



Welcome to the new *ESR Review*

by Paul C. Godfrey, Editor

You may notice that our inaugural issue is Volume 8, Issue 1—volume 8 for a first printing? Although it is the first issue of the *ESR Review*, we wanted to signal that this publication is the successor to the *Journal of Microfinance*.

Acknowledging our legacy from the *Journal of Microfinance* serves a greater purpose than simply helping librarians, statisticians, and bibliographers. The transition actually parallels the emergence of the “economic self-reliance” concept—a notion that represents the next stage in an evolution of thinking throughout the entire field of economic development.

The journey began with the vision of microcredit, extremely small loans that can transform individuals from subsistence laborers into proprietors of their own enterprises. Its success gave birth to microfinance as these new entrepreneurs generated excess cash and demonstrated the need for more sophisticated financial products and services. Microenterprise, which traces its heritage to microcredit, is a holistic view that develops the entire business—from financing,

marketing, and operations, and on through leadership development and strategic planning.

Economic self-reliance shifts the thinking of the field by focusing on the ends of development. We believe that poverty will only cease when individuals can generate resources to meet more than their immediate needs, and can husband those resources to provide stability. They must build up assets that mitigate the economic damage of negative life events and facilitate the individual and familial physical, economical, cultural, and spiritual development.

As we began this new publication we asked ourselves what we, the Economic Self-Reliance Center at Brigham Young University, have in common with our partners in regards to this particular approach. First, economic self-reliance has spiritual and moral roots. The principles taught in major religions and philosophical systems include components of self-reliance: an ethic of hard work and individual responsibility, and the ability to set material successes within a larger concept of growth and happiness. We believe that trying

to alleviate poverty on anything less than spiritual and moral grounds will ultimately fail; the enormity of the situation requires a broad vision of humanity and human potential to meet the challenge.

Second, our goal is to facilitate a free and open exchange of knowledge, resources, and skills. The principle and promise of economic self-reliance resonate with all spiritual and moral traditions, and we believe that the strategies that build economic self-reliance are found in a number of approaches and designs. Capitalists, socialists, clerics, philosophers, social scientists, and practitioners all have valuable insights into the processes and programs of creating economic self-reliance. We hope to provide an open marketplace for a healthy dialectic among opposing ideas.

Third, we aim to focus on those ideas that have long-term potential and viability. We have all seen flavor-of-the-month programs, heard anecdotal success stories, and tried limited solutions. Long-term solutions tend to be grounded in solid theories and deep principles rather than innovative tactics or new methodologies. Some elements of long-term viability may be tremendously conventional, while others may be quite innovative. We are less concerned with innovative ideas for their own sake, but instead want to share ideas that have the potential to work over the long haul.

With that philosophical introduction, let me introduce the theme of this inaugural issue. The spine of the review highlights the theme of this issue—sustainability. Sustainability is just another word for long-term

viability, so our goal in this first issue is to share solid ideas and thinking to help make organizations more sustainable. If development interventions don't allow people the time or breathing room to lay the foundation for deep and lasting spiritual growth, they won't last long.

In the spirit of a marketplace, our two perspective articles feature ACCION's Maria Otero and New York University's Jonathan Morduch. They each consider how to make microfinance institutions (MFIs) more sustainable. While Otero gives great evidence that financial viability (real profit making) is essential for sustainability, Morduch argues that subsidies and grants can play a vital role in growing and maintaining sustainable MFIs.

In the research section, Jason Fairbourne describes a new approach to development that has strong potential to be both significant and sustainable: microfranchising. Microfranchising builds on two simple premises: (1) it's cheaper to replicate someone else's business success and (2) because it's easier to imitate, more people can do it. Microfranchising looks for viable business models that can be repackaged for others to implement in different markets.

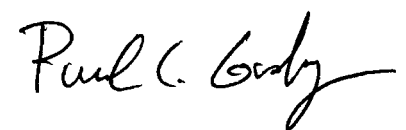
Our Best Practices section offers advice on good board-level governance. Here we build on a very conventional idea: sustainability, like quality leadership, begins at the top of the organization. Without the right board in place, any organization will be hamstrung in its ability to deliver over the long term. Paul Jansen of McKinsey & Company shares wisdom gained from their extensive study of nonprofit boards,

and Kathleen Thompson provides good legal advice for directors living under the Sarbanes-Oxley Act.

Finally, Kevin Crean of OneRoof provides a provocative and thoughtful review of William Easterly's new book, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. We hope this review is helpful as you decide what to read on your next trip.

Let me take this opportunity to publicly thank Todd Manwaring, our publisher, for his grand vision of economic self-reliance and his tireless support of our efforts. Our staff—Joy Wouden, Derek Westra, David Habben—and consultant, Joseph Ogden, have helped us craft a publication that combines our desire for depth with our concern for readability and presentation. Also, thanks to Mel Thorne and the BYU Humanities Publication Center for their assistance in editing this issue. Finally, thanks to Stephen W. and Bette Gibson for sponsoring this issue.

This publication is truly a "review" in the sense that it is neither an academic journal nor a popular magazine; we look to have more meat than a magazine in a format more interesting than an academic journal. We trust you will not merely glance through the publication but will read, study, and use the material to better the world's economic condition.



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