



GENEVA GLOBAL PRESS RELEASE

Invest in Microcredit that Truly Works

Donors Must Perform Thorough Due Diligence in Microfinance Investments, Geneva Global CEO Warns in Harvard Business Review

Philadelphia, Pa., Sept. 4, 2007 – Microfinance is capturing the world’s attention. Some even call it the cure for global poverty. But to be certain their money makes a lasting difference in the lives of the poor, donors must scrutinize microfinance programs just as closely as other philanthropic programs before investing in them, says Steve Beck, Geneva Global CEO.

Writing in September’s Harvard Business Review, Beck cautions donors to carry out thorough due diligence, and to focus on performance measures that gauge program results in terms of lives changed.

Read the article, [“Beware of Bad Microcredit”](#)

“Microcredit has become incredibly popular with donors, and it’s easy to see why,” Beck says. “Microfinance programs, when run well, are one of the best tools we have for improving the lives of the poor. But even in microfinance, getting the most bang for the buck requires doing your homework.

“Microcredit still lacks accessible measures of social benefit that donors can use to ensure they’re choosing the best programs. Many programs commonly report repayment and default rates, but very few effectively monitor or measure whether, why and how much the lives of borrowers are improving,” he says.

“Do we think microfinance is a bad investment? No, quite the opposite. We want to ensure that donors and investors are able to connect to the best microcredit programs where their dollars will truly make the most difference,” Beck says.

“At Geneva Global, we seek microfinance institutions that deliver social benefit while targeting long-term sustainability. These organizations should be steadily moving toward an ability to acquire capital from domestic and international capital markets,” commented Geneva Global’s Director of Sector Research, Doug Free. “There are strong emerging microfinance opportunities in hard to reach areas that our extensive work in the sector on behalf of our clients has uncovered,” he continued. “Unfortunately, there are some

excellent programs that struggle to attract expansion capital as investors sometimes fail to consider all the appropriate factors.”

The article highlights good news in the microfinance sector, and offers tips to help donors make the best choices. “There are many promising trends in microfinance,” Beck says. “Some microfinance institutions are becoming truly self-sustaining. More thoughtful investors in microfinance are emerging. Increased competition and improved technology is driving down the cost of lending and borrowing.

“This powerful tool to improve the lives of the poor still isn’t available to many people who need it. For high-quality, low-cost financial services to reach all who can benefit, more givers need to adopt a disciplined investment mindset that looks for returns measured in lives really changed,” Beck says.

About Geneva Global

Geneva Global Inc., with offices in Philadelphia, London, and Washington, D.C., is a professional services firm providing independent research, advice and grant management to philanthropic investors who are committed to effectively and sustainably changing lives in the world’s developing nations.

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