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RESEARCH SEMINAR

organized by the

Centre for European Research in Microfinance

“Institutional transformation and mission drift in microfinance”



by **Mrs. Kim Wagenaar**

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Abstract:

Microfinance Institutions (MFIs) are experiencing increased pressure to achieve financial sustainability. For this and other reasons, some non-profit MFIs have decided to transform into for-profit institutions. This focus on financial sustainability and the for-profit status of MFIs in general has led to concerns regarding possible mission drift. This paper investigates mission drift among MFIs that transform from non-profit into for-profit institution using data on 1,558 MFIs spanning 15 years. Results of panel data analysis suggest that an MFI's profit status and charter type affect its outreach. MFIs that transformed from non-profit NGO into for-profit organisations have significantly higher average loan sizes and a lower percentage of female borrowers than non-profit NGO MFIs. Furthermore, the outreach of MFIs that transform from non-profit into for-profit institution is significantly lower after transformation, in terms of average loan and percentage of female borrowers, than before transformation.

Tuesday, March 11, 2014

At 4.15 PM

**Location: Seminar Room R42.4.118 of the
Université libre de Bruxelles (ULB), Solvay
Brussels School of Economics and Management**

Av. F.D. Roosevelt, 42- 1050 Brussels

Please confirm your attendance to cermi@ulb.ac.be at the earliest.