Microfinance

Microcredit banking offers business training, peer support, and small loans (even only a few dollars) to the world’s poorest people. It has been extremely successful at driving sustainable development. Microfinance is a form of Socially responsible investing.

Contents
1 Integral part of development
2 Agricultural microfinance
3 Emancipation loans
4 Analysis
5 See also
6 Notes and references=

Integral part of development

Microfinance is not a complete solution to development problems, but can be an integral part. For example, microcredit is used in the Slum Networking model, to enable facilities to be built by the slum community without relying on subsidies.

Microlending is a new emerging solution to economic development because it allows its recipients to reinvent their lives; it is a bottom-up, grass-roots approach that recognizes the entrepreneurial and tenacious spirit of the poorest of the poor. It is a way to build infrastructure, save lives, create role models, unlock people’s potential, and ultimately push a hurting economy forward.

Agricultural microfinance

Livestock are used in innovative microfinance schemes such as "Cow Banks" and "Rice Banks". They can be a valuable tool in development.

Emancipation loans

Emancipation loans are used to release people from difficult situations, such as owing a large debt to a moneylender, and thus having no capital, and no means to repay the debt, in
spite of hard work. The emancipation loan pays off the debt and releases the financial pressure, and they can then participate in other microfinance activities. Repayment of this debt is deferred until the borrower's situation has improved; the time to begin repayment is decided jointly by the borrowers group (typically 5 people) to which she/he belongs. This is practised by the Grameen Bank as well as other MFIs (microfinance institutions).

Analysis

While microfinance is a source of many inspiring stories, and opportunities for empowerment, and for more direct engagement between supporters and loan recipients, proper monitoring and evaluation are essential to ensure the actual impact is positive and maximal.

MIX Market - "Strengthening the Microfinance Sector with Objective Data and Analysis" - is one prominent effort to do this.

See also

- Socially responsible investing
- Energy in Common - microfinance specifically focused on renewable energy technologies
- Kiva
- Economic Strengthening: Finding the Right Tool for the Job
- Open Collective

Notes and references=

1. Cow Banks - what are they? & Ockenden Cambodia. accessed 15 December 2006
2. Notably the Kiva model allows this sense off connection.

== Interwiki links ==

- Wikipedia:Microfinance