

Executive Summary

The Campaign as a Social Movement

The Microcredit Summit Campaign ('the Campaign') has played a lead role in advocating for microfinance as one of the most important strategies to reduce poverty. Campaign data indicate that while the initial '100 million' goal of the Campaign was a mammoth vision, participating microfinance institutions (MFIs) have converted much of its original audacity into quantifiable progress—making it one of the rare instances in history that the international community, led by civil society, set a collective, quantifiable, time-bound goal with global implications and impact and has come close to achieving it on time. Moreover, the Campaign has become a complex and collective social movement that supports a platform for united action.

While three decades ago microfinance was still a small niche in the international development field, the Campaign has since helped to invigorate capitalism for the poor, providing many people access to financial services where free enterprise and opportunity would otherwise not exist. This is catalyzing a process which, when taken to scale, has the potential to transform the nature of gender and class roles as well as grassroots economies in a period of rapid globalization. The global Campaign deserves ample credit for helping to bring about –or come close to achieving – a 'tipping point' for the microfinance field. The Campaign represents a cooperative effort in leadership for the eradication of poverty worldwide through the use of microcredit.

The Campaign's Impact: Challenges and Successes

The data on the Campaign's outreach suggest that the multiple roles played by the Campaign—goal setter, progress counter, convener and conference organizer, political mobilizer and advocate, commissioner of new research and writings on core themes, packager of tools, information disseminator, and best practice trainer—have so far constituted an effective strategy. The number of institutions reporting to the MCS has increased from 618 in 1997 to 3,164 in 2004 and the number of the poorest clients being reached increased at a rate of 777% from 1997 to 2004.

Thought Leaders

Interviewed thought leaders agree that the major contribution of the MCS has been the constituency it built for microfinance: creating a network that was essential to galvanizing and sustaining a global microfinance movement and its deepening at the national and regional levels. In addition, a larger,

more engaged constituency has created what some field leaders believe to be a productive learning community. The Campaign's efforts in data collection are consistently mentioned as important, with many leaders arguing that it has brought accountability to the field. In fact, the majority of thought leaders thought that the Campaign's accountability system was strong enough to be scaled up. Finally, nearly all thought leaders agreed that a key accomplishment of the MCS has been setting goals that ostensibly seemed impossible to meet and measure progress towards, and then developing the momentum and tools to make the goals a reality.

Survey Respondents

Similar to the interviewed thought leaders, respondents to our survey also indicated that the Campaign played an important role in the field. Across all regions, almost 90% of respondents indicated that they agreed or strongly agreed that the Campaign had had an impact with its regional and international summits and meetings. Nevertheless, increased public awareness about microfinance does not always translate into more effective policy-making and institution-building in different countries' financial sectors, according to some survey respondents. Similarly, survey respondents diverge from thought leaders and indicate that the MCS's dissemination of tools is not having a strong impact. Overall, however, enthusiasm for the larger goals of the MCS Campaign remains high: 91% of respondents agreed that the Campaign's goals for 2015 were "in the right direction" of where the field should be headed. Respondents' answers imply that the MCS's most important role might be a broad, visionary one that builds and sustains momentum for the microfinance field.

Synthesis: What Worked and What Didn't 1997-2006

Despite all its challenges, by all comparisons, the Campaign was—and is—a highly successful global advocacy movement. The Campaign has embraced and championed the social entrepreneurship inherent in microfinance for the poor by taking on difficult and sensitive topics - probably the two biggest being whether poverty-focused MFIs could be financially self-sufficient and the importance of setting aggressive goals and cost-effectively tracking progress toward their realization. The Campaign has dramatically changed thinking in these two critical areas. Furthermore, the Campaign data constitutes the first real 'bottom-up' census of the world's poorest. As a result, possibilities for greater insight exist in tracking their progress out of poverty.

A Scalable and Sustainable Model

Another important success of the Campaign is its promotion of a model that is *scalable and sustainable* -- one that makes effective use of philanthropic

funds and increasingly taps capital markets as MFIs go through their organization life cycle. This new model is more effective than a traditional giving model that relies on aid donations and government institutions to deliver needed resources to the poor. It allows leapfrogging over some development stages. The Campaign has worked to organize the poorest people to access microcredit—providing a new platform for development. This development is critical: if you have strong organizations and institutions that directly focus on unleashing the potential of the poor, then you can build other products and services - financial and business (agricultural inputs, livestock and poultry services, retail marketing outlets, etc.) as well as non-financial (health, education, housing, water, sanitation, etc.) through a variety of approaches. Among others, MFIs can add on additional products and services, create independent enterprises, or partner with other organizations to provide wider and deeper access to the constellation of factors that help people eradicate poverty and improve the quality of life.

Institutionalization of Microfinance

Would the growth in MFI outreach have happened anyway, without the steady drumbeat of the Campaign? This is methodologically impossible to answer: we cannot observe the counterfactual. The growth of microfinance has been fueled by several factors, including the passionate advocacy of a swelling movement to eradicate absolute poverty worldwide. Economies of scale exist where previously they didn't, which has allowed practitioners to explore new niche markets, develop innovative products, and experiment with different models. Certainly the market has become more efficient in this respect; while much work remains, better information flows have helped supply to catch up with demand. But there are also institutional and political factors that have 'greased the wheels' of the market in very significant ways. More governments have formally gone 'on record' to support microfinance, the UN has made explicit the connection between the MDGs and microfinance, and the US has passed legislation mandating that half of USAID's microfinance program support go to the poorest. Notably, the Campaign made a significant contribution in bringing about the UN Year of Microcredit and in galvanizing the support for the U.S. legislation.

The Next Campaign: A New Vision for 2007-2015

The key challenge for the Campaign in the years ahead will be to keep a global focus in the industry on measurably reducing absolute poverty as the commercialization trend accelerates. We suggest the following areas are the most fruitful for development and investment—all of which are self-sustaining or 'bottom up' models of poverty alleviation—and should be included in the Campaign's goals for 2015: healthcare, education, insurance, I.T. business development, and reproductive health services. As the industry rapidly grows and new entrants come in, there is a real possibility that an industry that is narrowly focused on profits at the institutional (MFI) level will 'crowd out' the movement focused on profitability and transformation at the client

level unless Campaign participants are vigilant. The Campaign will need to promote the increasing efficiencies that get passed on to the customer in terms of lower interest rates, rather than only maximizing returns to shareholders and investors.

Multiple Approaches to Poverty Alleviation

Furthermore, we recommend that the Campaign continue its practice of supporting debate on contrasting views in the field. Given its second goal, the Campaign will have to think even harder about impact assessment, providing an excellent opportunity to work with researchers and others on this issue. At the same time, we feel that it is appropriate for the Campaign to continue to challenge those who want to pursue alternative methodologies at the expense of microfinance. We believe that there is more than enough room for multiple approaches. Microfinance represents one major contribution to the poverty problem, but it does not solve all problems – multiple approaches would solve multiple problems. We think microfinance is the best entry point to a wider development strategy because it organizes the poorest in communities and focuses on what they are all most interested in: increased income.

Building Cohesion

We also recommend that the Campaign help to fairly and broadly distribute new opportunities and innovations across the field so as to build an even stronger movement to eradicate poverty. The Campaign's real strength is banding together the industry in a global cause that enables them to overcome the tendency towards cynicism and transcend each of their organizational goals. We strongly believe that without the Campaign building cohesion around a global social movement, each organization would have only been consumed with building its own capacity in an atomized industry. By building a movement, the Campaign has increased social and organizational capacity and created superadditivity – a 'more than the sum of the parts' community.

The Campaign's Catalytic, Growing Role

The Campaign is truly a global movement based on the knowledge gained from poor women's survival skills and entrepreneurial abilities. It is well positioned—as a major node spanning diverse networks of practitioners, donors, academic institutions, and others—to be the perfect bridge to support these developments. Like few others, the Campaign has demonstrated that it can create the will to take an idea, most notably the ground-breaking 100 million goal, and catalyze the international community to work to achieve it despite very limited resources available to the Campaign.