# The Triangle of Microfinance

Financial Sustainability, Outreach, and Impact

EDITED BY MANFRED ZELLER AND RICHARD L. MEYER

Published for the International Food Policy Research Institute

The Johns Hopkins University Press Baltimore and London

### Contents

List of Figures xi List of Tables xiii List of Boxes xvii Foreword xix Preface xxi

Improving the Performance of Microfinance: Financial Sustainability,
 Outreach, and Impact 1
 MANFRED ZELLER AND RICHARD L. MEYER

#### PART I Access to and Demand for Financial Services by the Poor

- Access to and Demand for Financial Services by the Rural Poor:
   A Multicountry Synthesis 19
   MANFRED ZELLER AND MANOHAR SHARMA
- 3 Characteristics of Household Demand for Financial Services in Highly Uncertain Economies: A Review of Evidence from Burkina Faso 46 GENEVIÈVE NGUYEN, BETTY WAMPFLER, MICHEL BENOIT-CATTIN, AND KIMSEYINGA SAVADOGO
- Wealth and Rural Credit among Farmers in Mexico: Is Market Participation Consistent with Targeting? 69
  JULIE STANTON
- 5 Credit Constraints and Loan Demand in Rural Bangladesh 96 MANFRED ZELLER AND MANOHAR SHARMA
- 6 Improving Access to Land Markets: Evidence from Emerging Farmers in KwaZulu-Natal, South Africa 117 MICHAEL LYNE AND MARK DARROCH

#### PART II Outreach and Financial Sustainability of Institutions

- Outreach and Sustainability of Member-Based Rural Financial Intermediaries 135
   JULIA PAXTON AND CARLOS E. CUEVAS
- 8 Microcredit and the Poorest of the Poor: Theory and Evidence from Bolivia 152 SERGIO NAVAJAS, MARK SCHREINER, RICHARD L. MEYER, CLAUDIO GONZALEZ-VEGA, AND JORGE RODRIGUEZ-MEZA
- 9 An Operational Tool for Evaluating the Poverty Outreach of Development Policies and Projects 172 MANFRED ZELLER, MANOHAR SHARMA, CARLA HENRY, AND CÉCILE LAPENU
- Transaction Costs of Group and Individual Lending and Rural Financial Market Access: The Case of Poverty-Oriented Microfinance in Cameroon 196
  FRANZ HEIDHUES, DIEUDONNE BELLE-SOSSOH,
  AND GERTRUD BUCHENRIEDER

#### PART III Measuring the Impact of Microfinance

- 11 Impact of Microfinance on Food Security and Poverty Alleviation: A Review and Synthesis of Empirical Evidence 221 MANOHAR SHARMA AND GERTRUD BUCHENRIEDER
- 12 Impact of Access to Credit on Maize and Tobacco Productivity in Malawi 241 ALIOU DIAGNE
- Explaining Poverty: An Empirical Analysis of the Effects of Ill Health and Uncertainty on the Savings of Rural Pakistani Households 266
   ANJINI KOCHAR

## PART IV Toward Economic Sustainability of Rural Financial Systems for the Poor: The Role of Public Action and the Private Sector

- 14 The Microfinance Revolution: Implications for the Role of the State 297 CÉCILE LAPENU
- 15 Recent Developments in Rural Finance Markets 321 JACOB YARON AND McDONALD BENJAMIN
- 16 Credit Systems for the Rural Poor in the Economic Transition of China:
   Institutions, Outreach, and Policy Options 341
   ZHU LING, JIANG ZHONGYI, AND JOACHIM VON BRAUN

## PART V Summary and Implications for Policy and Research

17 Summary and Implications for Policy and Research 361 RICHARD L. MEYER AND MANFRED ZELLER

Contributors 379

Index 385