneurship, as well as some housing transition). The lending to five participants was individual, but with a group-based borrower support network incorporated. There was also a small savings component. The pilot group loan categories were business investment (inventory for a small informal business), housing (deposit for a rental) and employment (cell phone, textbooks, bus passes). CEF staff came away from that pilot experience understanding that they had to create a unique set of products and services to work with this particular target market. Repayment of those first five loans was mixed, and they came to believe that focusing on microsavings would be a necessary precursor to opportunities for microenterprise development.

The homeless or near homeless population (many of whom had dealt with substance abuse issues in the past) were not necessarily ready for a microloan. Clients sought multiple paths to achieving financial stability. More were interested in looking for employment and/or saving enough to get out of financial precariousness. Living on the edge as they were, they needed more wraparound services to address multiple needs. Additionally, many homeless were unbanked which exposed them to significant risk if they had cash in hand.

CEF's first true savings client was a formerly homeless member who had struggled with addiction. With a job as a house painter, he was now generating substantial cash income; however, without a place to park his money, he struggled to stabilize his situation. Working with his CEF member advocate, the client asked the advocate to "hold his money" -- becoming the first unofficial deposit and the program's first step towards developing a savings program. What eventually developed, through a partnership with Self-Help Credit Union, was the Safe Savings program: savings accounts that offer relatively restricted access to withdrawal and incorporate consistent monitoring with their student advocates.

FIELD's observation of CEF's classes, and discussions with members and staff, also revealed insights into their target market both demographic and psychosocial. Members in CEF's "Opportunity" class were diverse, ranging from those living in a shelter, and struggling with addiction problems, to those who had jobs and perhaps a home, but were still underemployed. The consensus among both staff and members is that CEF's ideal

*"Find a person I can really trust and let them be my accountability partner with this money matter. Just to let someone know what days I'll be paid and find some way to get this money off my hands. It's a real trigger."*

*-First CEF savings client*

member is someone ready to ask for help; and, an observed class included a half hour discussion on why it was often difficult for men to ask for assistance, suggesting that it could not be assumed that members would easily express their needs or be forthcoming. One longtime member emphasized that, to have success in the CEF program, you have to have the willingness to meet the advocates halfway.

### ***Program Components***

Since its first summer pilot, CEF has developed a suite of products and services that serve both the homeless community, its primary target group, and the growing Latino community in the area. This group tends to be more stable, more interested in microenterprise development and, potentially, microfinancing. One advocate noted that most Latino clients are at the point of stability at which CEF is trying to get its homeless members.

CEF calls its clients “members,” so that there is a sense of inclusion and community. Each member is paired with two student volunteers, called “member advocates.” Member advocates work alongside members in defining goals, taking steps towards reaching them, helping members achieve independent housing, and building assets and financial stability. CEF’s core services include:

- **Safe Savings Accounts:** 10 percent matched savings accounts paired with financial education focusing on goal setting and consistent one-on-one coaching with a member advocate. The matched savings are used as an initial hook, or incentive, to keep members motivated at the start.
- **Opportunity Classes:** Weekly meetings that consist of a 12-week curriculum (2 hour classes) covering topics around personal finance, job readiness and health. The goal is to provide members with skills and resources to transition into self-sufficiency and permanent housing. Member advocates often attend weekly classes together with members. Refurbished laptop computers (offered through a partner organization) are also offered as incentives for consistent participation. The class offers consistent relationship-based support to individuals experiencing, or at-risk of experiencing, homelessness.
- **Small Business Training:** currently consists of a six-week training course where members learn how to complete a basic business plan, gain knowledge to increase profits and are offered networking opportunities with other entrepreneurs. Member advocates continue with follow-up individual assistance to participants of the training program.
- **Microloans:** CEF still offers microloans, but they are secondary to their savings and training programs and are geared towards members who have completed those program components. At the moment, loan terms are individually negotiated depending on the member’s particular situation.

Since long-term behavior change and the accomplishment of long-term financial stability is no easy feat (especially among this difficult-to-serve population), the program is looking to devise ways for longer-term members, who have gone through their core programming, to maintain a connection to the program. One product staff is exploring is a “Peace of Mind” account, or a type of emergency Individual Development Account. Staff would encourage members to save at least \$2,000 (and offer a 50 percent match).

CEF is able to offer savings accounts through its unique credit union partnership with the Self Help Credit Union, a financial institution with branches throughout the state. Although it did not have a local branch presence in Chapel Hill, Self Help worked with the group’s leadership to grow a membership base in the area among the unbanked (and previously banked) low-wealth population.<sup>8</sup> CEF spent four months ironing out agreements and processes for receiving deposits and managing their member accounts. Three credit union employees participate on CEF’s board of directors. Self Help and another community development credit union, the Latino Community Credit Union (LCCU), provide CEF clients with opportunities to graduate to more mainstream financial products in a safe, credit union setting. Self Help offers CEF members regular checking accounts with no fees at \$0 balance and does not allow the account to overdraft (a common problem with the formerly banked population with little financial acumen). Additionally, the credit union offers an installment loan for credit-building purposes and has some microloan products available for those CEF members in a more stable position. Similarly, LCCU offers secured credit cards, credit-building installment loans and reasonably-priced alternative car loans.

*“Our method involves asking a lot of questions, learning together with the clients. We break down a lot of myths about the financial mainstream. We try to get people to take accountability of their financial situation.”*

*-Alex, UNC student & admin staff*

### **Organizational Metrics: growth trajectory**

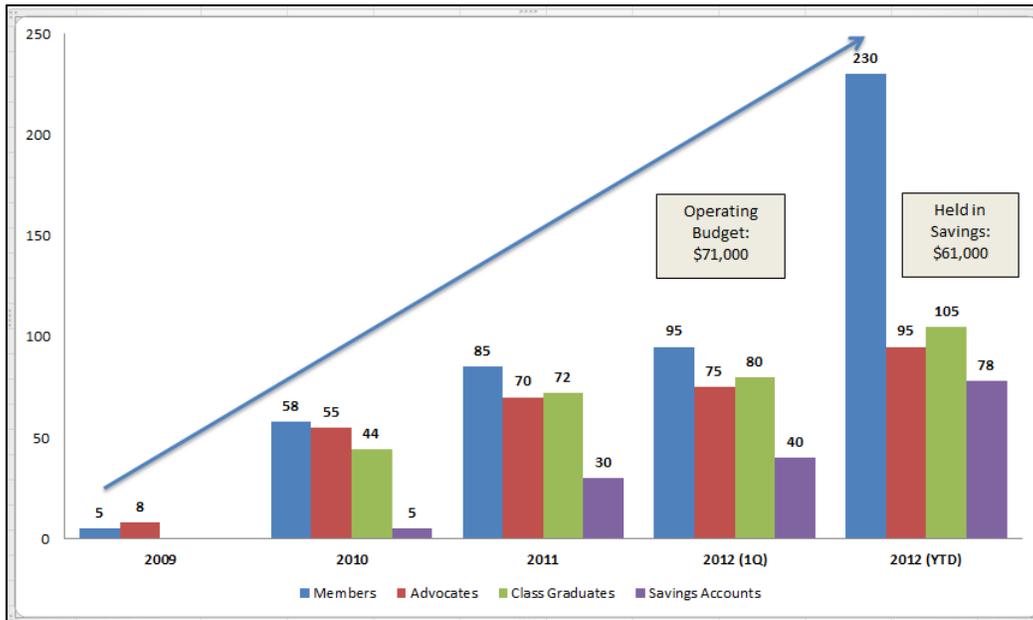
The organization has grown considerably in a short period of time, especially in the last six months. The chart below illustrates the growth trajectory of CEF since inception (post summer 2009 pilot) in terms of number of members, advocates, class graduates, and savings accounts.<sup>9</sup> The organization has seen strong, steady growth in member acquisition and advocate recruitment over three years. In addition, in 2011, CEF’s 84 percent training completion rate was on par with that achieved by a peer group of training-led microenterprise organizations that reported to FIELD in 2010 (median for the peer group was 83 percent).<sup>10</sup>

<sup>8</sup> Self-Help’s mission is to create and protect ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities. [www.self-help.org](http://www.self-help.org)

<sup>9</sup> The historical and recent data to assemble this chart was provided by CEF.

<sup>10</sup> Data for comparison purposes was drawn from FIELD’s [www.microTracker](http://www.microTracker) site. The FY 2010 data looked at training-led microenterprise programs participating in MicroTest, a data collection project that looks at detailed program performance measures. Twenty-three organizations reported on this measure of training completion rates. 2011 data for the industry is currently being collected and analyzed.

## Organizational Trajectory of CEF



In the last five to six months, CEF’s client base has grown by almost 150 percent, with a budget that has remained relatively modest at \$71,000. (The median budget reported to FIELD by 51 young, urban microenterprise programs for 2010 was \$124,200.<sup>11</sup>) Clearly, its strong member advocate volunteer structure helps extend the range of the organization. Finally, CEF’s savings deposits have also steadily grown since 2010, with a total of 105 savers having a total of \$61,000 saved towards their goals.

### *Leadership and Organizational Structure*

Currently, CEF has three paid part-time staff people (two are graduated founders of the organization and the other is a member). The real innovation in service delivery is the highly systematized, ongoing, relationship-based support given by a large cadre of university students (over 87 active advocates), who handle the case management of each member. They are supported by what is called an “admin team,” composed of the paid staff, several other student founders and student volunteers who have taken on this additional leadership responsibility. The admin team also includes a member advocate coordinator, who plays a match-making role between students and members.

*“I like that the students are young because they are bright and have great computer skills. But mostly I appreciate the ‘compromiso’ (dedication) they showed.”*

*- CEF Latino member*

<sup>11</sup> This data was reported through FIELD’s web portal, [www.microTracker.org](http://www.microTracker.org), as part of the 2010 U.S. Microenterprise Census.

In CEF’s eyes, incorporating a former member, who previously struggled with both homelessness and addiction, onto the staff helped the organization relate more closely with their target population and gave it more legitimacy. Staffer Mike rebranded the core 12-week class from “Savings Circles” to “Opportunity Classes.” The class uses a facilitation style modeled after self-help addiction recovery — the facilitator relates his experiences, asks many questions, and gets people talking and sharing their own bits of information and resources. Part of the observed Opportunity class involved actively brainstorming with the group about resources in different areas such as housing, which allowed members to feel encouraged about giving back to the group. (This exercise is iterative; CEF continuously builds an up-to-date list of resources that advocates use with their clients.) CEF has recently formed an advisory committee of graduates to give feedback on programming and to groom natural leaders over time, in order to have more “Mike’s” leading the programming.

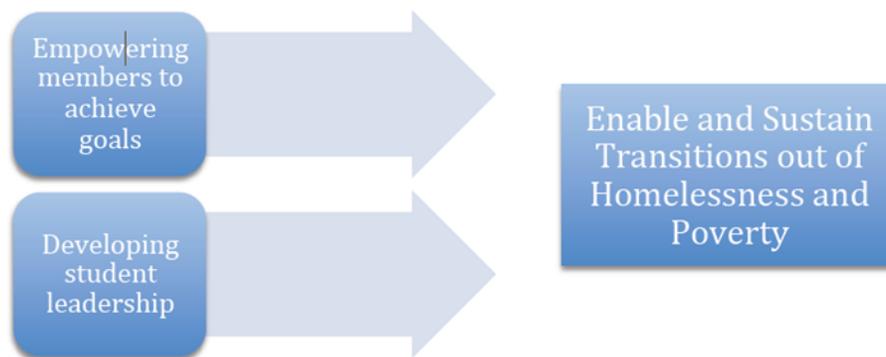
As noted above, two students are assigned to each member, and they meet weekly with their partners to discuss progress in various areas. If the member’s goal is to ultimately find stable income and housing, an advocate might work with him or her on resume development, interviewing skills, searching job boards, as well as researching future housing opportunities and motivating savings. If a member’s goal is to formalize a microenterprise, an advocate might work with a client to develop a logo and more professional marketing materials, as well as to figure out a competitive price point, as was done with one CEF client. One Latino program participant emphasized how helpful it was to have a reliable individual with whom to discuss marketing ideas and develop more formalized materials for a housecleaning business. Sonia had worked informally over the last 10 years cleaning houses but had not really gone beyond a few word-of-mouth referrals. Moreover, she had not developed a name or business cards, or seen what competitors were charging for her services. She found the small business training exercises that she went through particularly helpful, especially topics focusing on pricing (she had been pricing her products a bit low), tracking her sales and costs, and marketing strategies. Sonia was paired with two member advocates who conducted individual follow-up with her, including making a spreadsheet to track her sales and costs, designing a logo and tagline for business cards, and letterhead for client receipts, working through a simple local competitive analysis and assembling a straightforward website. The member advocates recognize they are not experts in any of these areas (most are not business or finance majors) — rather they see the work as experiential learning. Together with the member they navigate resources, read about specific topics online and come out together more knowledgeable.

*“We come to it with a lot of humility, get people talking about what they have done that has value. We trust and respect the participants as partners and teachers themselves.”*  
*-Maggie, co-founder, admin team member*

Thus, CEF’s structure, as outlined below, holds a dual mission — it seeks to empower its individual members to achieve goals, but, equally important, is its development of student leadership and social consciousness. This was echoed by multiple student staffers and leadership. Alexis, a graduate student

who is part of the leadership team and one of the founders of CEF, noted the importance of building skills, starting early on in an undergraduate’s career. CEF heavily recruits member advocates from UNC freshman, so that they have several years to gain the deep knowledge and skills that long-term member relationships offer. Alexis noted the transformation that she has seen of member advocates who have been with the organization since their first years on campus: “...they walk in timid and perhaps not very articulate and walk out of the program empowered, expressive and having gained a set of very practical skills for future work and life experiences.”

### CEF’s dual mission



Ultimately, despite its local success, even its leaders recognize that it is not a model easily replicated outside of Chapel Hill. A satellite, currently in development with student leaders from Duke, has presented challenges requiring the program to adapt appropriately, and staff does not think the model is necessarily appropriate for direct replication. Rather, the group has been promoting a compelling documentary of the CEF experience (<http://vimeo.com/14773113>) to other university campuses, more so to inspire other students, encourage them to engage with their local communities and propose creative local solutions.

Like any organization that finds early success, CEF is now struggling with issues related to growth and sustainability. Although still relatively modest, CEF’s budget has doubled from the previous year (\$71,000 in 2012) and its member base has substantially grown. The CEF board of directors is engaged in strategic planning, wrestling with the question of what the appropriate size of the organization should be, what trade-offs might be necessary to scale such a high-touch model and how to acquire the capacities necessary to fundraise to sustain the organization long-term. Visibly, CEF’s model has brought a fresh perspective to the field — the question now is how well-equipped the organization is to fare in this next stage of development.

*“Empathy from the students themselves is more important than age when working with this population.”*  
*-Mike, facilitator, former CEF member*

## Concluding Thoughts: Strengths and Challenges

Certainly, this paper describes a movement with “legs.” As we began to uncover in 2009, and as we have continued to observe, these organizations are, without doubt, seedbeds for young social innovators. And, perhaps more than we anticipated, their leaders have been able both to develop interesting organizations and also to build a movement with the potential to spark more innovation. Any tally of the movement’s strengths would have to include the following:

- *A strong capacity for innovation* — for testing new products and services that are both financial (such as Community Empowerment Fund’s savings product), and in the realm of technical assistance (such as Capital Good Fund’s financial coaching, CEF’s advocate model, the Intersect Fund’s Action Steps technical assistance for entrepreneurs, and so on). Several of the organizations also demonstrate the capacity to rapidly learn from cutting edge practice among more mature organizations, and from other innovators. Intersect Fund, for example, is using text messaging to “nudge” borrowers to pay on time, and has paid particular attention to the work of leading credit-building institutions on how to use secured credit cards to enhance clients’ credit scores.

The organizations are also demonstrating their willingness to innovate on the back end. Capital Good Fund uses a homegrown quantitative credit-scoring model to assess applicants. The Intersect Fund has built an attractive intake form that is based on careful analysis of users’ experience in filling out these documents, so key to capturing important baseline information for monitoring and impact assessment. The organization is also building its own management information system to more effectively measure changes in client practice and outcomes as they occur. The Elmseed Enterprise Fund has developed the most complete, smart, computerized approaches to ensuring institutional memory and sound succession planning.

- *An ability to bounce back and learn from failure.* All these organizations have experienced failures early on, but many have also shown their resiliency in the face of initiatives that did not work — moving beyond them quickly. For example, at least three of the groups tried peer lending, but, like CGF accepted their early losses, adjusted their methodologies and moved on. These organizations’ ability to pivot and not get stuck in the morass of failure is certainly a positive attribute.
- *A capacity to serve un- or underserved markets.* These organizations are filling important niches in their communities, not only among difficult to serve populations (i.e., the homeless), but also in geographies where other microenterprise organizations are either not present or not present in strength. Providence, New Haven, central and northern New Jersey, Tuscaloosa, Alabama, and Grinnell, Iowa, are all places where the opportunities to serve are palpable. New student initiatives are in the planning stages for Mississippi, Florida, Indiana and elsewhere that will also target underserved people. This is a real strength of the movement.
- *A platform for rapid learning.* The Campus Microfinance Alliance has been pivotal in supporting the network of existing student programs and now sparking new ones. Just as Capital Good Fund announces it is open source, so have the other members been willing to share their tools, manuals,

technologies, documents and experience with each other. The Alliance compiles many of these materials on its website and is now testing new technologies to facilitate rapid problem solving among its constituency. The Alliance has also been quick to recognize its own strength in fostering startups and has remade an internship program that first placed students with professional programs into “Lend for America,” a program that recruits students competitively for the chance to learn under one of the mature student-powered organizations. Combined with opportunities for additional learning at the Alliance’s annual meeting and small grants, the organization hopes to replicate the success of some of its current members. In 2012, the program received 187 applications for 6 positions. The Alliance is also converting its annual convening into a venue for both implementers and inquirers, and expects to touch many more campuses this way.

But there are still challenges ahead.

- *Can the success of some of the current leaders be replicated?* Even as a couple have joined the ranks of professional programs in the microenterprise space, and as Elmseed has demonstrated that a university-based program can sustain itself over time (it celebrates its tenth anniversary this year), there have been other programs that have come and gone and some members that have remained quite modest in scope. It will be interesting to observe the progress of Lend for America’s first internship class to see whether the Alliance has developed the necessary tools, or whether more will be needed, to generate additional strong programs.
- *Can more effective lenders be developed?* Looking at the Alliance as a whole, the movement has a way to go to build its capacity to lend. While some groups, like CGF and The Intersect Fund, have improved immeasurably in three years’ time, most groups are still trying to understand the risk in their markets, develop underwriting skills and work toward getting the systems in place to maintain a solid lending infrastructure that can serve more clients. Not unlike other young programs throughout the country, they require training, funding for infrastructure and sustained, committed leadership to make it happen. It is not surprising that the two largest lenders in the group are the two whose student leadership “took their organizations” with them when they graduated, and who have both devoted themselves to study, benchmarking and applied learning. Helping others on this path will be a challenge for the Alliance, even greater than launching programs.
- *Can they sustain the interest of university students?* Microfinance remains a hot topic on campuses, and the sexiness of international initiatives has spilled over into an interest in trying it out on American soil. But, there are winds that suggest that international microfinance will receive a more measured assessment in the future and academics are leading the way in revisionist critiques of the field’s impact. To what extent will that moderate the current student interest in the field? How will the Alliance demonstrate both its similarity (in vision) and difference (in methodology) with respect to the international field, and how will it craft a longer-term, compelling message to students?
- *How should these organizations consider growth?* As some organizations become more successful, they will need to reckon with the future scope of what they want to accomplish and how large to

scale their organizations. While it may be crystal clear for a visionary leader like Andy Posner who has transformed CGF into an independent entity and chosen to pursue a scalable microfinance strategy, for other organizations, it may be less clear. For CEF, its more complex, high touch model is already provoking issues related to growth. And organizations committed to staying university programs, such as the Elmseed Enterprise Fund, must calibrate their ambitions to align with the capacities of an ever rotating staff. Each will need to ask itself what scale best matches its goals and its vision of itself.

- *How can the movement best sustain itself?* The Campus Microfinance Alliance was born out of the vision of the participants at its first convening in 2009, and helped with strong financial support from the Charles Stewart Mott Foundation and the Schoenfeld Foundation. The Mott Foundation also underwrote its internship program for the last two years. The Alliance has now garnered some additional operating support from Capital One and a set of sponsors for its conference. Most importantly, it depends on strong in-kind contributions of its leaders who have built the Alliance's structure, designed its internship program, developed and deliver its technical assistance program, and drive its conference. In addition, Alliance members do pay annual dues of \$200, but this represents a limited contribution to its budget at this time. Most of these programs are focused on raising their own budgets from local sources, and this needs to be their first priority. In fact, one of the important contributions that these programs are making to the field is their ability to raise awareness and financial support for microfinance in new markets. But, for the movement to grow and demonstrate results beyond a few stars, it will need resources to build member capacity. To do that, the Alliance will need to find more donors, who see value in an effort that is about effectively serving people in need, about awareness-building and leadership development in the next generation, and about creating a laboratory for new ideas. It is clear to us that the Alliance deserves the opportunity to demonstrate that it can deliver on these goals. How it goes about the next couple of years, and the extent to which it can raise resources, will be critical to fulfilling its promise.

## Appendix

### Members of the Campus Microfinance Alliance

Campus MFI	University	Structure
JIFFI (Jubilee Initiative for Financial Inclusion) Notre Dame Microventuring Program	University of Notre Dame University of Notre Dame	Start-Up Academic program
Elmseed Enterprise Fund	Yale University	501(c)(3)
Forza Financial	University of Alabama	Registered Student Organization
Bentley Microfinance Group (BMG)	Bentley University	Academic program
Hilltop Microfinance Initiative	Georgetown University	501(c)(3)
Capital Good Fund	Brown University	501(c)(3)
Community Empowerment Fund (CEF)	University of North Carolina Chapel Hill	501(c)(3)
The Intersect Fund	Rutgers University	501(c)(3)
Lending for Evanston and Northwestern Development (LEND)	Northwestern University	Registered Student Organization
Social Entrepreneurs of Grinnell (SEG)	Grinnell College	501(c)(3)
The Madison Fund	University of Wisconsin-Madison	501(c)(3)
Fund 17	Tulane University	Start-Up
ReSource Fund	University of Michigan-Ann Arbor	Start-Up
West Street Finance Co.	Millsaps College	Start-Up

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