



# ANNUAL REPORT

2025

InM

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REPORT

2025

Published in February 2016

**Published by:**

Institute for Inclusive Finance and Development (InM)  
(Former Institute of Microfinance)

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**Published by:** Netpark, [www.netparkbd.com](http://www.netparkbd.com)

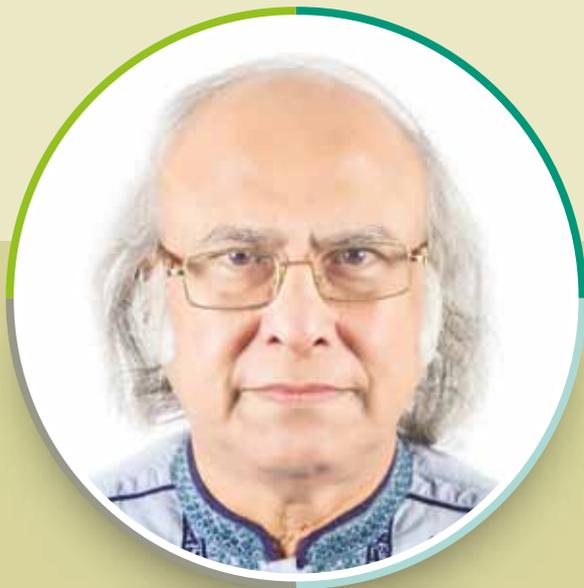
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This publication has been supported under the PROSPER  
(Promoting Financial Services to Poverty Reduction)  
Programme funded by UKaid, DFID.

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## MESSAGE FROM THE CHAIRMAN

The year 2015 has been very eventful for the Institute of Microfinance (InM). The year marked the completion of the ninth year of its establishment. After taking over as the Chairman of InM in 2013, one of my priorities was to infuse dynamism into the activities of the Institute and expand the scope to cover emerging realities of the microfinance and related sectors. For the purpose, we initiated changes in its structure and targets covering research, knowledge management, education and training activities to meet the challenges of inclusive development. I strongly feel that these are changes in the right direction for fulfilling the mandates expected from an Institute such as InM. I am glad that InM has so far taken up 58 research projects, of which 52 have been completed. A quick glance of the contents of these projects shows that InM has significantly expanded its research programme covering various fields in addition to the microfinance sector. During 2015, nine research projects have been completed covering such areas as access of financial services, effectiveness of PRIME interventions in the South Western region and in the North, contribution of microfinance to GDP, dynamic analysis of overlapping credit, microcredit and rural labour market in Bangladesh, financial literacy and its impact on financial inclusion.

For ensuring wider dissemination of research outcomes, the Knowledge Management Division organised nine seminars/workshops during 2015, covering the above and related areas including financial inclusion, climate change mitigation and adaptation, microcredit and rural labour market, pathways out of extreme poverty and the role of MFIs and inclusive finance in climate change management.

InM has so far provided training to 17,007 MFIs stakeholders since its inception, of which 1,591 were trained in 2015. It is heartening to note that InM has expanded its training programmes abroad in 2015 starting with a group from Tanzania. InM has also signed a Memorandum of Understanding with the Frankfurt School of Business and Management for conducting training. It is also working with two organisations in China on training collaboration. I believe that InM will continue its present efforts to expand the scope and scale of training activities in the coming year.

The education programme is a milestone of the InM. It started its certificate/diploma course in

January 2015 and the programme of the 1st batch has already been completed successfully. The 2nd batch has also completed their course and the 3rd batch is now undergoing the programme. I do expect that the InM courses will contribute toward making the financial sector stronger. I have been informed that InM is actively considering to start diploma and master courses in appropriate and inclusive finance which has already been approved by the Governing Body. In this context, I expect that the education and training programmes of InM will attach priority to developing regional programmes in future.

Indeed, I feel that overall achievement of InM in 2015 is highly commendable. I congratulate Professor Baqui Khalily, Executive Director and his colleagues in InM for effectively guiding and carrying forward the mandates of the Institute during the year.

The year 2015 will also be remembered in the Institute's history for the important decision taken by the Governing and General Bodies on renaming the Institute as the 'Institute for Inclusive Finance and Development' (InM) from 1 January 2016 in the context of broader research and training roles to be played by the Institute. InM has been kept as the acronym of the Institute.

The rationale of the decision lies in the fact that InM has already substantially expanded the scope of its activities to cover financial sector issues in a holistic manner, instead of microfinance issues alone to meet the challenges of financial development and inclusion. The research activities of the Institute now cover a wider range of agenda to address the development challenges in a comprehensive manner within the three

dimensional framework of sustainable development encompassing, economic, social and environmental dimensions.

We have already taken necessary steps to start the journey of the renamed InM from 1 January 2016 along with its broader mandate and wider scope of activities. The Board has appointed Dr. Mustafa K Mujeri as the Executive Director of the new InM. I am confident that the Institute will move fast to fulfill its new mandate, building on its past reputation under the leadership of Dr. Mujeri.

Finally, I hope that, InM will continue to play its due role in promoting sustainable and inclusive development of the country focusing on generation of employment and income through its capacity building, research and training programmes. I also express my deep appreciation of the efforts made by Dr. Khalily and his team for successfully leading the Institute during difficult times.

I wish to thank the members of the Governing and General Bodies of InM for their contributions, the PKSF for its strong support, MRA for its assistance, and all others connected with InM for their help one way or another. Let me acknowledge the encouragement received from different government ministries, particularly the Ministry of Finance and Hon'ble Minister of Finance.



**Dr. Qazi Kholiquzzaman Ahmad**



## MESSAGE FROM THE EXECUTIVE DIRECTOR

It is a great pleasure to write a message for the Annual Report 2015 of Institute of Microfinance (InM). This is different from the previous ones for two reasons. First, Institute of Microfinance, under its present title, will cease to operate from January 1, 2016. Second, I am writing the message for the last Annual Report of Institute of Microfinance.

Institute of Microfinance is renamed as Institute for Inclusive Finance and Development with effect from January 1, 2016. Changing the name is perhaps justified on the ground of making the institute more diversified, and also to make it commensurate with the on-going scope and level of activities.

Institute of Microfinance started its journey in 2006. I was the Executive Director of this Institute in the first phase from September 2006 to January 2010, and in the second phase, from September 2012 to December 2015. Altogether I had been the Executive Director for almost six and half years.

Building an institution is not easy particularly when the institute is a new and a specialised one, and the area of research is centred around microfinance and poverty. Very few professionals have keen research interest on microfinance in Bangladesh. Similarly, building it as a specialised training institute for the microfinance sector was also equally challenging because most of the large and medium microfinance institutions have their own training centres. Largely, creating a credible training institute became a major precondition for imparting services to the MFIs. Finally, the most important challenge was creating a sound team of researchers and training staff because of the issue of sustainability of the institute beyond 2015.

Institute of Microfinance had faced all the challenges and moved forward. By the end of 2015, one will perhaps agree that InM is a brand and the acronym is known both nationally and internationally. It has interacted very closely with the microfinance professionals at the regional level dialogues organised in all the divisions. Only in 2014, InM established its own training centre. It now offers training courses directly at this training centre. In January 2015, InM introduced a diploma programme in microfinance. This is manifestation of the positive image of the institution built over the period 2006-2013.

Research was primarily focused on impact assessment in the early years of InM; but later on over time, we broad based the research agendas. Many studies in diversified areas were conducted during the past nine years. On the demand side, it included impact assessment, inclusive finance, microenterprise development, health, poverty analysis, integrated rural development, inclusive growth, micro insurance, climate change and adaptation, overlapping borrowing and indebtedness, employment, social norms, financial literacy, disaster and coping mechanism, and dynamic analysis of rural poverty and impact of microfinance. On the supply side, the research studies included competition in micro credit market, contribution of microfinance to GDP, cost efficiency of MFIs, impact of regulation on cost efficiency of MFIs, relationship between capital structure and performance, board structure, governance and performance, mission drift of MFIs, and long run behavior of MFIs. Certainly all these studies have contributed to better understanding of the behavior, performance and structure of the microfinance market. Over these years, quite a number of papers have been published in national and international journals.

All these studies provided following critical findings. First, micro credit alone is not sufficient for alleviating poverty. Second, microcredit along with savings, micro insurance, training, technical assistance and social awareness creates much larger impact. Such findings call for integrated approach to poverty alleviation. Third, access to credit contributes to higher productivity and efficiency of micro enterprises, and in turn in total factor productivity. Fourth, access to microfinance along with social interventions has empowered women. Fifth, increasing loan size has accelerated the pace of poverty alleviation. Sixth, long run access to microfinance services improves ability of the households to cope with covariate shocks. Not only, microfinance services along with non-finance interventions have contributed to household level outcomes, it has also contributed to growth. The InM studies showed that long run access to microfinance services have contributed to employment creation as well as to GDP and rural GDP. However, the supply side studies depict that the MFIs have been operating like profit maximising institutions. With regulation, they have moved towards large loan for improving cost efficiency. They have higher tendency of drifting away from social mission of poverty alleviation.

Finally, there is a positive relationship between capital structure and performance of the MFIs, depicting a journey towards sustainability.

One of the challenging tasks has been disseminating the research findings. The InM Knowledge Management Team has demonstrated its efficiency by organising series of national and international seminars and workshops, publishing working papers regularly. It was demanding more during the period 2013-15. They organised 32 seminars, conventions, conferences and workshops, published 32 working papers, 1 book during this period. I congratulate the staff of the Knowledge Management team for their commendable jobs.

The year 2015 had been a year for training and education in microfinance. Most importantly, Diploma in Microfinance was introduced. Three batches have been completed. A total of 66 microfinance professionals had successfully completed a six-month diploma. Some 1591 microfinance participants successfully completed training in different aspects of microfinance. It also organised few customised training programme for MFIs.

All these could not be done without leadership and guidance from the Chairman of the Institute and the members of the Governing Body. I deeply recognise the contribution of Dr. Qazi Kholiquzzaman Ahmad, Chairman of InM, and all the members of the Governing Body. My colleagues have worked hard to take the institute forward. They deserve special thanks.

The Institute of Microfinance will take a different shape from January 1, 2016. It will be renamed as "Institute for Inclusive Finance and Development (InM)". Surely, vision will change. I am confident, the on-going activities of InM will set the stage for the renamed institution to move forward. I wish the leadership of the transformed institution with new objective set and structure a great success in the coming years.



**Professor M. A. Baqui Khalily**



## MESSAGE FROM THE ADVISER

It gives me immense pleasure to write a few words for the InM Annual Report 2015. The report provides a brief account of the activities undertaken by the Institute during the year 2015 for achieving its goals. As one can see, the activities cover a wide range of areas in research, training, education and knowledge management. The primary objective has been to help shape policy debate and promote research excellence, contribute to capacity building and human development, and knowledge generation and management for better understanding of the role of the financial sector in development with focus on microfinance. It is a matter of great pride that InM is providing unique, relevant, and valuable services especially in the area of inclusive finance and development.

Recognizing the importance of transforming InM into an Institute with a wider focus, the Governing Body of the Institute of Microfinance has taken the decision that the Institute shall function under its new name 'Institute for Inclusive Finance and Development (InM)' from 1 January 2016. Such a transition will, however, require continuous efforts of refining its focus and direction to maximize the relevance of the Institute to the policymakers and other stakeholders.

Obviously, the niche of the transformed InM will come from the large scale existence and wide diversity of issues involved in inclusive finance and development in Bangladesh and other countries. For the Institute, the key to success will be to offer high-quality, policy-relevant and action-oriented inclusive finance and development related research, training and knowledge management outputs along with activities directed toward better understanding of the dynamics of inclusive finance and development interfaces. In addition, the success may further be enhanced by generating interest among a wide range of potential service users of the Institute.

With the renaming of the Institute and changes in its mandate, it is natural to expect that InM will reposition itself to play a more pro-active role in shaping the future inclusive finance and development agenda for everyone concerned with the theory and practice of inclusive development in general and of Bangladesh in particular. I am confident InM will continue to serve the cause of inclusive finance and sustainable development in Bangladesh and elsewhere in the developing world.

As the Adviser of the Institute, I would like to express my deep gratitude for the guidance, support, and help that I have received from the Honorable Chairman and Members of the Governing Body of the Institute and from all our partners especially the PKSF.

Finally, I express my deep appreciation to Professor M.A. Baqui Khalily, Executive Director of InM and his team for leading the Institute toward making it as a centre of excellence.



**Dr. Mustafa K Mujeri**

# GLIMPSES

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OF InM 2015

## RESEARCH AND KnM

- 21 Completed Research Studies
- 06 Ongoing Research Studies
- 11 Working Papers
- 01 Book
- 03 News Letters
- 02 Articles in International Journals
- 01 Conference Brochure
- 07 Seminars and Workshops
- 02 National Conferences

## TRAINING

- 1245 Participants are Trained from PKSf Partner Organisations
- 286 Participants Trained from MRA Licensed Organisations
- 25 Participants Trained through Customised Training
- 10 Batches of Training of Trainers
- 03 Dialogues with Microfinance Sector Leaders
- 01 International Training

## EDUCATION

- 622 Participants Completed Certificate Courses
- 64 Participants Completed Diploma in Microfinance
- 46 Participants Currently Enrolled in Diploma in Microfinance
- 06 Certificate of Diploma in Microfinance

# GLIMPSES

OF InM 2007-2015

## RESEARCH AND KnM

52	Completed Research Studies	17	Dialogues
06	Ongoing Research Studies	03	Books
52	Seminars and Workshops	06	National and International Conferences
45	Working Papers	06	Conference Brochures
20	Articles in International Journals	04	News Letters

## TRAINING

17,007	Practitioners Received Training in Microfinance and Relevant Fields
500	InM-Certified Trainers Engaged in Conducting Field Level Training at Their Own Centres
24	Training Service Providers (TSPs) to Organise Training across the Country
11	Standard Training Modules for Microfinance Practitioners
11	International Collaborations
02	Comprehensive TNA for Microfinance Sector

## EDUCATION

622	Participants Completed Certificate Courses
64	Participants Completed Diploma in Microfinance
46	Participants Currently enrolled in Diploma in Microfinance
06	Certificate Courses of Diploma in Microfinance





InM

THE INSTITUTION  
GOVERNANCE AND  
INTERNAL MANAGEMENT

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# THE INSTITUTION

## ABOUT THE INSTITUTE

The Institute for Inclusive Finance and Development (InM) is functioning since 1 January 2016 (renamed Institute of Microfinance) as a non-profit organisation established primarily to meet the research and training needs of national as well as global financial sector including microfinance institutions (MFIs). Its predecessor, Institute of Microfinance, was established at the initiative of the Palli Karma-Sahayak Foundation (PKSF) on 1 November 2006. The InM is registered as an independent non-profit institution under the Societies Registration Act 1860. The Institute works for developing the overall capacity of the financial sector and strengthening the links between the financial and real sectors through undertaking research, training, education, knowledge management and other programmes in priority areas including microfinance, inclusive finance, poverty and development.

## VISION

For establishing a poverty free world, InM sees itself as a frontline centre of excellence in knowledge creation and management in the financial sector and development.

## MISSION

InM undertakes capacity building activities for the financial (including microfinance) sector in Bangladesh and the developing world, organises training and academic programmes for human development, conducts research and undertakes dissemination of new knowledge and technology, and implements activities for the benefit of the sector. The aim is to emerge as a knowledge centre in inclusive finance, poverty, microenterprise and SME development, and other key areas of development. InM works at both national and international levels through building networks with finance and microfinance institutions, development practitioners, academicians and researchers for collaboration and exchange of ideas and experiences.

## GOALS AND OBJECTIVES

InM is committed to poverty reduction and rural development through research, training and knowledge management on inclusive finance and microfinance at the national and international levels.

### INSTITUTE HAS THE FOLLOWING KEY OBJECTIVES:

- To conduct research on inclusive finance, microfinance and related areas along with their interactions with the real economy, poverty, inequality, vulnerability and other key socioeconomic indicators.
- To initiate, undertake and promote research and action research activities directed towards the expansion, growth and consolidation of national and global microfinance and related programmes and their integration with the overall financial sector.
- To collaborate with national and international agencies, research and training institutes and universities for research, action research and other professional activities such as training, livelihood promotion, environment and climate change, experimentation and academic degree programmes in Bangladesh and other countries.
- To use research results and lessons of inter-country experiences and prepare research/policy notes and reports to help policymakers and practitioners of microfinance and financial sector development issues.
- To initiate, undertake and arrange training and capacity development programmes for appropriate finance and microfinance professionals and practitioners from home and abroad.
- To develop and maintain information warehouse and database on national and global microfinance and financial sector issues including financial inclusion indicators.
- To assist in setting standards, preparing best-practice examples, formulating policy documents and preparing guidelines to help policy makers and sector stakeholders.

## MAJOR SERVICES

Major services provided by InM cover research on poverty and development, microfinance, enterprise development, financial inclusion, impact assessment and programme evaluation. InM also provides training, capacity building support and knowledge management services to MFIs and other development organizations including education through diploma and other programmes.

## RESEARCH

InM conducts research studies on both demand and supply side issues of the financial sector. In the past, InM research covered areas like access to financial services, dynamics of poverty, micro insurance, poverty and vulnerability, long-term dynamics of microcredit programmes, environment and climate change, and effectiveness of microfinance regulatory authorities. In recent years, the Institute has broadened its research scope by incorporating topics like inclusive finance, enterprise development, health and education, rural credit market and performance of MFIs, indebtedness of microcredit borrowers, and so on.

## TRAINING

Training needs assessment and capacity building planning, training of trainers, scheduled and tailor-made courses, curriculum and module development, training evaluation, and capacity building activities.

## EDUCATION

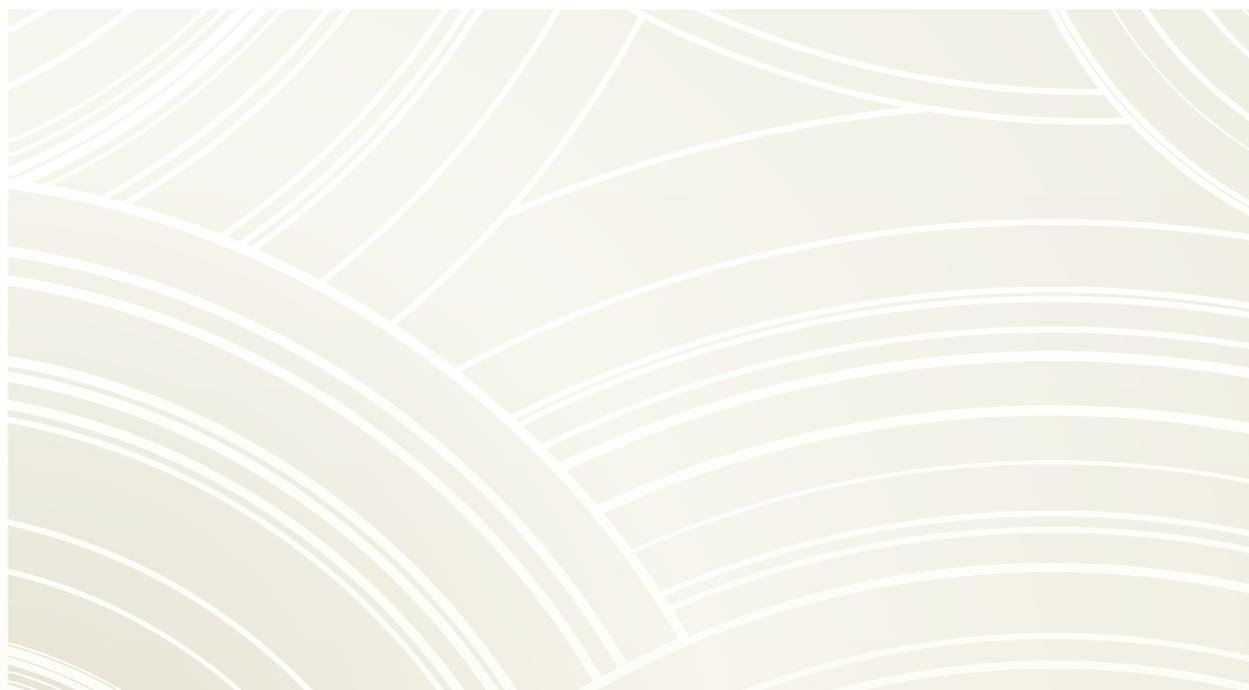
The education programme of InM is based on long-term human resource development approach where the participants will be able to blend practical aspects of microfinance operations and management with theoretical underpinning for better understanding of financial sector issues.

## CONSULTANCY

Microfinance programme management, policy recommendations, strengthening local governance, strategic planning, project design and development, monitoring and evaluation, change management and institutional development, and related issues.

## LEGAL ENTITY

InM is registered as an independent non-profit research and training institute under the Societies Registration Act 1860.



# THE GOVERNANCE



The institute is governed by a two-tier Governing Body and General Body governance system. The basic governance lies with the Governing Body of the Institute. It comprises of seven members, including the Executive Director of the Institute as an ex-officio member.

## GENERAL BODY

The General Body is the Institute's highest authority. It is responsible for the overall policy guidance and direction for efficient functioning of the Institute. Total number of members of the General Body is 14 (fourteen), including 7 (seven) members of the Governing Body.

### CHAIRMAN

#### **Dr. Qazi Kholiquzzaman Ahmad**

Chairman, Palli Karma-Sahayak Foundation (PKSF),  
Chairman of Governing Council and Director of Dhaka  
School of Economics (DScE), and Member of the 2007  
Nobel Peace Prize winning UN Intergovernmental  
Panel on Climate Change (IPCC) Team



## MEMBERS

1	<b>Ms. Rasheda K. Choudhury</b>	Executive Director Campaign for Popular Education (CAMPE)
2	<b>Md. Abdul Karim</b>	Managing Director Palli Karma Shahayak Foundation (PKSF)
3	<b>Professor Dr. A.K.M. Nurun Nabi</b>	Vice Chancellor Begum Rokeya University, Rangpur
4	<b>Dr. Pratima Paul-Majumder</b>	Former Senior Research Fellow Bangladesh Institute of Development Studies (BIDS)
5	<b>Dr. Toufic Ahmad Choudhury</b>	Director General Bangladesh Institute of Bank Management
6	<b>Professor M. A. Baqui Khalily</b>	Executive Director Institute of Microfinance (InM)
7	<b>Mr. Khondkar Ibrahim Khaled</b>	Former Chairman, Bangladesh Krishi Bank (BKB), and Former Deputy Governor, Bangladesh Bank
8	<b>Professor Dr. M. A. Hakim</b>	Professor, Department of Economics Southeast University
9	<b>Dr. Bondana Saha</b>	Supernumerary Professor Bangladesh Institute of Bank Management (BIBM)
10	<b>Professor Rezai Karim Khondker</b>	Professor, Department of Development Economics Dhaka School of Economics, Dhaka
11	<b>Dr. Niaz Ahmed Khan</b>	Professor Department of Development Studies Dhaka University
12	<b>Dr. Md. Jashim Uddin</b>	Deputy Managing Director Palli Karma-Shahayak Foundation (PKSF)
13	<b>Dr. Md. Mosleh Uddin Sadeque</b>	Director (Training and Operations) Institute of Microfinance (InM)
As on December 2015		

# THE GOVERNING BODY

As on December 2015

The Governing Body, subject to the general control and supervision of the General Body, holds the responsibility to pursue and carry out the goals of the Institute. In order to obtain the Institute's intended goals, it determines the direction and scope of the activities. The basic governance lies with the Governing Body. It comprises of seven members, including the Executive Director of the Institute as an ex- officio member. There are seven members in the Governing Body.



**Dr. Qazi Kholiquzzaman Ahmad**

Chairman, PKSF  
Chairman of Governing Council and Director of Dhaka School of Economics (DScE), and Member of the 2007 Nobel Peace Prize Winning UN Intergovernmental Panel on Climate Change (IPCC) Team



**Ms. Rasheda K. Chowdhury**

Former Adviser to the Caretaker Government of Bangladesh and Executive Director, Campaign for Popular Education (CAMPE)



**Mr. Md. Abdul Karim**

Managing Director  
Palli Karma-Sahayak Foundation (PKSF)



**Professor Dr. A.K.M Nurun Nabi**

Vice Chancellor  
Begum Rokeya University, Rangpur



**Dr. Pratima Paul-Majumder**

Former Senior Research Fellow  
Bangladesh Institute of Development Studies (BIDS)



**Dr. Toufic Ahmad Choudhury**

Director General  
Bangladesh Institute of Bank Management (BIBM)



**Professor M. A. Baqui Khalily**

Executive Director  
Institute of Microfinance (InM)

# THE INTERNAL MANAGEMENT

## REVIEW, COORDINATION AND PLANNING

To review, coordinate and monitor the activities of the Institute, senior employees of InM meet at the Staff Coordination Meeting. The review agenda relates to the inter-departmental coordination and collaboration to ensure more integrated and complementary actions in terms of both organisational and administrative activities. It provides the opportunity for the staff to interact and discuss issues relating to various departmental operations. The employees also discuss the organisational strategies and plans.

## InM TEAM

For operating the Institutional activities smoothly, the research, training and knowledge management divisions of InM have an excellent team of professionals having high proficiency. The regular core research group comprises well-coordinated and dedicated researchers with extraordinary expertise. Besides, InM draws research scholars from reputed national and international universities and institutions across the world. In addition, InM always welcomes interested researchers and academicians to join the dynamic team for working with the best practice examples of the sector.

## InM SENIOR MANAGEMENT

**Professor M. A. Baqui Khalily**  
Executive Director



**Dr. Md. Mosleh Uddin Sadeque**  
Director, Training and Operations



**Mr. Shabbir Ahmed Chowdhury**  
Director, Education



**Mr. Md. Abdul Hye Mridha**  
Senior Deputy Director, Training and Admin



**Ms. Sifat-E-Azam**  
Deputy Director, Knowledge Management





**Dr. Mustafa K Mujeri**  
Adviser, InM

#### **DR. MUSTAFA K MUJERI JOINED InM AS AN ADVISER IN 2015**

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Dr. Mustafa K Mujeri joined InM as an Adviser on November 15, 2015. Before joining InM he served as the Director General of BIDS since April 2009. He was the Chief Economist of the Bangladesh Bank (the country's central bank). During his professional career, he also served as the Poverty Monitoring and Analysis Adviser of UNDP in Cambodia; Project Leader of the IDRC's Programme on Micro Impact of Macroeconomic and Adjustment Policies (MIMAP) in Bangladesh; Director Research of the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP); Visiting Faculty at the Department of Economics, University of Queensland, Brisbane; National Expert in the Bangladesh Planning Commission; and Associate Professor of Economics, Rajshahi University.

Dr. Mujeri obtained Ph.D. in Economics from McMaster University in Canada in 1978 after his graduation from Rajshahi University in 1970. He has wide ranging experience in research on development issues in different UN and other international organisations and other multi-lateral, bilateral, and private sector organisations including NGOs. He has wide travel and work experience in many countries of the world and attended workshops, seminars, and meetings on a wide range of development issues. He has published extensively in national and international journals. He has also served in various policy making and other committees at both national and international levels. His current areas of research interest include poverty monitoring and analysis; macro policy analysis and strategic development issues; application of modeling and quantitative techniques in development policy; public policy analysis; sustainable rural and participatory development; social development; poverty reduction strategy formulation and policy/programme development; monitoring and evaluation of programmes/projects, and monetary policy analysis.







# InM

**RESEARCH**

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# RESEARCH

Research is one of the important components of InM's activities. InM research activities are focused on issues, challenges, and experiences of microfinance programmes, and their role in development and poverty reduction. Research topics are based on issues that have a bearing on microfinance policies, relevant strategic issues of microfinance and development in the short and long term.

## KEY CONSIDERATION OF RESEARCH

The key consideration of research is to derive lessons from and gain insights into the ongoing microfinance programmes. The expectation is that the research findings will guide future policies and contribute to making this sector more productive and sustainable.

## RESEARCH FOCUS

InM's present research focus has evolved around themes such as access to financial services, poverty dynamics in rural Bangladesh, impact of PRIME Interventions, micro-insurance, poverty and vulnerability, and others. In recent years, the Institute has broadened its research scope by incorporating topics like inclusive finance, enterprise development, health and education, rural credit market and performance of MFIs, indebtedness of microcredit borrowers, and so on.

## RESEARCH STAFF OF InM

The institute has two categories of research staff –in-house and visiting researchers. Fresh graduates with outstanding academic results work for InM under the leadership of senior researchers with international reputation. The visiting researchers are appointed from various reputed local and foreign universities and research institutions.

## COMPLETED RESEARCH PROGRAMME

### 1. ACCESS TO FINANCIAL SERVICES IN BANGLADESH: PHASE- II

A financial system that functions effectively and efficiently in mobilizing funds to most productive uses can help in boosting economic growth of a country and

reducing poverty. For a well-oiled financial system, financial inclusion is imperative.

This is a follow up of the household demand-side study to measure financial inclusion in Bangladesh conducted in 2010 and 2014. This is a comprehensive survey on financial inclusion covering information on all financial services and sectors. The design of the survey enables to address and measure access to different financial markets (formal, microfinance and informal), and various indicators through financial services/instruments (credit, savings, insurance, debit card).

The findings of the survey show that aggregate access to any financial services has risen compared to 2010. The same trend is replicated over formal and microfinance sector, both in cross sectional and panel analysis. As expectedly urban households have more access to formal banking as compared with rural ones, and poor households have less access than non-poor ones. However, in case of microfinance the intensity of access is reversed as rural and poor households have more access than others. The study also sheds light on how access to credit, savings and other services vary across occupation, income and education. The study shows that more than one fourth of the households rely on mobile banking for transaction purposes and the trend is rising. The findings have major policy implications for lenders, financial institutions and regulatory agencies such as Bangladesh Bank, Microcredit Regulatory Authority (MRA), Insurance companies, MFIs, Banks, and others.

Event organised: National Convention on Inclusive Finance in Bangladesh, August 18-19, 2015

### 2. EFFECTIVENESS OF PRIME INTERVENTIONS IN THE SOUTH WESTERN REGION

The households in greater Rangpur region suffer from disasters like flood, drought and excessive rainfall, while the households in the South-Western (SW) region are more exposed to disasters like cyclone. Two major cyclones – Sidr and Aila – in three years (2007-2009) and relatively soft landing of Mahasen in 2013 motivated PKSF to replicate the PRIME experiences in the SW region. It started with the full package of PRIME (financial and non-financial services) in five districts-Khulna, Patuakhali and Satkhira, Barisal and Barguna. The study provides an assessment of the PRIME interventions on issues such as are the

participants better-off compared to the non-participants, what has been the impact of training, are the PRIME branches operationally sustainable and similar ones.

Event organised: National Conference on “Pathway Out of Extreme Poverty in Bangladesh: The Prime Experience”, 19 September 2015

### 3. EFFECTIVENESS OF PRIME INTERVENTIONS IN THE NORTH

This is the sixth evaluation study on the impact of Programmed Initiative for Monga Eradication (PRIME) using the panel data set over the period, 2008-2013. The report provides a comprehensive picture of the impact in terms of economic and social indicators along with a longitudinal analysis. In addition, several supply side issues are also considered such as effectiveness of the PRIME model and the impact of the programme design on sustainability.

The study uses the Multidimensional Poverty Index (MPI) to measure the intensity of deprivation of the programme participants compared with non-participants and traditional microfinance participants. The rate of return on investment of the micro credit borrowers for the income generating activities and micro enterprises are also calculated.

Event organised: National Conference on “Pathway Out of Extreme Poverty in Bangladesh: The Prime Experience” 19 September 2015

### 4. CONTRIBUTION OF MICROFINANCE TO GDP

Recent estimates show that around 55 percent of the rural households have taken microfinance at some stage in their lives. With such huge expansion, microfinance is likely to have direct and indirect impacts on the macro economy. The study shows that the contribution of microfinance to GDP in Bangladesh in 2012 is between 8.9 percent and 11.9 percent depending on the assumption regarding the functioning of the labour market. Further, the contribution of rural microfinance to rural GDP in Bangladesh in 2012 is between 12.6 percent and 16.6 percent. However, the estimates are likely to have downward biases due to several reasons e.g. non-consideration of underemployment and the labour market adjustments which compensate some of the negative effects of withdrawal of MFI-capital and the likely lower share of the rural GDP due to exclusion of high urban incomes in household surveys.

Event organised: Seminar on “Contribution of

Microfinance to GDP in Bangladesh”, September 14, 2015

Working Paper: ‘Contribution of Microfinance to the Gross Domestic Product (GDP) of Bangladesh’, InM Working Paper Series No. 44

### 5. DYNAMICS OF OVERLAPPING IN THE MICROCREDIT SECTOR OF BANGLADESH

Overlapping borrowing, defined as the practice of taking new loan before an earlier loan has been fully repaid, has become an important phenomenon in the microcredit sector in Bangladesh. The study examines the trend and pattern of overlapping over the period 2005-2014, analyzes the rationale for overlapping and investigates its short and long term consequences, by using a panel dataset. The study finds that starting with a relatively low level in 2005, the extent of overlapping has increased sharply to about 41 percent of all borrowers by 2014, accounting for about 25 per cent of total microcredit loan in recent years. Enterprise financing is the main reason behind overlapping, accounting for nearly half of all overlapped loans.

### 6. INVESTIGATING THE POTENTIAL OF SOCIAL CAPITAL OF MICROFINANCE (MF) BORROWERS AND HOUSING IMPROVEMENT OF THE URBAN POOR

This study investigates the nature and extent of social capital of MF borrowers. A structured approach is employed in analyzing social class and social network of the households.

The analysis shows that the urban poor in big cities such as Dhaka and Chittagong are more likely to be vulnerable compared with those residing in small cities in the country and both socioeconomic vulnerability and potential of urban poor are generated from the key latent variable, social class, along with the household income and education. The social network of the urban poor is particularly manifested in a bonding network—the poor have very limited bridging or linking networks and the strength of social network is more effective in both the financial and non-financial cooperation than the volume of networks. The study indicates that cooperation among the urban poor living in a community could be a policy instrument for housing the urban poor through a range of options—from cooperative housing development to the distribution of government’s provision.

Event organised: Seminar on ‘Investigating the potential of Social Capital of MF Borrowers and Housing Improvement of the Urban Poor’, 17 May 2015.

## 7. ASSESSING RETURN ON INVESTMENT AND DEBT-EQUITY MIX OF IGAs AND MICROENTERPRISES FINANCED BY MFIs IN BANGLADESH

The study shows that on average larger microenterprises incur higher returns in terms of both asset and revenue than smaller ones. Yet, the major share of capital for microenterprises comes from equity rather than credit. It is also observed that access to credit has a significant impact on labour productivity and on starting up enterprises. The analysis shows that small enterprises have relatively easy access in formal institutions and microenterprises having 1-2 full time employees have more access to the microcredit market. On the other hand, microenterprises with 3-4 employees are in a little vulnerable position. Their loan demand cannot be met by microcredit institutions as it is often too large for them while they do not have easy access to the formal banks. Hence, the SME policy needs to be designed in such a manner that these relatively big microenterprises can access financial services either from the microcredit institutions or formal banks.

## 8. THE ROLE OF MICROFINANCE AND MICROFINANCE INSTITUTIONS IN CLIMATE CHANGE ADAPTATION: LEARNING FROM EXPERIENCE IN BANGLADESH

The study examines the relationships between microfinance and adaptation and maps out climate change adaptation-oriented microfinance in Bangladesh. The study highlights that microfinance can contribute to adaptation deficit that the households have because of lack of capital in various forms. The study develops the concept of 'adaptation-oriented microfinance' that retains its focus on poverty reduction and is also engineered to maximize its adaptation benefits. Key elements of adaptation-oriented microfinance include: flexibility and customization to enable members to select from products and product options to best manage their finances and prepare for, cope with and recover from climate shocks; sufficient access to liquidity for MFIs to support their members through extreme weather events; using loans to make adaptation technologies (particularly for agriculture) accessible to households through extension and other forms of outreach with the aim of building climate-resilient livelihoods; loans for the construction of hazard-resistant housing; micro-insurance products with acceptable premiums that cover real risks faced by households and that incentivize risk mitigation; and a focus on outreach to the most climate-vulnerable groups, especially those in remote, ecologically fragile areas.

Working Paper: 'The Role of Microfinance and Microfinance Institutions in Climate Change Adaptation: Learning from Experiences in Bangladesh' InM Working Paper Series No. 39

## 9. LOSS AND DAMAGE CAUSED BY CYCLONES SIDR, AILA AND MAHASEN: COPING STRATEGIES, ADAPTATION AND THE ROLE OF MICROFINANCE

The study meets two major objectives. First, assessment of the household level loss and damage incurred from super cyclones Sidr and Aila and tropical storm Mahasen in three districts namely Khulna, Patuakhali and Satkhira. Second, coping strategies adopted by the affected households in the post-cyclone situation and the role of microfinance in the process of adaptation. The adopted coping strategies are broadly classified into: current income or savings, sale of assets, informal loan and government support. It is observed that more of the programme households choose current income or savings for adaptation purposes. The variation in the percentage of households adopting different coping strategies over household characteristics is observed. The study recommends some interventions for households residing in climate vulnerable areas and to further explore the reasons behind the inclination towards informal loans as coping strategies.

Working Paper: 'Loss and Damage Caused by Cyclone Sidr, Aila and Mahasen: Coping Strategies, Adaptation and Role of Microfinance' InM Working Paper Series No. 40

## 10. MODELS OF MICROCREDIT DELIVERY AND SOCIAL NORMS

Models of microcredit delivery have evolved considerably in Bangladesh since their inception in the mid-1970s. An important feature of this evolution is the gradual dilution of the rigorous discipline that the MFIs used to impose on borrowers in order to ensure regular repayment by overcoming the problems of adverse selection and moral hazard that inhere in collateral-free credit. An interesting conundrum of the current scenario is that despite the dilution of discipline, repayment performance remains almost as strong as ever. The study investigates various disciplinary measures during the past and how these practices have changed over time. The study identifies the emergence of a social norm under which the borrowers accept that loans are meant to be repaid. This metamorphosis of social norm is by no means serendipitous; rather it owes itself to the sustained use of the disciplinary as well as incentive devices employed by the MFIs over the years in order to ensure regular repayment.

## 11. THE IMPACT OF MICROCREDIT ON RURAL LABOUR MARKET IN BANGLADESH

The study provides an assessment of the impact of microcredit on the rural labour market in Bangladesh using data from a nationally representative large-scale survey. Two aspects of the impact on labour market are investigated –employment at the household level and wage rate at the village level. The results show that microcredit has a strong positive effect on employment level of borrowing households. An average rural household gains 53 person days of employment in a year as a result of access to microcredit, which amounts to about 19 percent increase over the situation without microcredit. In addition, microcredit exerts a significant positive effect on the wage rate at the village level; a 10 percent increase in the spread of microcredit in a village would raise the wage rate by 4.6 percent.

Event organised: Seminar on Micro Credit and the Rural Labour Market in Bangladesh, July 8, 2015

Working Paper: 'The Impact of Microcredit on Rural Labour Market in Bangladesh', InM Working Paper Series No.37

## 12. IMPACT OF REMITTANCE ON POVERTY: POLICY IMPLICATIONS FOR MFIs

The study provides evidence in favor of policies to help remove constraints in migrating. The analysis shows that having access to credit can help the households to deal with the initial cost of migration. Given the importance of multiple earners in households, it is also important to make employment opportunities available to them through small credit schemes at reasonable interest rates or supplying them with information on employment or entrepreneurial opportunities. Given the highly important role of remittances on reducing household poverty, it is important to assist those who are interested to migrate with required information and through simplifying procedures of sending international remittances and addressing other bottlenecks.

## 13. DOES REGULATION CAUSE MISSION DRIFT?

The study examines whether regulation creates mission drift in the microfinance organisations. Several measures of mission drift are used e.g. average loan size, female to male borrower ratio, project cost as a percentage of total expenditure, and ratio of microenterprise loan to micro loan. The measures provide some evidence on mission drifts. The analysis shows that years since license obtained from MRA and size explains the average loan, not the return on asset or cost ratio. This reinforces the finding that MFIs are

more guided by the profit motive through providing larger loans after the start of regulations in 2007.

Event organised: Conference paper on 'Are the MFIs Drifting Away from Social Mission of Poverty Reduction' were presented in the National Convention on Towards Poverty Alleviation and Social Development: The Role of MFIs' October 18-19, 2014

Working Paper: 'Programmed Initiative, Reaching the Extreme Poor and MFI Sustainability: Mission Drift or Diseconomy?', InM Working Paper Series No.33

## 14. RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND PERFORMANCE: EVIDENCE FROM MICROFINANCE INSTITUTIONS

The study explores the relationship between profitability and the capital structure of the MFIs in the context of the changing scenario where MFIs are increasingly moving towards profit motives. Three measures of capital structure are adopted: short term debt, long term debt and total debt. The average total debt is observed to be 41 percent, which is slightly higher than the debt for non-financial firms and significantly lower than the financial firms. A negative relationship between profitability and long term debt is observed which is also evident for total debt. These results are consistent with the pecking order theory of corporate finance that profitable firms use less debt.

## 15. RELATIONSHIP BETWEEN GOVERNANCE STRUCTURE PERFORMANCE OF MFIs IN BANGLADESH

The study examines the relationship between board characteristics and MFI performance by collecting a panel data for 187 MFIs over the 2004-2014 period. The return on assets as measure of the financial performance of the MFIs is adopted. It is observed that the larger the board sizes the better the performance. Educational qualifications of the board members also enhance the performance. These factors have implications for the development of MFIs in Bangladesh.

## 16. FINANCIAL LITERACY IN BANGLADESH AND ITS IMPACT ON FINANCIAL INCLUSION

The study investigates the determinants of financial literacy and its implications for financial inclusion. Under the study, financial literacy scores have been constructed. The findings are consistent with previous empirical studies i.e. higher the age lower the financial knowledge, positive impact of education, presence of gender gap with males having higher knowledge, respondents in rural region have lower scores, and the

importance of occupation. With regard to implications of financial literacy on access to finance or financial inclusion, the findings point towards a positive and significant direct impact of banking knowledge. In terms of policy implications, the findings reveal that enhancing financial literacy may have a direct impact on aggregate access to financial services, savings and credit i.e. financial inclusion.

Event organised: Paper on 'Financial Literacy and Financial Inclusion in Bangladesh' in the National Convention on 'Inclusive Finance in Bangladesh', August 18-19, 2015

#### 17. POVERTY DYNAMICS IN RURAL BANGLADESH: PHASE-II

The study traces the evolution of living standards in rural Bangladesh over time and explains the major forces shaping this evolution. It examines the diversity of trajectories through which different segments of the population have experienced poverty over time and then tries to discern the main causal forces underlying the alternative trajectories. The study is based on a panel dataset constructed by surveying a nationally representative sample of rural households in the years 2010 and 2013. An 'assets-returns' analytical framework is used. Much of the analysis is concerned with the category of households identified as 'chronic poor', i.e., those who remained trapped in poverty for a long period.

#### 18. IMPACT OF MICROCREDIT ON RURAL INCOME INEQUALITY

The issue of income equality occupies an important place in development of the rural economy of Bangladesh. Microfinance is considered as a direct intervention for poverty alleviation and growth. A number of studies show that microfinance contributes to income enhancement, poverty reduction, employment creation and enterprise productivity. The available evidence also tends to suggest that it may have contributed to reducing income inequality. This study examines the issue using six years panel data set of PRIME households in the greater Rangpur region. Using different techniques like Gini coefficient and Palmer ratio, it shows that microfinance contributes to reducing income inequality in rural areas.

#### 19. MID-TERM EVALUATION OF THE EFFECTIVENESS OF ENRICH PROGRAMME AT THE HOUSEHOLD LEVEL OF 21 UNIONS OF BANGLADESH

In 2010, the Palli Karma Shahayak Foundation (PKSF)

launched, in a phased manner, an experimental approach towards poverty eradication called "Enhancing Resources and Increasing Capacities of Poor Households Towards Elimination of their Poverty", or ENRICH in short (Samriddhi, in Bangla). In 2014, at the request of PKSF, the Institute of Microfinance (InM) undertook an independent mid-term evaluation of the programme. Most of the field work and data analysis for this purpose was carried out in mid-2014, and the present study is the outcome of this exercise. The study highlights the structure and rationale of the ENRICH programme and provides the results of in-depth analysis of five major components of ENRICH – viz., health, education, environmental goods, community development, and finance.

#### 20. ASSESSING RISKS, RESILIENCE, AND ADAPTATION STRATEGIES IN CHITTAGONG HILL TRACTS

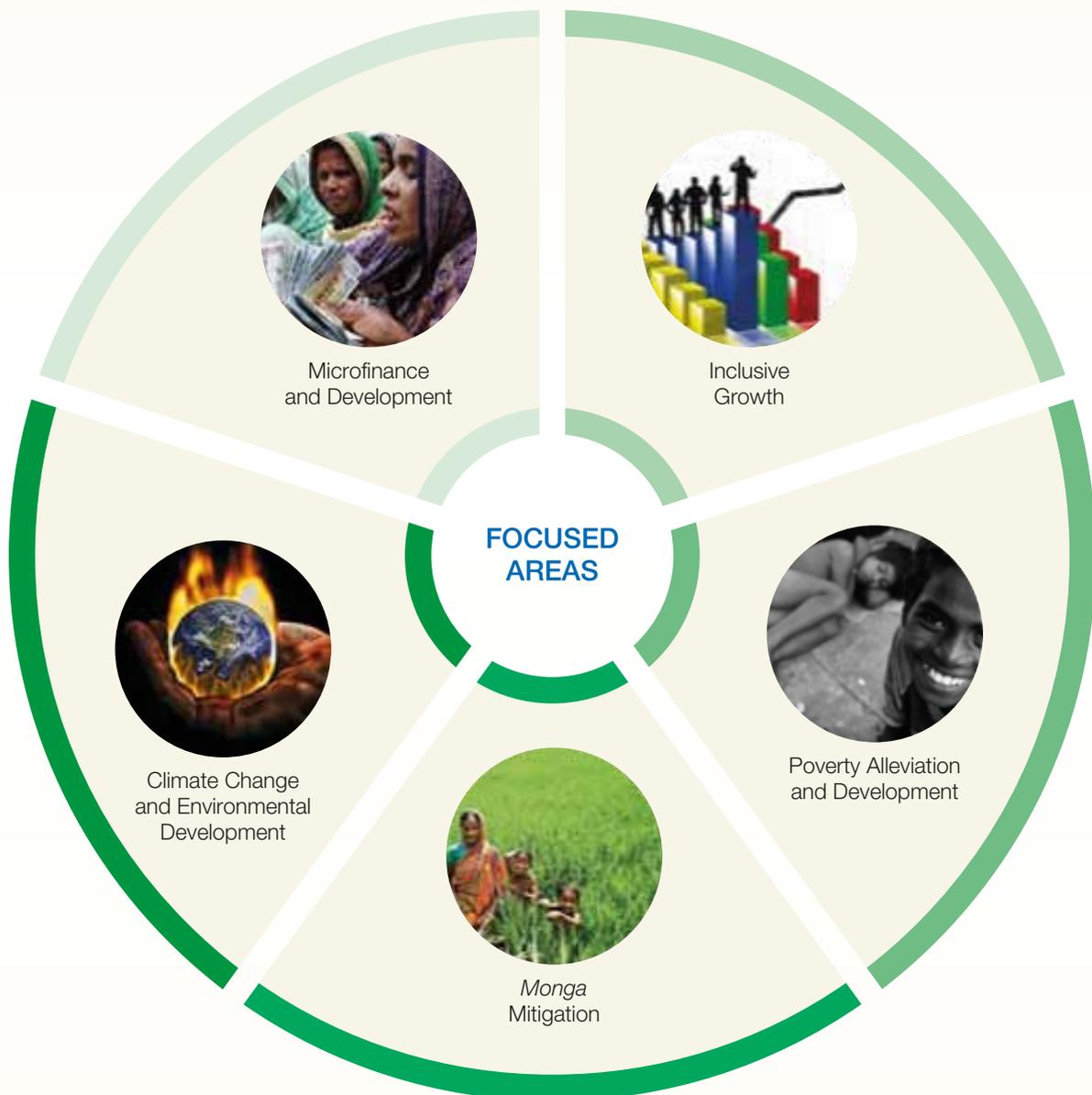
Various studies on climate change, its adverse effects and impacts, and its variability suggest that the global climate is constantly changing and such changes are causing serious damage to environment and to human lives. In Bangladesh, frequent natural disasters such as flood, and storm in various part of the country are common. The sensitivity of these natural calamities has increased and the gap of catastrophic events occurrence has declined. Besides natural disasters which are often termed as covariate shocks, households are susceptible to idiosyncratic shocks as well such as health shocks, theft/robbery, crop diseases, etc. The study deals with an analysis of risks, resilience, and adaptation strategies of the peoples living in the Chittagong Hill Tract (CHT) region of Bangladesh.

#### 21. EFFECT OF BOARDS ON PERFORMANCE OF MICROFINANCE INSTITUTIONS

The study examines the relationship between board characteristics and MFI performance by collecting a panel data for 187 MFIs over the 2004-2014 period. The board characteristics are likely to have a significant implication in terms of performance and outreach of the MFIs. The study employs return on assets as a measure of financial performance of the MFIs. Several measures like board size, female representation in the board are used to gauge the board characteristics. We find that the larger the board size, the better the performance. Educational qualifications of the board members also enhance the performance.

## ONGOING RESEARCH

1. Impact of microcredit on occupational change, asset formation and education
2. Effectiveness of PRIME interventions in the North: Round 7
3. Long-run cost efficiency of microfinance institutions in Bangladesh
4. Impact of ENRICH programme
5. Impact assessment study of the FKQ rehabilitation and livelihood programme and implementing NGOs
6. An exploratory study on female agriculture wage labourers in rural Bangladesh



## CRITICAL RESEARCH ISSUES ADDRESSED BY InM

### 1. IMPACT OF MICROFINANCE

- Loan size matters
- Microcredit along with training and technical assistance is more effective than microcredit alone.
- In the disaster prone areas, the conventional programme design may not work. Additional services like insurance, particularly health insurance, are needed.
- Creating multiple earning sources is crucial for income and consumption smoothening
- Households who are more likely to be vulnerable:
  - o Female headed households
  - o Households whose primary income source is wage earning
  - o Households having single earning source.

### 2. IMPACT OF MICROFINANCE ON POVERTY ALLEVIATION

- With the help of microcredit and allied services, roughly about 2 per cent of borrowers move out of poverty every year

### 3. IMPACT OF MICROFINANCE ON FOOD SECURITY

- PRIME, a specialised microfinance programme intervention for Monga eradication, has contributed 7% increase in food security (measured in terms of three meals a day) during Monga in Greater Rangpur region

### 4. IMPACT OF MICROFINANCE ON INCOME/EXPENDITURE

- PRIME has contributed additional 23 thousand taka to annual average income of participating households in Greater Rangpur
- PRIME has contributed additional 13 thousand taka to annual average expenditure of participating households in Greater Rangpur

### 5. IMPACT OF MICROFINANCE ON ASSET ACCUMULATION

- PRIME has contributed additional 44% increase in the average physical asset value (excluding land) of participating households in Greater Rangpur. Among various types of assets, business/industrial asset is mostly benefited.
- PRIME has contributed additional 56% increase in the average financial asset of participating households in Greater Rangpur

### 6. IMPACT OF MICROFINANCE ON WOMEN EMPOWERMENT

- Women who are participating in microfinance programme enjoy mobility, have the authority to spend own savings independently, participate in family decision making process and can manage emergency money if needed.

### 7. DOES MULTIPLE BORROWING LEAD TO OVER-INDEBTEDNESS?

- Rate of overlapping is 42% at household level and 32% at member level in Bangladesh
- Multiple membership does not add to growing indebtedness
- Even though for some households multiple borrowing takes place because of idiosyncratic and covariate shocks, the affected households has the capacity to smoothen the cash flow over the span of 2-3 years.
- Two-thirds of the mobilized resources are used for productive purposes

### 8. ROLE OF MICROFINANCE INSTITUTIONS IN INCLUSIVE FINANCE

- In 2010, 70% of households in Bangladesh had access to bank or microfinance institutions
- Among them, 43% were members of any microfinance institution.

### 9. POVERTY DYNAMICS IN THE RURAL ECONOMY

- There is a close connection between asset transition and current poverty status (i) households who move up the asset ladder are

more likely to be today's better off groups; (ii) Today's better off groups have a history of faster asset accumulation in the past.

- Poor microcredit borrowers are more likely to accumulate non-land physical asset

#### 10. IMPACT OF REGULATION ON THE COST-EFFICIENCY OF MICROFINANCE INSTITUTIONS

- The Government of Bangladesh enacted the Microcredit Regulatory Act in 2006. Under this act, the government has established the Microcredit Regulatory Authority (MRA)
- Two major changes has taken place:
  - o Interest rate calculation method has changed from flat to declining method
  - o An upper ceiling on interest rate has been imposed
- The regulation has contributed to 9 percentage point reduction in the interest rate

- The regulation has contributed to the cost efficiency of microfinance institutions
- In general, microfinance institutions in Bangladesh are profitable
- One problem which persists is that many of the microfinance institutions are small in size.

#### CURRENT STATUS OF InM RESEARCH

During 2007-2015, total number of completed research studies is 52.

The number of ongoing research studies is 6.

#### ACHIEVEMENTS

- InM has emerged as a unique research institution for microfinance, poverty and inclusive development in Bangladesh.



## COMPLETED RESEARCH OF InM 2007-2015

Sl.	Name of the Project	Team Members
1.	Monga in Greater Rangpur: Intensity, Coping, Vulnerability and the Impact of Mitigating Strategies	Professor M. A. Baqui Khalily, Team Leader Dr. Md. Abdul Latif  <b>In association with</b> Mr. Tariq Mohammad Shahriar Ms. Rizwana Islam Mr. Zabid Iqbal Ms. Sifat-E-Azam Mr. Suborna Barua Mr. Md. Tareq Ferdous Khan M. Abdul Khaleque Mr. Rubayyat Hashmi Ms. Sabin Ahmed
2.	Internal Female Migration in Rural Bangladesh: An Effective Household Coping Strategies	Professor Quamrul Ahsan Chowdhury
3.	Regional Differences in Poverty Levels and Trends in Bangladesh: Are we asking the right questions?	Dr. Sajjad Zohir
4.	Urban Microfinance in Bangladesh	Professor Salim Rashid, Team Leader Md. Toriqul Bashar
5.	Impact of Prime Interventions on Monga Mitigation in Greater Rangpur Region in Bangladesh (Round – 1)	Professor M. A. Baqui Khalily, Team Leader Dr. Md. Abdul Latif  <b>In association with</b> Mr. Mohammad Monirul Hasan Mr. Md. Abdul Khaleque Ms. Badrun Nessa Ahmed Mr. Rubayyat Hashmi Mr. Mohammad Nasir Uddin Sarwar Mr. Md. Tareq Ferdous Khan
6.	Baseline Data Analysis of Microfinance Support Intervention for Food Security for Vulnerable Group Development (FSVGD) and Ultra Poor (UP) Beneficiaries	Professor M. A. Baqui Khalily, Team Leader Dr. Muhammad. Abdul Latif  <b>In association with:</b> Mr. S. M. Ikhtiar Jahan Kabir Mr. Md. Abdul Khaleque Ms. Badrun Nessa Ahmed Mr. Mohammad Nasir Uddin Sarwar Mr. Md. Tareq Ferdous Khan
7.	Impact of Prime Programme for Monga Mitigation - An Analysis of Panel and Cross Section Data (Round – 2)	Professor M. A. Baqui Khalily, Team Leader Dr. Muhammad Abdul Latif Dr. Atonu Rabbani Dr. Kazi Iqbal Dr. Meherun Ahmed Mr. Mohammad Monirul Hasan Mr. Md. Abdul Khaleque Md. Mehadi Hasan Mr. Paritosh Kumar Roy Mr. Jamil Sayeed
8.	Microinsurance, Poverty and Vulnerability: Phase – I	Professor Syed M. Ahsan, Team Leader Dr. Syed Abdul Hamid Mr. Shubhasish Barua
9.	Developing Appropriate Microinsurance Products for the Low Income Households (UNDP)	Professor Syed M. Ahsan

Sl.	Name of the Project	Team Members
10.	Multiple Memberships (Overlapping) in Microcredit	Professor M. A. Baqui Khalily, Team Leader Dr. Rushad Faridi Ms. Farzana Saeed
11.	Access to Financial Services in Bangladesh: Phase – I (Longitudinal study)	Professor M. A. Baqui Khalily, Team Leader Mr. Md. Abdul Khaleque
12.	Dynamics of Poverty in Rural Bangladesh: Phase – I (Longitudinal study)	Professor S. R. Osmani, Team Leader Dr. Md. Abdul Latif Dr. Binayak Sen Dr. Rushidan Islam Rahman Dr. Meherun Ahmed Mr. Md. Tareq Ferdous Khan Ms. Rizwana Islam
13.	Dynamics of Poverty in Rural Bangladesh: Anthropological Part	Professor S. R. Osmani, Team Leader Dr. S. M. Nurul Alam Mr. Mujibul Anam (Labib) Mr. Mohammad Altaf Hossain Ms. Halima Akhter Mr. Mohammad Masud Rana Ms. Sadaf Noor e Islam Ms. Mst. Shahina Parvin
14.	Impact of Microcredit on Agricultural Farm Performance and Food Security in Bangladesh	Dr. Md. Abdul Wadud, Team Leader Mr. Tariq Saiful Islam Mr. Qamarullah Bin Tariq Islam
15.	The Impact of Governance Mechanism on Performance and Outreach of Microfinance Institutions in Bangladesh	Dr. Tanweer Hasan, Principle Investigator Dr. Shakil Quayes
16.	Strategic Behavior of NGOs/MFIs in Bangladesh	Dr. Kazi Iqbal
17.	An Evaluation of Microfinance Programme of Plan Bangladesh: Effectiveness and Efficiency to Reach the Extreme Poor	Professor M. A. Baqui Khalily, Team Leader Dr. Meherun Ahmed Mr. Md. Abdul Khaleque Mr. Suborna Barua
18.	Impact Study of the Microfinance Support Interventions for Food Security for Vulnerable Group Development (FSVGD) and Ultra Poor (UP) Beneficiaries Project	Professor M. A. Baqui Khalily, Team Leader Dr. Md. Abdul Latif Mr. Md. Abdul Khaleque
19.	Effectiveness of PRIME Interventions in Greater Rangpur at the Household level and Institutional level: A Longitudinal Approach (Round – 3)	Dr. Atonu Rabbani, Team Leader Mr. Mohammad Monirul Hasan Mr. Md. Mehadi Hasan Ms. Tunazzina Choudhury Mithun Ms. Aparna Howlader
20.	Status of Individual Modernity of Women in Rural Bangladesh: An Exploratory Study on Microfinance and Gender-Role Transformation	Dr. Habibul Haque Khondker
21.	Long-term Dynamics of Microcredit Programmes in Bangladesh	Dr. Shahidur Rahman Khandaker, Team Leader
22.	Microinsurance, Poverty and Vulnerability: Phase – II	Professor Syed M. Ahsan, Team Leader Dr. Syed Abdul Hamid Mr. Shubhasish Barua Mr. Chowdhury Abdullah Al Asif Ms. Afroza Begum
23.	Evaluation of PRIME Interventions in the South-western Regions of Bangladesh: Baseline Survey	Dr. Atonu Rabbani, Team Leader Mr. Md. Mehadi Hasan Mr. Bakhtiar Shohagid Mr. Marup Hossaine Mr. Tarek Aziz

Sl.	Name of the Project	Team Members
24.	Effectiveness for PRIME Interventions in Greater Rangpur at the Household Level and Institutional Level: A Longitudinal Approach (Round -4)	Dr. Atonu Rabbani, Team Leader Mr. Md. Mehadi Hasan Mr. Bakhtiar Shohag Mr. Marup Hossaine Mr. Moniruzzaman Muzib
25.	The Outreach-Profitability Trade-off: Evidence from an Ultra-Poor Programme in Bangladesh	Dr. Wahid Abdallah, Team Leader Mr. Md. MonirulHasan Dr. Atonu Rabbani
26.	Assessing Financial Inclusion in Char and Haor Areas in Bangladesh	Dr. Mahfuz Kabir
27.	Effectiveness of MRA Regulations in the Microfinance Sector: The User Perspective	Dr. Md. Abdul Latif, Team Leader Mr. Md. Mehadi Hassan Mr. Md. Abdul Khaleque Mr. S. Badruddoza
28.	Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh	Professor M. A. Baqui Khalily, Team Leader Mr. Md. Abdul Khaleque Mr. S. Badruddoza
29.	Effectiveness of PRIME Interventions in Greater Rangpur at the Household and Institutional Levels: A Longitudinal Approach: (Round -5)	Professor M. A. Baqui Khalily, Team Leader Dr. M. A. Latif Mr. Md. Mehadi Hasan Dr. Farhana Nargis Ms. Nahid Akhter Ms. Farah Muneer Mr. Md. Abdul Khaleque Dr. Anawara Begum Dr. Sadiqul Islam Dr. Atonu Rabbani Mr. Souran Roy
30.	Study on Assessment of Existing Status of Beneficiaries and Experience of Service Providers in the Sidr, Aila Affected Areas of Bangladesh with a Particular Focus on Micro-credit	Dr. Santi Ranjan Howlader, Team Leader Dr. Nilufar Banu Dr. Rezaul Karim
31.	Aspects of Poverty and Vulnerability in Rural Bangladesh	Professor S. R. Osmani, Team Leader Dr. Meherun Ahmed Dr. Muhammad A. Latif Dr. Rushidan I. Rahman Dr. Binayak Sen
32.	Access to Financial Services in Bangladesh: Phase- II	Professor M. A. Baqui Khalily, Team Leader Mr. Pablo Miah Mr. Md. Mehadi Hasan Ms. Nahid Akhter Ms. Farah Muneer
33.	Effectiveness of PRIME Interventions in the South Western Region	Professor M. A. Baqui Khalily, Team Leader Mr. Md. Mehadi Hasan Dr. Farhana Nargis Ms. Nahid Akhter Mr. Pablo Miah Ms. Farah Muneer Ms. Farzana Saeed Ms. Nabila Maruf Mr. Md. Tareq Ferdous Khan

Sl.	Name of the Project	Team Members
34.	Effectiveness of PRIME Interventions in the North	Professor M. A. Baqui Khalily, Team Leader Mr. Md. Mehadi Hasan Ms. Nahid Akhter Mr. Pablo Miah Ms. Farah Muneer Ms. Farzana Saeed
35.	Contribution of Microfinance to GDP	Professor S. R. Osmani, Team Leader Dr. Selim Raihan Professor M. A. Baqui Khalily
36.	Dynamics of Overlapping in the Microcredit Sector of Bangladesh	Professor S. R. Osmani, Team Leader Professor M. A. Baqui Khalily Mr. Md. Mehadi Hasan
37.	Investigating the potential of Social Capital of Microfinance (MF) Borrowers and Housing Improvement of the Urban Poor	Professor M. A. Baqui Khalily, Team Leader Professor Glen Bramley Mr. Md. Toriqul Bashar
38.	Assessing Return on Investment and Debt-Equity Mix of IGAs and Microenterprises Financed by MFIs in Bangladesh	Ms. Farah Muneer Professor M. A. Baqui Khalily
39.	The Role of Microfinance and Microfinance Institutions in Climate Change Adaptation: Learning from Experience in Bangladesh	Dr. Henry Scheyvens
40.	Loss and Damage Caused by Cycles SIDR, Aila and Mahasen: Coping Strategies, Adaptation and the Role of Microfinance	Mr. Md. Tareq Ferdous Khan Professor M. A. Baqui Khalily Dr. Henry Scheyvens
41.	Models of Microcredit Delivery and Social Norms	Professor S. R. Osmani
42.	The Impact of Microcredit on Rural Labour Market in Bangladesh	Professor S. R. Osmani
43.	Impact of Remittance on Poverty : Policy Implications for MFIs	Dr. Sayema Haque Bidisha Mr. Md. Amzad Hossain
44.	Does Regulation Cause Mission Drift?	Dr. M. Sadiqul Islam Professor M. A. Baqui Khalily
45.	Relationship between Capital Structure and Performance: Evidence from Microfinance Institutions	Professor M. A. Baqui Khalily Dr. Hafiz Hoque
46.	Relationship between Governance Structure Performance of MFIs in Bangladesh	Professor M. A. Baqui Khalily Dr. Hafiz Hoque
47.	Effect of Boards on Performance of Microfinance Institutions	Professor M. A. Baqui Khalily Dr. Hafiz Hoque
48.	Financial Literacy in Bangladesh and its Impact on Financial Inclusion	Professor M. A. Baqui Khalily, Team Leader Mr. Pablo Miah
49.	Poverty Dynamics in Rural Bangladesh: Phase-II	Professor S. R. Osmani
50.	Impact of Microcredit on Rural Income Distribution/Income Inequality	Professor M. A. Baqui Khalily Ms. Pauline Urruty
51.	Mid-Term Evaluation of the Effectiveness of ENRICH Programme at the Household level of 21 Unions of Bangladesh	Professor S. R. Osmani (Team Leader) Professor M. A. Baqui Khalily Professor Akhter Hossain Dr. M. Sadiqul Islam Dr. Syed Abdul Hamid Professor Mahmudul Alam Dr. Zulfiqar Ali Professor Abul Hossain Dr. A. K. M. Nazrul Islam
52.	Assessing Risks, Resilience, and Adaptation Strategies in Chittagong Hill Tracts	Professor M. A. Baqui Khalily Mr. Md. Abdul Khaleque Dr. Henry Scheyvens





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**KNOWLEDGE  
MANAGEMENT**

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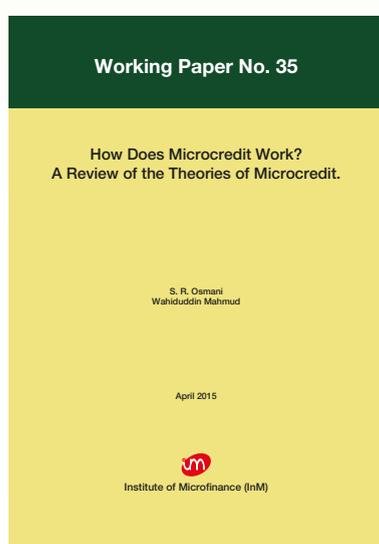
# KNOWLEDGE MANAGEMENT

Knowledge management is the InM's hub of knowledge generation, dissemination and preservation activities. InM publishes its knowledge products as research findings, academic papers, reports, working papers, policy papers, books and other publications through the division. To circulate the research findings, InM has also been organising dialogues, workshops, seminars and other dissemination activities.

## PUBLICATIONS

### WORKING PAPER SERIES

Since its inception, InM has published 45 working papers in the InM Working Paper series. In the year 2015, InM has published 11 working papers.



### WORKING PAPER NO. 35

#### How Does Microcredit Work? A Review of the Theories of Microcredit.

By S. R. Osmani and Wahiduddin Mahmud

The remarkable speed at which the reach of microcredit has expanded around the world in the last three decades has piqued the curiosity of practitioners and theorists alike. While assessing the impact of microcredit on the lives and livelihoods of the poor remains a contentious issue, there is no disputing the fact that there is something novel, something special, about microcredit that has allowed an altogether new mode of financial intermediation to emerge, providing credit to millions of hitherto 'unbankable' poor without breaking the lender's back. That is an extraordinary achievement in itself. Theorists have been keen to unearth the secrets behind this remarkable achievement. In particular, they have tried to understand why is it that the special features of microcredit seem to work, at least in terms of embracing those who were previously excluded from the formal credit market, without compromising the

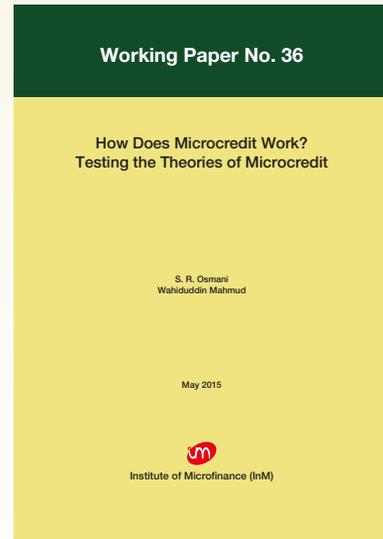
financial viability of the lenders. This has led to an enormous outpouring of theoretical speculations, often drawing upon the latest theoretical advances in economics and finance. The ideas and tools developed in the economic theories of imperfect information, and in the related theories of screening, incentives and mechanism design \_ which are themselves of fairly recent origin as well as the tools of game theory, have been enthusiastically applied by a new generation of economists to unearth the secrets of microcredit. The present paper tries to present the main contours of this theoretical journey in a relatively accessible manner. As a backdrop to microcredit theories, the paper begins by reviewing the old and new theories of the rural credit market. The major theories of microcredit are then reviewed under three different themes depending on the nature of market imperfection that a particular theory is concerned with - namely, ex ante moral hazard, adverse selection and strategic default or the enforcement problem.

## WORKING PAPER NO. 36

### How Does Microcredit Work? Testing the Theories of Microcredit

By S. R. Osmani and Wahiduddin Mahmud

Economists have used a great deal of ingenuity to delve underneath the practice of microcredit and understand the logic that underlies its operations. There is no single theory, however. What we have instead is a bewildering variety of theories; the only common thread binding most of them is the idea that the way microcredit is delivered in practice helps overcome certain market imperfections – in particular, imperfections in information and in the enforcement of contract. But they differ greatly in their understanding of exactly which imperfections are being addressed and precisely how they are being overcome. Most of these theories have some a priori plausibility. Therefore, the only way to discriminate among them is to check empirically which theories seem to fit the reality better than others. Accordingly, researchers have increasingly turned their attention towards testing microcredit theories against empirical data, often using highly sophisticated econometric techniques and increasingly drawing upon the tools of behavioral economics. This is currently a lively area of research and many valuable insights have already been gained. Although a lot more work still needs to be done, it is worthwhile to take stock of the current state of knowledge so that future research can build upon it in a more focussed manner. This is what the present paper purports to do. In particular, the paper examines the empirical evidence on four sets of issues: (a) does the rural credit market really suffer from the kinds of market failure that the theories of microcredit take as self-evidently true, (b) which of the pathways through which, according to theory, microcredit is supposed to overcome market failure are empirically relevant and which ones are matters of mere theoretical curiosity, (c) does the celebrated joint liability mechanism of microcredit models really outperform the traditional models of individual liability, and (d) what do data say about of the role of social capital in making microcredit operations effective?

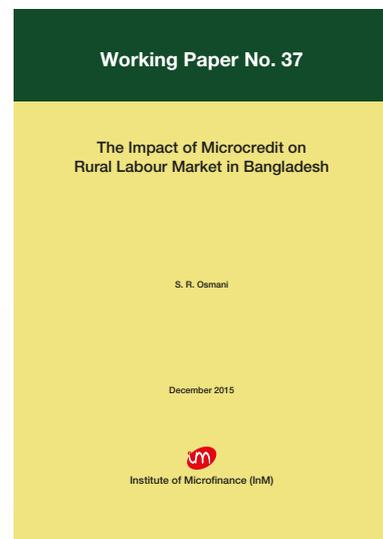


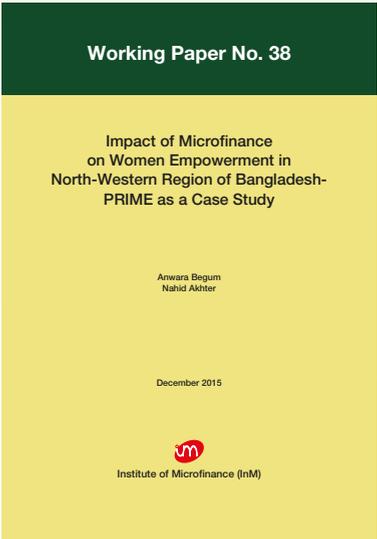
## WORKING PAPER NO. 37

### The Impact of Microcredit on Rural Labour Market in Bangladesh

By S. R. Osmani

This paper assesses the impact of microcredit on the rural labour market in Bangladesh using data from a nationally representative large-scale survey. Two aspects of the impact on labourmarket are investigated – viz., employment at the household level and wage rate at the village level. With regard to the employment effect, the paper adopts a methodology that is capable of decomposing the effect into two parts – one representing the decision of a household to participate in a particular type of employment and the other representing the decision about the amount of employment to be undertaken. The econometrics of the Hurdle model is used for this purpose. The paper looked at both total level of employment and the pattern of employment (i.e., sector and mode of employment) of borrowers, and disaggregated the employment impact by gender and by 'productive' and 'non-productive' users of microcredit. In addition, the paper also considered the possible spill-over effect on non-borrowers. The results show that microcredit has a strong positive effect on the employment level of borrowing households. An average rural household gains 53 persondays of employment in a year as a result of access to microcredit, which amounts to about 19 per cent increase compared to what would obtain without microcredit. Males gain more than females in absolute terms but females gain proportionately more. Both productive and non-productive users of microcredit gain employment but the former gain more. The study did not find any evidence that the increase in employment enjoyed by microcredit borrowers occurs at the expense of non-borrowers. Apart from raising employment at the household level, microcredit also exerts a significant positive effect on the wage rate at the village level; a 10 per cent increase in the spread of microcredit in a village would raise the wage rate by 4.6 per cent.





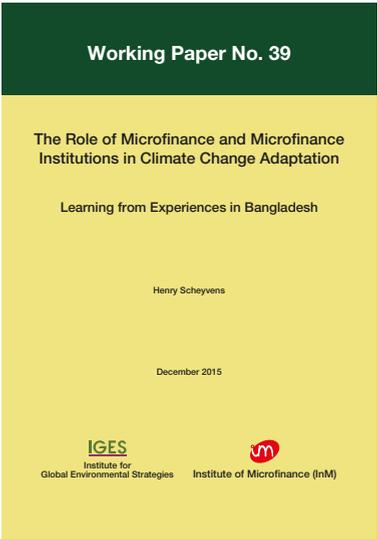
**WORKING PAPER NO. 38**

**Impact of Microfinance on Women Empowerment in North-Western Region of Bangladesh- PRIME as a Case Study**

By Anwara Begum and Nahid Akhter

In a country like Bangladesh, poverty alleviation is one of the prime concerns of any development plan, where equality and considerable equity needs to be ensured. Women embrace nearly half of the population of the country, but they, especially from the poverty stricken groups, are more vulnerable in terms of denial of fundamental human rights. Microfinance, as a development programme, primarily targets the poor female clients. From a development perspective, it could be expected that provision of financial resources and effective utilization of those resources can strengthen women’s economic roles, shifting resources to their hand and gaining recognition for their roles. In due course, it is also anticipated that it would empower women and fade the traditional inequality. This paper attempts to assess the effectiveness of one of the special microcredit programme (PRIME) in promoting women’s life living in the sever poverty stricken areas of rural Bangladesh. Taking into consideration

the existing complex and conflicting results from the other studies, here indicators of women empowerment has been captured very carefully. Total 54 items have been gathered to address ten indicators, which are mobility, financial security, purchasing power, involvement in decision making, control over entire process of loan use, freedom from dominance within the family, political and legal awareness, and participation in public protest. In order to generate an aggregate index for women empowerment, a popular Item Response Theory (IRT) model namely, Rasch test for dichotomous responses has been pursued, which was previously undertaken by one revealing study done by Pitt, Khandker and Cartwright (2006). Results are steady with the view that there is a significant positive association between microcredit and women empowerment.



**WORKING PAPER NO. 39**

**The Role of Microfinance and Microfinance Institutions in Climate Change Adaptation: Learning from Experiences in Bangladesh**

By Henry Scheyvens

This report aims to (i) conceptualise and analyse the relationships between microfinance and adaptation, (ii) map out what could be considered good microfinance practice for adaptation, or “adaptation-oriented microfinance,” and (iii) identify types of adaptation projects and activities that microfinance institutions (MFIs) could be involved in to take full advantage of their service delivery infrastructure. Microfinance can contribute to adaptation by filling what is commonly referred to as the “adaptation deficit,” i.e. the shortage of adaptive capacity that a household has because of its lack of capital in its various forms. A review of the literature suggests that while it is not clear whether households are able to use microfinance to increase their income to the extent that they cross over the poverty line, they are able to use microfinance to better cope with and recover from shocks and drawn-out periods of hardship, which makes microfinance particularly relevant to adaptation. Therefore, just as the adaptation literature highlights the need for “climate proofing” infrastructure, such as bridges and roads, so too should efforts be made to ensure

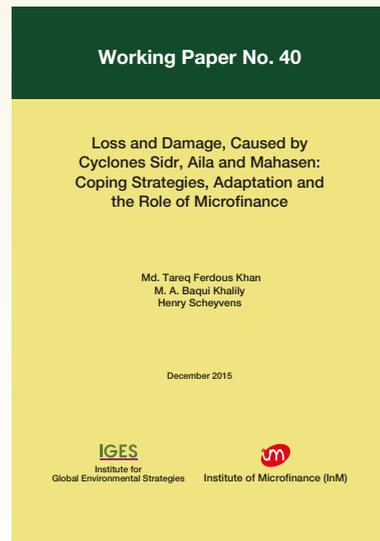
microfinance services are “climate proof,” i.e. that they continue to be available to poor households as climate change progresses. This report develops the concept of “adaptation-oriented microfinance” to describe microfinance that retains its focus on poverty reduction, but is engineered to maximise its adaptation benefits. Key elements of adaptation-oriented microfinance include: flexibility and customisation to enable members to select from products and product options to best manage their finances and prepare for, cope with and recover from climate shocks; sufficient access to liquidity for MFIs to support their members through extreme weather events; using loans to make adaptation technologies (particularly for agriculture) accessible to households through extension and other forms of outreach, with the aim of building climate-resilient livelihoods; loans for the construction of hazard-resistant housing; micro-insurance products with acceptable premiums that cover real risks faced by households and that incentivise risk mitigation; and a focus on outreach to the most climate-vulnerable groups, especially those in remote, ecologically fragile areas.

## WORKING PAPER NO. 40

### Loss and Damage, Caused by Cyclones Sidr, Aila and Mahasen, Coping Strategies, Adaptation and the Role of Microfinance

By Md. Tareq Ferdous Khan, M. A. Baqui Khalily, and Henry Scheyvens

Climate change results recurrent natural disasters which cause an enormous loss in the household as well as in the community levels. This study is designed to meet two major objectives. Firstly, assessment of the household level loss and damage incurred from super cyclones Sidr and Aila and tropical storm Mahasen in three districts namely Khulna, Patuakhali and Satkhira. Secondly, coping strategies adopted by the affected households in the post-cyclone situation and the role of microfinance in the process of adaptation. In focusing on the second major objective, the adopted coping strategies are broadly classified as current income or savings, sale of assets, informal loan and government support. Endogenous switching regression models with full sample and samples with counterfactuals evaluate that the expected amount of coping from current income or savings is significantly higher for programme group households than their counterpart in three cyclone cases and on the contrary, informal loan is significantly lower than that of control group households in the cases of Sidr and Aila, but reverse in case of Mahasen. The model of government support is only convergent for the case of Sidr. The study recommends some interventions to the households in climate vulnerable areas, further study to identify why more inclination towards informal loan to cope in the aftermath, a way to implement a comprehensive strategy and make justification on detailed assessment of loss and damage.

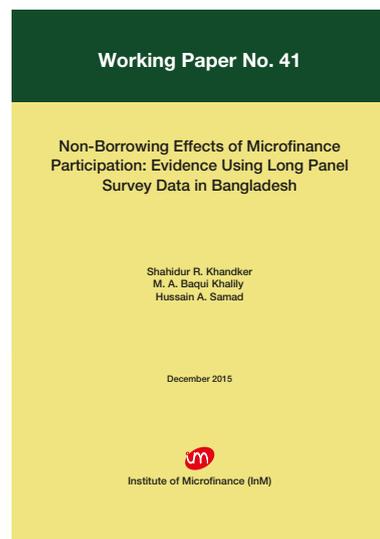


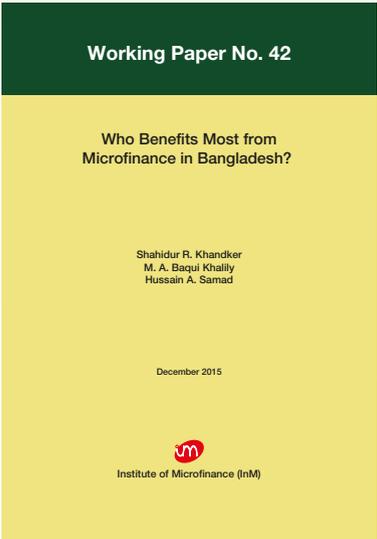
## WORKING PAPER NO. 41

### Non-Borrowing Effects of Microfinance Participation: Evidence Using Long Panel Survey Data in Bangladesh

By Shahidur R. Khandker, M. A. Baqui Khalily, and Hussain M. Samad

Using a long panel survey data collected three times during 1991/92-2010/11, this paper examines the effects of non-credit inputs of microfinance programmes in rural Bangladesh. This paper identifies the non-credit effects in three ways: first, by making a distinction between borrowers and non-borrowing participants; second, using programme duration as proxy for non-participation after controlling for borrowing; and lastly, using programme savings as a non-credit input. This paper finds that credit matters more for female members than for male members, while non-credit inputs (participation independent of borrowing) matters more for male members in augmenting household income and expenditure. Similarly, membership length has effects independent of borrowing, in particular in enhancing non-land asset and girls' schooling. Finally, male savings helps increase household non-land assets and net worth, while female savings increases male and female labour supply as well as household non-land asset and boys' schooling. As for the programme-specific effects, female participants in BRAC seem to do better than Grameen Bank and other MFI participants in raising household welfare. This paper concludes that microfinance programme members should have access to a wide range of non-credit services, besides credit, in order to have maximum benefits of the programmes.





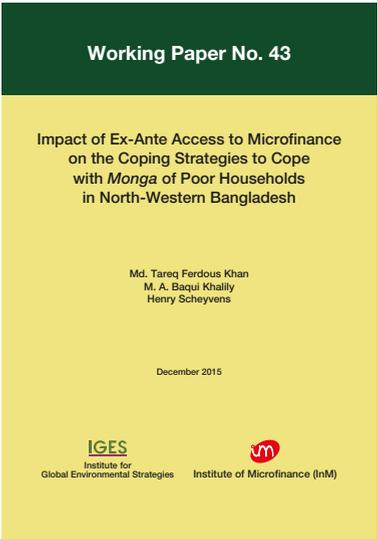
**WORKING PAPER NO. 42**

**Who Benefits Most from Microfinance in Bangladesh?**

By Shahidur R. Khandker, M. A. Baqui Khalily, and Hussain A. Samad

This paper examines the heterogeneous impacts of microfinance intervention in rural Bangladesh using a long panel survey data expanding from 1991/92 to 2010/11. Heterogeneity in programme effects may arise due to household (such as landholding, head's education, employment or skills in oral math) and community (electrification and accessibility) endowments. Benefits do vary by such endowments. For example, large and medium holders benefit more than marginal or small holders from microfinance in non-land asset, net worth and labour supply. Beneficiary households whose heads completed primary education experience higher gains in non-land asset and net worth than those whose heads did not complete primary education. Also, having adults with competency in oral math (supposedly helpful in augmenting in entrepreneurial skills) helps the households benefit more. Beneficiaries in villages with electricity and better road access benefit more than those in villages lacking electricity or

access. Quantile regression estimates show that, with the exception of the effects of male borrowing, lower income households benefit more than higher income ones. Finally, this paper shows that households with older heads or more adult males are likely to drop out from microfinance, so are those with adults with less competency in oral math. However, programme dropouts are not large enough to affect the overall benefits of microfinance.



**WORKING PAPER NO. 43**

**Impact of Ex-Ante Access to Microfinance on the Strategies to Cope with Monga of Poor Households in North-Western Bangladesh**

Md. Tareq Ferdous Khan, M. A. Baqui Khalily, and Henry Scheyvens

Bangladesh is a highly natural hazard prone country. Rural households are vulnerable to a range of climate-related natural hazards such as floods, cyclones, river bank erosion, drought, storm surges, and tornados. In north-western parts of the country, almost every year they face seasonal (September-November) hardship in the form of a near famine situation, which is termed monga. To cope during monga, poor households adopt various strategies including advance labour sale, asset sale, informal borrowing and internal migration. This paper evaluates the impact of ex-ante access to microfinance on these coping strategies, using switching regression to control the unobserved selection bias in deciding to be a member of a microfinance scheme. The analysis reveals that the dependence on these coping strategies is significantly lower for households with ex-ante access to microfinance than

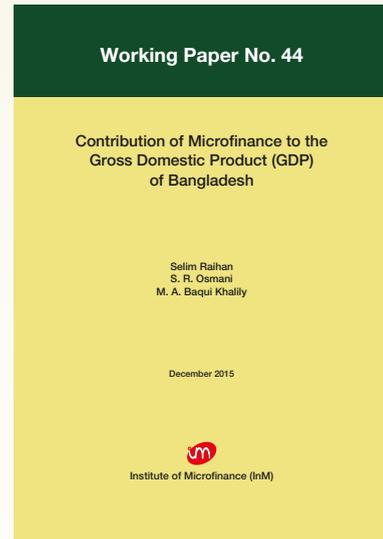
those without. These observations are particularly pertinent to the development of adaptation strategies, as poor households in north-western areas of Bangladesh are experiencing increasingly drier weather associated with climate change.

## WORKING PAPER NO. 44

### Contribution of Microfinance to the Gross Domestic Product (GDP) of Bangladesh

By Selim Raihan, S. R. Osmani and M. A. Baqui Khalily

Microfinance has at this point spread through out the length and breadth of rural Bangladesh, covering more than half of the rural population. As per a recent study, somewhere in the range of 55 percent of the rural households have taken microfinance at some stage in their lives, and almost 46 percent of households hold the status of current borrowers (as of 2010). With such huge expansion, microfinance is bound to have direct and indirect repercussion on the overall economy. Microfinance is believed to be contributing to the integration of the rural financial sector and stimulating the economy through microcredit and saving programmes. Our study found that the contribution of microfinance to GDP in Bangladesh in 2012 was between 8.9 percent and 11.9 percent depending on the assumption of the labour market. Furthermore, the contribution of rural microfinance to rural GDP in Bangladesh in 2012 was between 12.6 percent and 16.6 percent depending on the assumption of the labour market. However, such estimation is subject to underestimation due to two major reasons: (i) the model didn't consider underemployment, and the labour market adjustments compensate some of the negative effects generating from withdrawing of MFI-capital; and (ii) the share of the rural GDP might be lower than 60 percent as very high urban income are not usually captured by household survey; and this would imply that the contribution of rural microfinance to rural GDP in Bangladesh would be higher than what we have reported here.

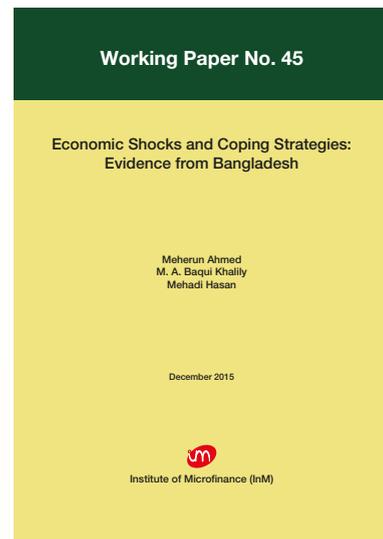


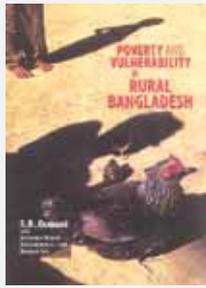
## WORKING PAPER NO. 45

### Economic Shocks and Coping Strategies: Evidence from Bangladesh

Meherun Ahmed, M. A. Baqui Khalily and Mehadi Hasan

Households move strategically to smooth consumption in the event of economic shocks. This paper comprehensively analyzes various coping schemes adopted by households in the event of different types and intensity of economic shocks. We conclusively find that erosive coping is a dominant strategy for households for all types of shock except for the case of asset shocks. It is also evident that the higher the total loss suffered, the greater is the likelihood of adopting erosive coping schemes for any of the three economic shocks. Contrary to the findings related to asset shocks, the household is highly likely to adopt erosive savings and help from relatives in case of economic shocks. In addition to these two methods, households also mortgage land or take up new loans when it encounters expenditure shocks. The household is more prone to adopt multiple strategies in case of income and expenditure shocks.





BOOKS

- **Poverty and Vulnerability in Rural Bangladesh**

S.R. Osmani with Meherun Ahmed, Muhammad A. Latif and Binayak Sen



JOURNAL PUBLICATIONS

**Inequity in Formal Health Care Use: Evidence from Rural Bangladesh**

Syed Abdul Hamid, Syed M. Ahsan, Afroza Begum and Chowdhury Abdullah Al Asif

Journal of International Development, Volume 27, Issue 1, pages 36–54 (2015)  
Available at <http://onlinelibrary.wiley.com/doi/10.1002/jid.3026/abstract>

**Mitigating Seasonal Hunger with Microfinance in Bangladesh: How Does a Flexible Programme Compare with the Regular Ones?**



**THE WORLD BANK**

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Shahidur R. Khandker, M. A. Baqui Khalily, Hussain A. Samad

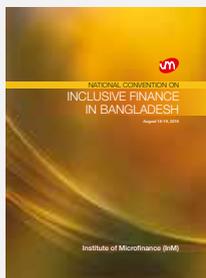
Journal of Development Effectiveness (2015) Available at <http://hdl.handle.net/10986/21363>



NEWS LETTERS

**Towards Poverty Alleviation and Social Development: The Role of MFIs, Newsletters 1 and 2**

**Gender and Women Empowerment News Letter 3**



OTHER PUBLICATIONS

**Conference Booklet: Inclusive Finance in Bangladesh**

## LIST OF PUBLICATIONS (2007-15)

### WORKING PAPERS

1. Microinsurance, Poverty and Vulnerability: A Concept Paper
2. Toward an Efficient and Sustainable Microinsurance Market: The Regulatory Perspective
3. Health Risks in Bangladesh: Can Microinsurance Prevent Vulnerability to Poverty?
4. Vulnerability to Seasonal Hunger and Its Mitigation in Northwest Bangladesh
5. Seasonal Migration and Mitigating Income Seasonality in Northwest Bangladesh
6. Seasonality and Hardcore Poor with Microfinance: Results of the PKSF Ultra Poor Project in Bangladesh
7. Dynamics of Market Share in the Microfinance Industry in Bangladesh.
8. Microfinance for Agriculture in Bangladesh : Current Status and Future Potentials
9. Dynamics of Poverty in Rural Bangladesh: A Research Framework
10. Can Social Safety Nets Cure Monga in Northwest Bangladesh?
11. Asset Accumulation and Poverty Dynamics in Rural Bangladesh: The Role of Microcredit
12. Inequality in Rural Bangladesh in the 2000s: Trends and Causes
13. Utilisation of Formal Health Care and Out-of-Pocket Payments in Rural Bangladesh
14. Impact of Microcredit on Agricultural Farm Performance and Food Security in Bangladesh
15. Does Access to Finance Matter in Microenterprise Growth? Evidence from Bangladesh
16. Microfinance Growth and Poverty Reduction in Bangladesh: What Does the Longitudinal Data Say?
17. Micro Health Insurance in Bangladesh: Innovations in Design, Delivery and Distribution Channels
18. The Pattern and Determinants of Poverty in Rural Bangladesh: 2000-2010
19. Efficiency of Microfinance Institutions in Bangladesh
20. Access to Credit and Productivity of Enterprises in Bangladesh: Is there Causality?
21. Vulnerability to Shocks and Coping Strategies in Rural Bangladesh
22. Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh
23. Has Microcredit Helped the Rural Poor of Bangladesh? An Analytical Review of the Evidence So Far
24. Are Microcredit Participants in Bangladesh Trapped in Poverty and Debt?
25. Microfinance and Moneylenders: Long-run Effects of MFIs on Informal Credit Market in Bangladesh
26. Are Microcredit Borrowers in Bangladesh Over-indebted?
27. Disease-specific Impoverishment Impact of Out-of-Pocket Payments for Health Care: Evidence from Rural Bangladesh
28. Inequity in Formal Health Care Use: Evidence from Rural Bangladesh
29. Gender Role and Individual Modernity: An Exploratory Study in Microfinance and Gender Role Transformation
30. Risk, Deprivation and Vulnerability Facing the Rural Poor of Bangladesh
31. Designing Social Protection for the Rural Poor: Learning from Lessons on the Ground
32. Technical Efficiency Analysis of PRIME Branches in Monga Areas of Bangladesh: An Application of Data Envelopment Analysis
33. Programmed Initiative, Reaching the Extreme Poor and MFI Sustainability: Mission Drift or Diseconomy?
34. Does Microcredit Empower Women or Is It a New Form of Discipline? The Case of Microcredit Self-Help Groups in India.
35. How Does Microcredit Work? A Review of the Theories of Microcredit.
36. How Does Microcredit Work? Testing the Theories of Microcredit.
37. The Impact of Microcredit on Rural Labour Market in Bangladesh.
38. Impact of Microfinance on Women Empowerment in North-Western Region of Bangladesh-PRIME as a Case Study
39. The Role of Microfinance and Microfinance Institutions in Climate Change Adaptation: Learning from Experiences in Bangladesh

40. Loss and Damage Caused by Cyclones SIDR, Aila and Mahasen: Coping Strategies, Adaptation and the Role of Microfinance
41. Non-Borrowing Effects of Microfinance Participation: Evidence Using Long Panel Survey Data in Bangladesh
42. Who Benefits Most from Microfinance in Bangladesh?
43. Impact of Ex-Ante Access to Microfinance on the Coping Strategies to Cope with Monga of Poor Households in North-Western Bangladesh
44. Contribution of Microfinance to the Gross Domestic Product (GDP) of Bangladesh
45. Economic Shocks and Coping Strategies: Evidence from Bangladesh

#### BOOKS

1. Readings in Microfinance: Reach and Impact
2. Bangladesh Khudro-rin Karjokrom: Otit, Bortoman o Vobissot (Microfinance in Bangladesh: Past, Present and Future)
3. Poverty and Vulnerability in Rural Bangladesh.

#### OCCASIONAL PAPERS

1. Mitigating Seasonal Hunger: Evidence from Northwest Bangladesh
2. Microfinance in Bangladesh: Past, Present and Future

#### POLICY PAPERS

1. Impact of Microfinance Programmes on Poverty in Bangladesh
2. Interest Rates in Bangladesh Microcredit Market
3. Multiple Borrowing by MFI Clients: Current Status and Implications for Future of Microfinance

#### POLICY BRIEFS

1. Mitigating Seasonal Hunger: Evidence from Northwest Bangladesh
2. Impact of Microfinance Programme on Poverty in Bangladesh
3. Multiple Borrowing by MFI Clients
4. Interest Rates in Bangladesh Microcredit Market

#### RESEARCH BRIEFS

1. Access to Financial Services (ATFS) in Bangladesh

2. Dynamics of Poverty in Rural Bangladesh
3. Microinsurance, Poverty and Vulnerability
4. The Social Impact of Microfinance on Gender Norms and Behaviour-1
5. The Social Impact of Microfinance on Gender Norms and Behaviour-2

#### STUDY REPORT

1. Microfinance in SAARC Countries (Overview Report 2010)

#### CONFERENCE REPORT/BROCHURE

1. National Seminar on monga
2. Microfinance in SAARC Countries: Sharing Lessons and Way Forward
3. Microfinance and Development
4. Towards Poverty Alleviation and Social Development: The Role of MFIs
5. Gender and Women Empowerment
6. Inclusive Finance in Bangladesh

#### NEWS LETTERS

1. Microfinance in SAARC Countries: Sharing Lessons and Way Forward
2. Towards Poverty Alleviation and Social Development: The Role of MFIs: I
3. Towards Poverty Alleviation and Social Development: The Role of MFIs: II
4. Gender and Women Empowerment

#### OTHERS

1. Bangladesh Microfinance Statistics 2007-11
2. Publication of Six Regional Dialogue Report (Sylhet, Chittagong, Mymensing, Jessore, Rangpur and Rajshahi Region)
3. Keynote Paper on "Climate Change Adaptation at Community Level: The Role of MFIs"
4. State of Microfinance Report in SAARC Countries.
5. InM Annual Reports (2008-15)
6. Annotated Bibliography

# WORKSHOPS

## WORKSHOP WITH THE INDIAN MFI DELEGATES

Date: 19 January 2015

Venue: PKSF Conference Room



A workshop was held with the Indian Delegates on 19th January, 2015 at PKSF Bhaban. Twenty participants from different Microfinance Institutions of India joined the workshop. Delegates came from SKS Microfinance Limited, Asmitha Microfinance Limited, Bandhan Society, Bharatiyo Samriddhi Finance Limited, Kerala Financial Corporation, Grameen Financial Services Pvt. Limited and other organisations.

Dr. Vasanthi Rajendran, Director (Training) Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) coordinated the programme on behalf of the Indian Delegates. They shared successes and challenges of India's microfinance programme and discussed about Microfinance programme of Bangladesh.



## WORKSHOP ON NATIONAL BUDGET

Date: 14 June 2015

Venue: Media Bazar, BICC, Dhaka



The Institute of Microfinance (InM) organised a workshop on ‘Bangladesh National Budget 2015-16: Implications for Employment and Poverty Alleviation’ on June 14, 2015 in Media Bazar, Bangabandhu International Conference (BICC). Dr. Sajjad Zohir, Executive Director, Economic Research Group (ERG) was the keynote speaker of the workshop. Dr. Qazi Kholiquzzaman Ahmad, Chairman, InM, presided over the session. Professor M. A. Baqui Khalily, Executive Director, InM, Md. Abdul Karim, Managing Director, PKSF, Dr. Quazi Mesbahuddin Ahmed, Former Managing Director, PKSF, and Mr. Helal Ahmed Chowdhury, Supernumerary Professor, BIMB graced the even with their presence. The National Conference

was attended by local academicians, policymakers, development practitioners and sector stakeholders.

Dr. Qazi Kholiquzzaman Ahmad appreciated Dr. Zohir’s important presentation on budget 2015-16. He said that progress has been made over the years, through expenditure increase, improvement of the rural economy, but it is essential to allocate more resources in education and health sectors. The success of the budget implementation depends on an integrated approach, institutional efficacy, and reduction of corruption. In closing, he thanked all participants for coming to the workshop and giving their valuable inputs to the session.

# SEMINARS

## SEMINAR ON FINANCIAL EXCLUSION, POVERTY AND DESTITUTION

Date: 17 May 2015



A seminar on Financial Exclusion, Poverty and Destitution was organised by the Institute of Microfinance on May 17, 2015. Two papers were presented in the seminar by Professor Glen Bramley, Professor of Urban Studies, Institute for Social Policy, Housing, Environment and Real Estate, Heriot-Watt University, Edinburgh, UK and Toriqul Bashar, Institute for Social Policy, Housing, Environment and Real Estate, Heriot Watt University (PhD Student), Edinburgh, UK. Professor. Baqui Khalily presided over the seminar and Dr. Ibrahim Khaled was present as a guest of honor.

Professor Glen Bramley highlighted some key definitional and measurement issues and strong relationships between poverty, debt and financial exclusion. The presentations drew new evidence about severe poverty and destitution in UK, highlighting issues of social consensus and what sources of support different groups rely on. The seminar concluded by reflecting on how UK compares on these issues with other countries in Europe and the wider world, and on some connections between developing countries such as Bangladesh and the UK.



## SPECIAL SEMINAR ON MANAGING FORESTS AND TREES FOR CLIMATE CHANGE MITIGATION AND ADAPTATION

Date: 08 June 2015



Institute of Microfinance (InM) organised a Special Seminar held on June 08, 2015 at PKSF Bhaban. Dr. Henry Scheyvens, Director, National Resources Management Group, Institute for Global Environmental Strategies (IGES), Japan, delivered the keynote speech on 'Managing Forests and Trees for Climate Change

Mitigation and Adaptation'. Md. Abdul Karim, Managing Director, PKSF approached the issues of climate change adaptation. Dr. Qazi Kholiqzaman Ahmad, Chairman, Institute of Microfinance (InM), presided over the seminar.



## SEMINAR ON MICROCREDIT AND THE RURAL LABOUR MARKET IN BANGLADESH



Institute of Microfinance (InM) organised a seminar on Microcredit and the Rural Labour Market in Bangladesh. The programme was held on July 8, 2015 at the Bangabandhu International Conference Centre (BICC), Dhaka.

from raising employment at the household level, microcredit also exerted a significant positive effect on the wages rate at the village level; a 10 per cent increase in the spread of microcredit in a village would raised the wage rate by 4.6 per cent.



The seminar paper assessed the impact of microcredit on the rural labour market in Bangladesh using data from a nationally representative large-scale survey. The paper reported that microcredit had a strong positive effect on the employment level of the members of borrowing households. The extent of employment effect differed depending on the use of microcredit. Apart



During his remarks as the Chairman of the session, Dr. Qazi Kholiqzaman Ahmad observed that microcredit was not only microcredit but had changed its pattern. It is now known as 'integrated credit'. Along with credit providing health care facilities, quality education, relevant training are also required. PKSf along with its partner organisations are already implementing such an approach.

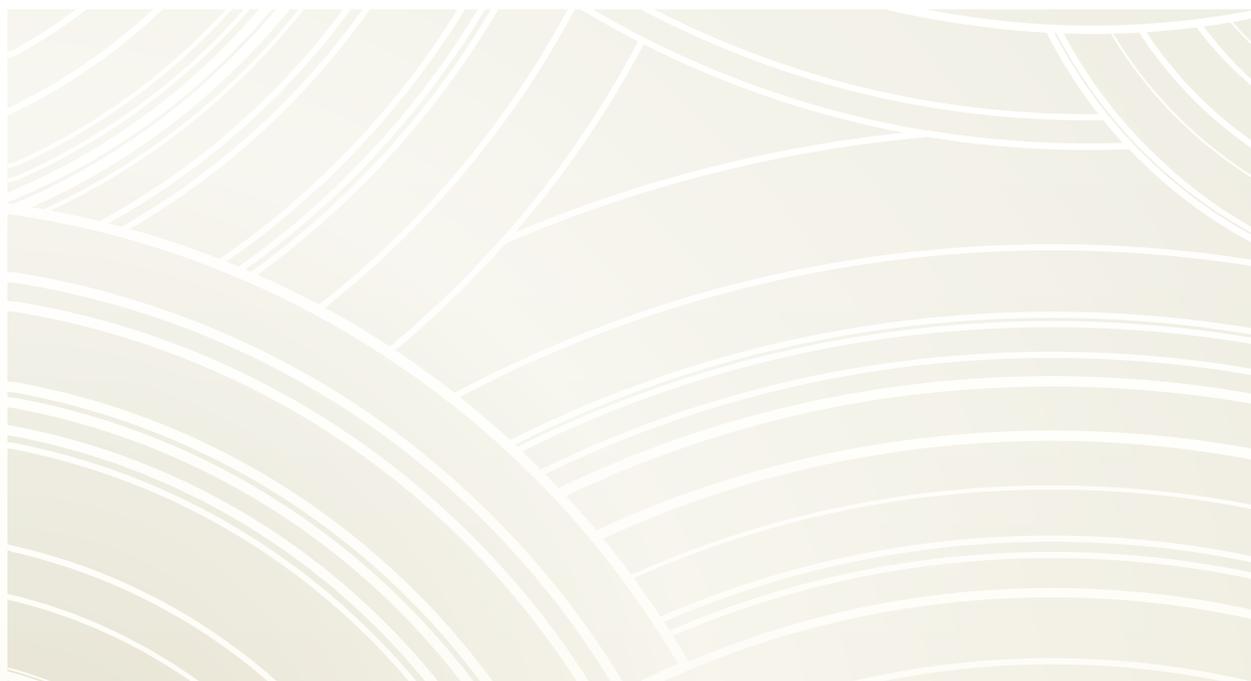
## SEMINAR ON CONTRIBUTION OF MICROFINANCE TO GDP IN BANGLADESH



The Institute arranged a special seminar on “Contribution of Microfinance to GDP in Bangladesh” on September 14, 2015 at the Bangabandhu International Conference Centre (BICC), Dhaka.

Dr. Selim Raihan, Professor, Department of Economics, University of Dhaka, and Executive Director, South Asian Network on Economic Modeling (SANEM), presented the keynote paper. Dr. Qazi Kholiquzzaman Ahmad, Chairman, InM, presided over the session. The paper reported that the contribution of microfinance to

GDP in Bangladesh in 2012 was between 8.9 percent and 11.9 percent depending on the assumption of the labour market. Furthermore, the contribution of rural microfinance to rural GDP in Bangladesh in 2012 was between 12.6 percent and 16.6 percent depending on the assumption of the labour market. Mr. M. A. Mannan, MP agreed that microfinance does contribute to GDP. Dr. Qazi Kholiquzzaman Ahmad thanked the Institute of Microfinance for arranging such a session on an important topic.



## SEMINAR ON INCLUSIVE FINANCE FOR CLIMATE CHANGE MANAGEMENT



The Institute of Microfinance (InM) organised a seminar on “Inclusive Finance for Climate Change Management” on November 27, 2015 in PKSF Bhaban. Professor M. A. Baqui Khalily, Executive Director, InM and Dr. Fazle Rabbi Sadeque Ahmed, Project Coordinator, CCCP, PKSF, presented the keynote papers at the seminar. Dr. Qazi Kholiquzzaman Ahmad, Chairman, InM, presided over the session. Professor Tsuji Kazuto, Visiting Senior Advisor, Japan International Cooperation Agency (JICA), Dr. Henry Scheyvens, Director, National Resources Management Group, IGES, Japan, and Mr. Md. Abdul Karim, Managing Director, PKSF, was present in the Seminar. Dr. Fazle Rabbi Sadeque mentioned the importance of climate change management and adaptation. Professor M. A. Baqui

Khalily highlighted the consequences of climate change and what needed to be done.

Dr. Henry classified the major findings of microfinance rather than poverty adaptations. In his opinion, a sustainable institution and networks were required that would act at the community level, local government level and national level, to provide hassle free support to deal the community with the climate change and towards sustainable adaptation. Professor Tsuji Kazuto said that like many other countries it was important for Bangladesh to have sustainable adaptation measures for the poor. Dr. Qazi Kholiquzzaman Ahmad, in the concluding remarks added that water was the most important sector to climate change.

# NATIONAL CONVENTION ON INCLUSIVE FINANCE IN BANGLADESH

## DAY 1

The Institute of Microfinance (InM) organised a two day National Convention on “Inclusive Finance in Bangladesh” on August 18-19, 2015 at the Bangabandhu International Conference Centre (BICC). Seminar on the topic “Empowerment is the Key to Poverty Eradication and Human Dignity: Lessons and Perspectives from the ENRICH Programme in Bangladesh” was held in Session 1 of the convention. Dr. Qazi Kholiqzaman Ahmad, Chairman, InM, was the keynote speaker of the session. Ambassador Munshi Faiz Ahmad, Member, General Body, PKSf, presided over the session.



In his speech, Dr. Qazi Kholiqzaman Ahmad stated that poverty is multidimensional and hence it is

imperative to measure poverty in that light. Dr. Ahmad said that PKSf is focusing on different development issues, thus, the emphasis is not just on credit but on other aspects as well. For sustainable development, it is important to create opportunities for people, empower them through education, health service provision etc., and ENRICH is a programme with such targets and tools. According to Dr. Ahmad, awareness building and cultural expansion are crucial for development and poverty eradication. He concluded by stating that development has to be human centric, and for reducing multidimensional poverty, sustainable development and integrated approach is essential. Ambassador Munshi Faiz Ahmad appreciated Dr. Ahmad’s inspiring speech. He echoed Dr. Ahmad’s notion that next step should be sustainable development.





Seminar on the topic “Returns to Microenterprise and Access to Finance in Bangladesh” was held in Session 2. Ms. Farah Muneer, Research Associate, InM, was the keynote speaker of the session. In her presentation, Ms. Muneer stated that the discussion of enterprise is important because households with microenterprise are less likely to be poor.

Seminar on the topic “Access to Financial Services in Bangladesh” was held in Session 3 of the convention.

Professor M. A. Baqui Khalily, Executive Director, InM, was the keynote speaker of the session. Dr. Qazi Kholiqzaman Ahmad, Chairman, InM, presided over the session. Mr. Abul Maal A. Muhith, Honorable Minister, Ministry of Finance, Government of The People’s Republic of Bangladesh, graced the seminar as the Chief Guest. Dr. Mahbub Hossain, Distinguished Professor, BRAC University, was the panelist of the seminar.

Professor Khalily stated the importance of inclusive finance for inclusive growth as an important global policy issue. He added that financial inclusion is about providing financial services to otherwise excluded individuals and firms at affordable cost, and inclusive growth should advance equitable opportunities to all economic participants.

Dr. Mahbub Hossain agreed that despite progress, bank branches could not spread much, especially in providing services to rural regions and poor families. He suggested that if banks and MFIs make their duration of loan more flexible, then people will rely less on informal market.





In his speech, honorable Chief Guest, Mr. Abul Maal A. Muhith said there is still massive opportunity of expanding. He observed that cost of providing financial services is high, and it is the barrier to inclusive finance. There are many elderly, widowed, and impaired people who are excluded from financial services, even though it is essential to provide them. He expressed that provision of financial services is not enough but it is

advanced. Mr. Muhith concluded his speech on a positive note by stating that as long as all of us are on same page, progress can be made. Dr. Qazi Kholiquzzaman Ahmad resonated on how inclusive growth is the key and financial inclusion is crucial. He added that more focus needs to be given on financing small enterprises and also insurance services in Bangladesh.



## DAY 2

Seminar on the topic “Dynamics of Overlapping in the Microfinance Market of Bangladesh” was held in Session 1 of the second day of the convention. Dr. S.R. Osmani, Professor, University of Ulster, UK, was the keynote speaker of the session. In his speech, Dr. Osmani stated that overlapping is perceived as bad practice of the microfinance borrowers. But it requires careful investigation on the causes and consequences of overlapping to conclude such notions. He stated that until 2010, overlapping rate of the microfinance borrowers were around 5% on an average, but it increased sharply in recent times. Interestingly, majority of the overlapped loan has been used for enterprise financing, followed by house development, loan repayment and food expenditure. He stated that indebtedness of both multiple borrowers and single borrowers increased in 2014 but percentage of household over-indebted had reduced over time and the reduction was more among the overlapped



households. Dr. Osmani concluded that the overlapping was a rational strategy for borrowers who balanced their financial ability and need through multiple borrowing. In closing, Professor Dr. Nurun Nabi thanked all participants for coming and giving their valuable inputs to the session.





In the convention, the topic “Financial Literacy and Financial Inclusion in Bangladesh” was held in Session 2. Professor M. A. Baqui Khalily, Executive Director, InM, was the keynote speaker of the session. The session was chaired by Dr. Khondkar Ibrahim Khaled, Former Chairman, Bangladesh Krishi Bank. The Chief Guest of the seminar was Dr. Atiur Rahman, Governor, Bangladesh Bank. Professor Khalily stressed that financial literacy was vital for inclusive finance, as it helped individuals to make informed choices regarding financial products and opportunities. Professor Khalily stated that the impact of financial literacy, particularly bank related knowledge, led to higher access to financial services such as credit and deposits. In conclusion, he suggested introducing programmes to enhance financial literacy and thereby inclusive finance in Bangladesh. Dr. Atiur Rahman congratulated InM for this study on unique subject in the context of Bangladesh. He said that both financial literacy and



inclusion are crucial policy issues for Bangladesh Bank. Hence, Bangladesh Bank has already been formulating multiple strategies with focus on these matters, and this study could help to set long term strategies. Dr. Rahman hoped other institutions would be encouraged to take on similar studies.



## NATIONAL CONFERENCE ON PATHWAY OUT OF EXTREME POVERTY IN BANGLADESH: THE PRIME EXPERIENCE



17 September 2015, Thursday, Institute of Microfinance (InM) organised a National Conference on “Pathway out of Extreme Poverty in Bangladesh: The PRIME Experience” on 17 September 2015 at the Bangabandhu International Conference Centre (BICC), Dhaka. Ms. Matia Chowdhury, Honorable Minister, Ministry of Agriculture, Government of Bangladesh, inaugurated the conference as the Chief Guest. Mr. Md. Abdul Karim, Managing Director, PKSf attended the inaugural session as the Guest of Honor. Dr. Qazi Kholiqzaman Ahmad, Chairman InM presided over the session.



Professor Baqui Khalily presented his paper on “State of Monga and Empirical Evidence” and Impact of PRIME on Poverty Alleviation. Mr. A.Q.M. Golam Mawla, General Manager (Operations), PKSf presented his paper on “Prime Programme Design”. Mr. Mehadi Hasan, Senior Research Associate, InM gave a presentation on “Impact of PRIME on Food Security and Economic Condition”. Dr. Martin Greeley, Research Fellow, Institute of Development Studies, University of Sussex gave a presentation on related issues.

Professor M. A. Baqui Khalily in his speech highlighted basic statistics on Monga situation. PKSf has introduced a project to eradicate Monga that is known as PRIME since 2006. He focused on the impact of PRIME project, implementation and effectiveness.

Mr. Golam Mawla delivered a presentation on PRIME design. He said that the design of PKSf PRIME programme. He also discussed PKSf's major activities to reduce poverty.

Mr. Md. Abdul Karim discussed the success of PRIME projects. Agriculture Minister Ms. Matia Chowdhury, MP mentioned that improvement of communication system through Dharala Bridge and Bangabandhu Jamuna Setu played a vital role to change the scenario of the northern part of Bangladesh. She mentioned the importance of ensuring suitable work environment for

women along with their security and wages. In his concluding remarks, Dr. Qazi Kholiquzzaman Ahmad said that it was a good news that extreme poverty had reduced and PKSF along with its partner organisations was not only providing training but also taking care of mother health, health issues, education, training, employment, and providing old age facilities.

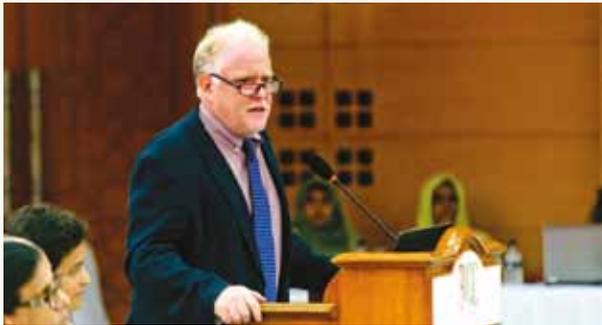


The second session of the conference was titled as “Impact of PRIME on Poverty Alleviation and Impact of PRIME on Food Security and Economic Conditions”. Professor M. A. Baqui Khalily, Executive Director, InM and Md. Mehadi Hasan, Senior Research Associate, InM jointly presented the keynote paper. Dr. Shamsul Alam, Member, General Economic Division, Planning Commission was present as the Guest of Honor. Mr.

Graham Gass, Team Leader, Extreme Poverty Team and Senior Social Development Adviser, DFID Bangladesh and Mr. Golam Touhid, Deputy Managing Director, Palli Karma-Sahayak Foundation (PKSF) were present as distinguished panelists. Mr. Suhel A. Choudhury, Former Secretary, Ministry of Commerce and Member, Academic Committee, Education Programme, InM presided over the session.



Professor M. A. Baqui Khalily discussed two issues. First he mentioned about food security and secondly PRIME’s impact on it. He said along with the financial interventions, PRIME included cash for work, savings, non-financial intervention, training, technical assistance and health services which later on made the programme more sustainable and successful. Mr. Hasan discussed on the impact of PRIME programme on food security and economic wellbeing and poverty.



Mr. Graham Gass said that food security, nutrition, costs, poverty dynamics and loans were very important. The main target was food security which was achieved by the programme very well. Mr. Md. GolamTouhid, in his speech shared the learnings from the programme. He mentioned that this programme was designed in such a manner so that it could be a success considering the heterogenic factors that made the programme suitable for all in the community.

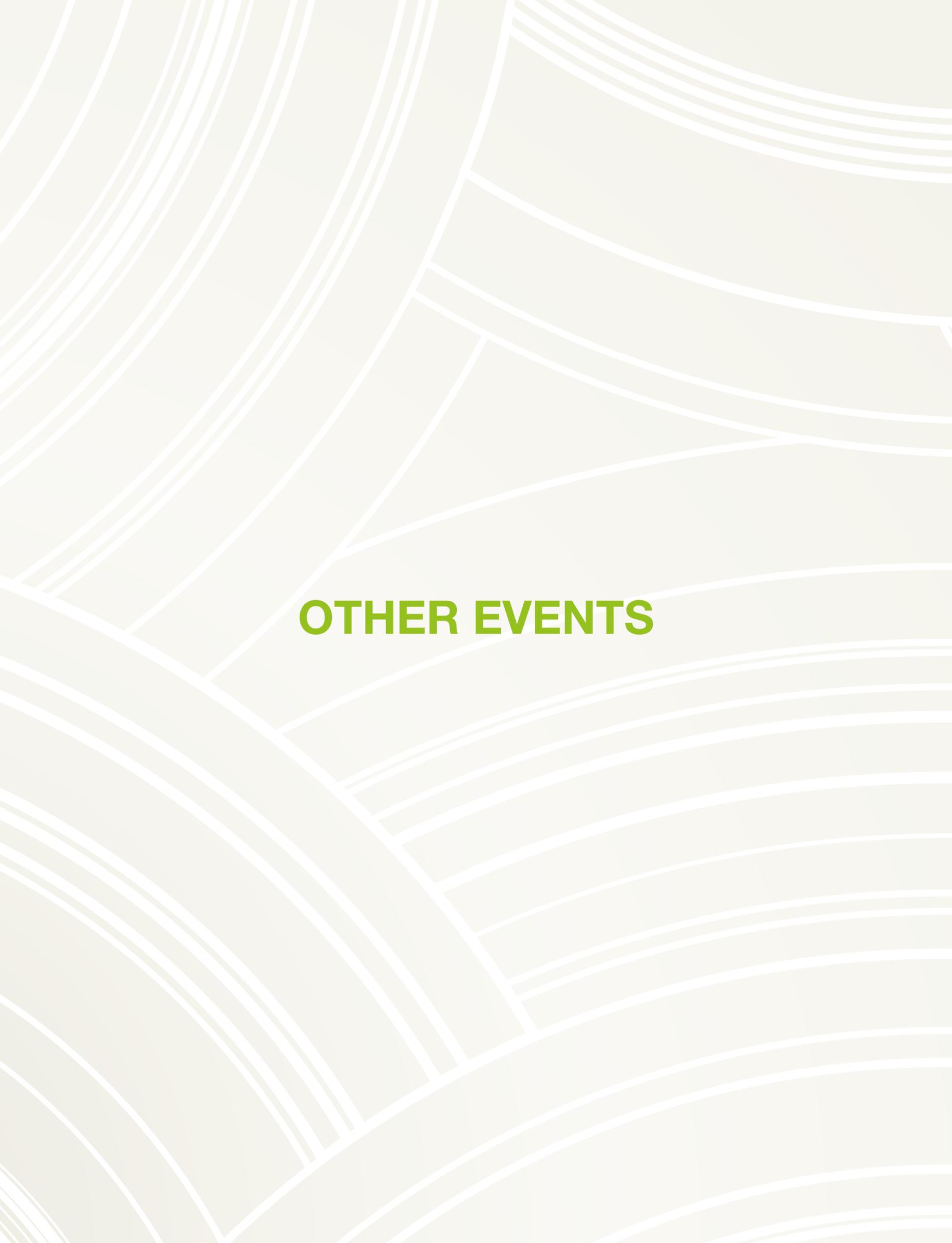


The third session of the conference was titled as “Efficiency of PRIME Branches”. Dr. Md. Sadiqul Islam, Professor, Department of Finance, University of Dhaka, presented the keynote paper. Professor Dr. A.K.M. Nurun Nabi, Vice Chancellor, Begum Rokeya University presided over the session.

Professor M. Sadiqul Islam presented about the extreme poor and the sustainability of PRIME branches. He identified the key success factors that contributed to sustainability and analyzed the impact of subsidy on sustainability. Professor Nabi thanked all participants for their active participation and valuable comments. He believed these inputs would enrich the programme and provide food for thoughts for the policy makers, programme implementers and practitioners.

In the fourth session on Effectiveness of PRIME, Dr. Martin Greely said that poverty rates have demonstrated an impressive steady improvement in Bangladesh. He observed that PRIME had been successful in reducing poverty and suggested that PRIME should be extended and expanded.





# **OTHER EVENTS**

# OTHER EVENTS

## EXPOSURE VISIT TO CHINA AND JAPAN

InM Senior officials Professor M. A. Baqui Khalily, Executive Director, Dr. Md. Mosleh Uddin Sadeque, Director (Training & Operations) and Mr. Shabbir Ahmed Chowdhury, Director (Education) visited the People's Republic of China and Japan from March 30, 2015 to April 7, 2015.

### BILATERAL MEETING WITH BEIJING HUXINCHENG MANAGEMENT CENTRE (ERSTWHILE LANGFANG CITY WANXINHE CREDIT GUARANTEE CO.LTD.)



On March 31, 2015 a bilateral meeting was held with Beijing HuXinCheng Management Centre. Mr. Lee Sueh, Director (Public Relations), led the two member Chinese team. Mr. Lee narrated the present microfinance scenario in China and also briefed about the future prospects of collaborations. Professor Khalily proposed few actions for way forward and the meeting concluded with the expectation that relationship between InM and Beijing HuXinCheng Management Centre would be strengthened through implementing the immediate plan of actions and frequent communication.

In August 2015, a team comprising Mr. Md. Abdul Karim, Managing Director, PKSF and Member, InM Governing Body, Professor Dr. A.K.M. Nurun Nabi, Vice Chancellor, Begum Rokeya University and Member, InM Governing Body, Mr. Md. Fazlul Kader, Deputy Managing Director, PKSF and InM senior officials visited Beijing HuXinCheng Management Centre (CICETE) and China Association of Microfinance (CAM) and signed bilateral MoUs for further cooperation. On April 1, 2015 a discussion was held at CICETE office in Beijing. The following personnel were present from CICETE and CAM.



Mr. Bai Chengyu, Director, CICETE and Secretary General, CAM briefed the team about the activities of CICETE and CAM. The CICETE is a semi government organisation under the Ministry of Commerce. He appraised that CAM is a networking support and advocacy organization. Professor Khalily, Team Leader, of the delegation, appraised the meeting about the research and training activities that InM had undertaken over time. The meeting focused on possible areas of cooperation. Based on the deliberations and discussions at the meeting, several activity plans were recommended that might be taken up jointly for both the institutes.

### MEETING AND SEMINAR AT PEKING UNIVERSITY

On April 2, 2015 Professor Jack Xia, Professor, Department of Economics, School of Economics, and Acting Director, Centre for Human and Economic Development Studies, Peking University, welcomed InM Team at his office in the Department of Economics, and held bilateral discussion.

The discussion with Professor Jack Quingie Xia focused on bilateral cooperation in research. Professor Khalily



briefed about InM research activities. Professor Jack Xia showed keen interest in research on Inclusive finance and poverty. Professor Khalily welcomed his interest and suggested that he could join InM team in jointly working on InM projects. Professor Khalily delivered a lecture on “Microfinance for Inclusive Growth and Poverty Alleviation”. Dr. Sadeque and Mr. Shabbir Chowdhury made short presentation on InM training activities and InM education programme, respectively. Professor Wang, Visiting Professor at Stanford University, participated in the discussion.



On April 3, 2015 a meeting with Professor Fei, Vice Dean and other Scholars of Shanghai Jiao Tong University was held on bilateral issues of cooperation on research along with an in-house seminar on “Inclusive Finance for Inclusive Growth in Bangladesh: Role of Microfinance Institutions”

The meeting with Shanghai Advanced Institute of Finance was attended by Professor Fangyu Fei, Professor Tan Wang and Ms. Tzu-Kuan. After detailed discussion, it was agreed that:

- o China Academy of Financial Research (CAFR) and InM would explore research areas for joint research on inclusive finance and growth.
- o CAFR has a plan to establish Microfinance Research Centre in the short run, where InM experience would be very useful.

- o InM and CAFR could invite respective scholars in international seminars.

Professor Khalily made a presentation on 'Inclusive Finance for Inclusive Growth in Bangladesh: The Role of Microfinance' based on the recently concluded research on access to financial services in Bangladesh.

#### IGES – InM MEETING, MONDAY 06 APRIL 2015

The main objective of the meeting was to strengthen institutional relationships, reflect on progress of



activities under the MoU and plan next activities and to aware IGES researchers more about the role of microfinance in building sustainable and climate-resilient livelihoods.

#### PROJECT REFLECTION AND STRATEGY MEETING

The InM delegation, Professor Hamanaka, Dr. Scheyvens and Dr. Prabhakar participated in the project reflection and strategy meeting. The meeting began with presentations by Dr. Scheyvens and Professor Khalily. The first presentation by Dr. Scheyvens reviewed objectives and targets that had been set for the research project and the extent to which these had been reached. The presentation also explained the progress made towards completing a concept paper on MFIs and climate change adaptation. Dr. Prabhakar (IGES) explained how IGES had engaged InM for an APN project on Evaluating the Disaster Risk Reduction and Climate Change Adaptation Benefits of Cattle Insurance in Bangladesh.

The second presentation was delivered by Professor Khalily, who reported on the progress of InM activities under the joint research programme, explained key findings of the research, and, based on earlier discussions between InM and IGES, proposed next steps and new activities for the research programme.

From the IGES side, the main progress reported was the completion of a concept paper titled “The role of microfinance institutions in climate change adaptation: Drawing from experiences in Bangladesh.” This paper has gone through external review and two rounds of internal review and is almost finalised. From the InM side, the main progress reported was completion of the first draft of the four papers on the role of MFIs in coping ability of the households in north-western region, south-western region, hilly and mountainous region, and plain areas. Separate papers have been prepared as the coping strategies differ from region to region.

Action points: The following action points as next steps and future activities were proposed:

A session titled “Inclusive Finance, Inclusive Growth” (or similar) will be co-organised by IGES and InM at the 2015 International Forum for Sustainable Asia and the Pacific (ISAP) in Yokohama, Japan. ISAP 2015 will run from 28-29 July 2015. It is hoped that PKSF Chair of Board of Directors, Dr. Qazi Kholiquzzaman Ahmad, will make a keynote presentation. It is suggested that InM and IGES jointly organise ISAP sessions as an annual activity to present the findings of the joint research

### IN-HOUSE SEMINAR

Professor Khalily presented an in house seminar in IGES conference room on “Climate Change and Adaptation: The Role of MFIs in Bangladesh”. The presentation covered the effects of climate change in Bangladesh, the role of microfinance in adaptation, changes within the MFI sector, empirical evidence on PRIME impacts and from InM-IGES research, including in the western and south-western regions, policy implications and research questions. A lively discussion followed where both Dr. Sadeque and Mr. Chowdhury made important contributions. About 15 IGES researchers attended the seminar.



A short visit was made to PlaNet Finance, Japan. Discussion made with the President Mr. Robert Verdier and Executive Director Mr. Masataka Nakamura. It was a short but a cordial discussion and both the parties agreed to have bilateral co-operation specially in the field of climate change and microfinance, research, micro insurance issues jointly with Tokyo University with whom PlaNet Finance is working. JICA may also be involved in the long run.



## PARTICIPATION IN INTERNATIONAL CONFERENCE

An InM Delegation participated in an International Conference, organised by the Institute for Global Environmental Strategies (IGES), United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS) in collaboration with several other organizations on 'Solutions for Change: Forging Multi-stakeholder Partnerships towards 2030' July 28-29, 2015 in Japan. Dr. Qazi Kholikuzzaman Ahmad, Chairman, InM and PKSF, presented a paper titled "Financial inclusion, climate change adaptation and the SDGs". Mr. Abdul Karim, Member Governing Body, InM and Managing Director, PKSF discussed how PKSF had been contributing to household resilience and adaptive capacity through its MFI partners. Professor M. A. Baqui Khalily, Executive Director, InM presented several empirical evidence on microfinance impacts on household well-being and resilience in the conference.

## PUBLIC LECTURE

The Japan Society for International Development (JASID) Yokohama Branch organised a public lecture titled "Empowerment is key to poverty eradication and human dignity: Lessons and perspectives from the



ENRICH programme in Bangladesh" on 30 July 2015. Dr. Qazi Kholikuzzaman Ahmad presented the keynote paper. The programme was moderated by Mr. Masanori Kobayashi, Fellow, Yokohama National University. Professor Osamu Koike, Chair, Japan Society for International Development –Yokohama gave the welcome speech and Dr. Henry Scheyvens, Principal Researcher, Institute for Global Environmental Strategies gave the concluding remarks.

## SEMINAR ON FINANCIAL INCLUSION, CLIMATE CHANGE ADAPTATION AND THE SDGs AT JICA

A seminar on the topic was arranged on 31 July 2015 in the JICA Research Institute. Professor Kazuto Tsuji,



Visiting Senior Adviser to JICA / Excom Chair of CGAP /Professor, Saitama University moderate the session. Mr. Md. Abdul Karim, Member Governing Body, InM and Managing Director, PKSF presented a paper titled "How PKSF is contributing to household resilience and adaptive capacity through its MFI partners". Professor Baqui Khalily, Executive Director, Institute of Microfinance presented a paper titled "Empirical findings of microfinance impacts on climate vulnerable households and need for further experimental research in climate vulnerable areas and Mr. Henry Scheyvens, Area Leader, IGES presented a paper on "Enhancing the role of microfinance institutions in climate change adaptation in the seminar.

## AGREEMENT BETWEEN InM AND IGES

An agreement was signed between Institute of Microfinance (InM) and Institute for Global Environmental Strategies (IGES) on July 2015.





#### STRATEGIC REVIEW MEETING AND RETREAT

A Strategic Review Meeting and Retreat of InM was held on 27-29 August 2015 at The Palace Resort and SPA, Bahubal Sylhet. Senior officials along with all InM members were present. In the Strategic Review Meeting, sustainability issues of the Institute were discussed and probable goals for 2016 were set.



#### AGREEMENT WITH IDB FOR STUDYING IMPACT ASSESSMENT OF FAELKHAIRS

IDB has entrusted InM with the responsibility of assessing the impact of FKW programme and in this regard a consultancy service agreement was signed on 10th September 2015 between IDB and InM by Professor M. A. Baquily Khalily, Executive Director, InM and Dr. Mohammad Hassan Salem, Coordinator, Fael Khair Programme, IDB.



## SEMINARS ON

1. Monga: Seasonal Famine
2. Food Security in Bangladesh: Present and Future Challenges
3. How Far Can Microfinance Take Us to Economic Growth?
4. The Wretched of the Earth: A Look into the Dimensions of Poverty in Island Chars of Northern Bangladesh
5. Global Food Crisis: Causes, Consequences and Policy Choices
6. Subjective Well-being and Poverty in Rural Bangladesh
7. State of Microfinance in Bangladesh: What Do We Know?
8. Understanding Growth and Poverty: Is There a South Asian Development Model?
9. Microinsurance, Poverty and Vulnerability: A Concept Paper
10. Operationalizing Pro-Poor Growth
11. Toward an Efficient and Sustainable Microinsurance Market: The Regulatory Perspective
12. Social Protection and Safety-Net: New Findings on Safety-Nets in Developing Countries
13. Microfinance Interest Rate and Transparency
14. Evaluating Microfinance?
15. Prospect for Income Generation and Employment Creation through Urban Microfinance
16. Differences in Poverty Levels and Trends at Sub-national Levels in Bangladesh: Are We Asking the Right Questions?
17. Findings from Microcredit and Health Services Experiment in Rural Bangladesh
18. The Impact of Governance Mechanism on the Financial Performance and Outreach of MFIs in Bangladesh
19. Developing Micro Health Insurance in Bangladesh
20. Asset Accumulation and Poverty Dynamics in Rural Bangladesh: The Role of Microcredit
21. Expert Meeting on Access To Financial Services Study
22. Developing Micro Health Insurance in Bangladesh
23. Multiple Memberships (Overlapping) in Microcredit Markets of Bangladesh
24. Can Entrepreneurship Programmes Transform the Economic Lives of the Poor?
25. Assessing Financial Inclusion in Char and Haor Areas in Bangladesh
26. Issues and Challenges for MFIs
27. Towards a Public Policy on Microfinance in Bangladesh (organised jointly with Policy Research Institute – PRI)
28. Micro Health Insurance (MHI) Pilot Project “Niramoy”
29. Designing and Piloting Micro Health Insurance (MHI) in Bangladesh
30. The Social Impact of Microfinance on Gender Norms and Behaviour
31. Assessment of Existing status of Beneficiaries and Experience of Service Providers in Sidr and Aila Affected Areas of Bangladesh with Particular Focus on Microcredit
32. Measuring Financial and Social Performance for Microfinance Investment Vehicles (MIVs)
33. Impact of MRA’s Rules and Regulations: Institutional and Users’ Perspectives
34. Are Microcredit Participants in Bangladesh Trapped in Poverty and Debt?
35. Findings of Two Research Studies of InM
36. Sustainability, Equity and Financial Inclusion
37. Evaluation of ENRICH Programme
38. Climate Change Adaptation at Community Level: The Role of MFIs
39. Financial Exclusion, Poverty and Destitution

40. Managing Forests and Trees for Climate Change Mitigation and Adaptation
41. Microcredit and Rural Labour Market
42. Contribution of Microfinance to GDP in Bangladesh
43. Inclusive Finance for Climate Change Management

#### **WORKSHOPS ON**

1. Microfinance, Poverty and Rural Development
2. The Growth and Development of Micro Enterprises in Bangladesh for the Longitudinal Study on “Promoting Micro Enterprises through Microcredit”
3. Regulation of Microfinance Institutions – Dialogue for Better Understanding
4. Microinsurance and Poverty
5. Microinsurance and Vulnerability of the Poor
6. Microinsurance, Poverty and Vulnerability
7. Research Launching Ceremony and Workshop on Building Resilience and Adaptive Capacity to Climate Change through Microfinance in Bangladesh
8. Workshop with the Indian Delegates
9. National Budget 2015

#### **DIALOGUES WITH**

1. Training Service Providers on Building Capacity of the MFIs
2. Regional Dialogue with the Microfinance Institutions of Rajshahi Division
3. Regional Dialogue with the Microfinance Institutions of Khulna Division
4. Regional Dialogue with the Microfinance Institutions of Chittagong Division

5. Regional Dialogue with the Microfinance institutions of Barisal Division
6. Dialogue on “Strengthening India-Bangladesh Relations: Sustainable Development and Poverty Eradication”
7. Regional Dialogue with MFIs in Chittagong Division
8. Regional Dialogue with MFIs in Mymensingh Division
9. National Dialogue of Education Budget 2014
10. Dialogue with the Microfinance Institutions (MFIs): National Level
11. Dialogue with the Microfinance Institutions (MFIs): Regional Level
12. Regional Dialogue at Sylhet Region
13. Regional Dialogue at Chittagong Region
14. Regional Dialogue at Mymensing Region
15. Regional Dialogue at Jessore Region
16. Regional Dialogue at Rangpur Region
17. Regional Dialogue at Rajshahi Region

#### **NATIONAL AND INTERNATIONAL CONFERENCES ON**

1. Microfinance in SAARC Countries: Sharing Lessons and Way Forward
2. Microfinance and Development
3. Towards Poverty Alleviation and Social Development: The Role of MFIs
4. Gender and Women Empowerment
5. Inclusive Finance in Bangladesh
6. Pathway out from Extreme Poverty in Bangladesh- The Experience from PRIME





# InM

**TRAINING AND  
CAPACITY BUILDING**

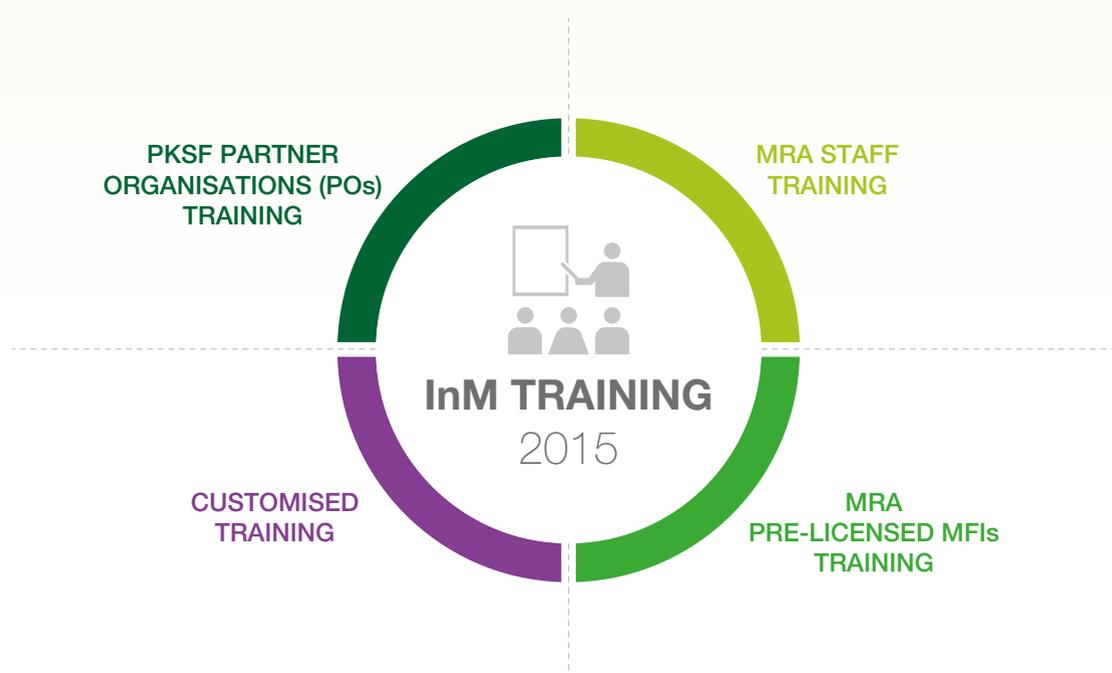
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# TRAINING AND CAPACITY BUILDING

InM, as a national training and development institute especially in the field of microfinance, provides a unique opportunity to shape the understanding about contemporary issues in the sector and ways to address these at the workplace. Since the inception of training activities in 2009, InM, till to date, has provided training to more than 17,000 microfinance practitioners at the field and headquarters level and created a pool of around 500 InM Certified Trainers. The Institute puts

special thrust on need-based customised training, which requires standard and integrated training modules for training programmes, rather than organizing prototype training.

In training, InM takes competence into account. The professionalism offers newest insights and individual assistance where needed.



## BLENDING ACTIVITIES AND BEYOND

**17,007** Practitioners Received Training in Microfinance and Relevant Fields

**500** InM-Certified Trainers engaged in conducting Field Level Training at their own Centres

**24** Training Service Providers (TSPs) to organise Training across the country

**11** International Collaborations

**11** Standard Training Modules for Microfinance Practitioners

**02** Comprehensive TNA for Microfinance Sector



## TRAINING COURSES CONDUCTED

- PKSF PARTNER ORGANISATIONS (POs) TRAINING

PKSF, the leading apex microcredit and capacity development organisation in Bangladesh, provides continuous assistance to its POs in strengthening their capacities in different areas. In this context, InM jointly with PKSF organised the following training programmes for POs:

- Training of Trainers (ToT)
- ToT on "Group Dynamism in Poverty Alleviation: Savings and Credit Management"
- Savings and Microcredit Management
- Accounts and Financial Management
- Micro Enterprise (ME), Small and Medium Enterprise (SME) Operations and Management
- Advanced Microfinance and Institutional Management
- Value Chain Project Design and Management
- Monitoring and Evaluation
- Financial Product Design and Development
- Strategic Planning for NGO-MFIs



- MRA LICENSED MFIs TRAINING

MRA is the central regulatory body established by the government to monitor and supervise microfinance operations in the country. License from the Authority is mandatory to operate microfinance operations in Bangladesh for NGO-MFIs. A total of 286 participants joined the courses on Risk Management of MFIs.

- CUSTOMISED TRAINING

### National

Customised training programmes are carefully designed, prepared and carried out according to the

requirement of the microfinance institutions. Customised training courses often challenge the trainers to go that extra mile to get into the heart of the matter, the road that may not be found in any standard book or training manuals. InM organised customised training courses both at national and international level. This year 25 Branch Managers of SETU (NGO-MFI) joined the training course on "Interpersonal Communication and Risk Management".

### International

InM organised customised training on "Principles and Practices of Microfinance" during 22-24 June 2015 for



UTT Microfinance in Dar-es-Salaam, Tanzania. The course has been designed to: provide an overall understanding of microfinance trend in Bangladesh and Tanzania; explain the activities to start a microfinance programme and the process to managing microfinance; strengthen the savings culture and stimulate the clients to save; identify various risks associated with microfinance and strategies to overcome; describe client protection strategies; analyze the financial and

social performance of microfinance programme; understand the importance and process of preparing microfinance business plan and describe the ways to make a microfinance manager competent. A total of 35 microfinance practitioners of Tanzania attended the course. On behalf of InM Ms. Sifat-E-Azam, Deputy Director and Mr. Abu Bakar, Assistant Director, conducted the session.



### GLIMPSE OF TRAINING 2015

- 1,245 Participants Trained from PKSF Partner Organisations
- 286 Participants Trained from MRA Licensed Organisations
- 25 Participants Trained through Customised Training
- 10 Batches of Training of Trainers
- 3 Dialogues with Microfinance Sector Leaders
- 1 International Training

## MODULE DEVELOPMENT

Since inception, InM has developed 11 training modules of international standards to cater to the needs of microfinance practitioners at home and abroad. These modules are as follows:

Training Module	Duration	Language
Microfinance Operations and Management	10 days	Bangla & English
Microfinance Operations and Management	05 days	
Book Keeping and Accounting Management for MFIs	05 days	
Monitoring and Evaluation of Microfinance Programme	05 days	
Improving Participatory Managerial Skills and Management Style	05 days	
Legal and Regulatory System and Governance	05 days	
Microfinance Credit Delivery Process and Operations	05 days	Chinese & English
Microfinance Product Design and Business Planning	03 days	
Effective Management of Microenterprise Loans	05 days	
Advanced Generic ToT	10 days	English
Interpersonal Communication and Risk Management	05 days	

## INTERACTIONS WITH THE BORROWERS AND MFIs

In 2015, the Institute organised three Regional Dialogues with the borrowers and practitioners in the cities of Chittagong, Cox's Bazar and Jessore to share experience and identify the needs of the

borrowers/members vis-à-vis microfinance practitioners from all over the country. The Institute believes that learning from these dialogues will help InM innovate new pathways in formulating capacity development roadmap and solve the emerging microfinance issues and challenges.



## INTERNATIONAL COLLABORATIONS

- China Association of Microfinance (CAM), China
- China Academy of Financial Research (CAFR), China
- China International Centre for Economic and Technical Exchanges (CICETE), China
- Beijing HuXinCheng Investment Management Centre, China
- Asian Institute of Technology (AIT), Thailand
- Frankfurt School of Finance and Management, Germany
- International Federation of Training and Development Organizations (IFTDO), United Kingdom

- UTT Microfinance, Tanzania
- Institute for Global Environmental Strategies (IGES), Japan
- Shanghai Changing Oriental Hongqiqo Microloan Co. Ltd.
- International Poverty Reduction Centre (IPRC), China. etc.



## TRAINING AND CAPACITY BUILDING PLAN 2016

ONGOING ACTIVITIES	January 2016 to December 2016												Number of Batches	Number of Participants	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1.0 MODULE REVIEW AND DEVELOPMENT															
1.1 Module/Curriculum Review and Development		1		1				1		1					
2.0 TRAINING FOR MFIs AND SECTOR STAKEHOLDERS															
2.1 Training of MFIs through MRA (3-Day Training)	2	2	4	2	2	2	2	4	2	2	4	2	30	750	
2.2 Training of MFIs through PKSF (5-Day Training)	4	6	6	8	6	6	4	6	8	8	6	6	74	1850	
3.0 INTERNATIONAL TRAINING, NETWORKING & COLLABORATION															
3.1 Training with UTT Microfinance, Tanzania; CICETE, DAIBANG, Lang Fang, China					1				1		1		3	75	
3.2 International Networking and Collaborations															
<b>NEW ACTIVITIES</b>															
4.0 CUSTOMISED TRAINING PROGRAMMES FOR MFIs															
4.1 Customised Training for MFIs		1		1	1			1		1	1		6	150	
5.0 CAPACITY DEVELOPMENT SERVICE FOR MFIs AND OTHERS															
5.1 MFIs/ NGOs Capacity Building Service		1			1			1			1				
<b>Total for the year 2016</b>													113	2825	
<b>Notes:</b>															
Figures denote number of courses.															
Training programmes may be adjusted depending on the need of the sector.															

## InM TRAINING CENTRE

InM has an international standard training centre located at the heart of the capital city, Dhaka. It has all facilities to cater to the needs of national as well as international participants.

## CONFERENCE ROOM AND TRAINING ROOMS

The conference room in the centre is equipped for use in conferences, board meetings, and events for top-level management of organisations having a capacity of 50 participants. Classrooms of the centre could be used for trainings, workshops, in-house meetings and so on. with a capacity of 25 participants in each class room. The conference room and training rooms are furnished with the following facilities and amenities:

- Equipped with modern furniture and fixtures
- Technologically-advanced audio visual, multimedia equipments
- Flexibility to arrange classroom in required learning styles
- Availability of complementary supports like copying, printing etc.
- Conference and events recording facilities
- Wi-Fi zone
- Lobby for participants interface
- Coffee corner
- Workstation for moderators/ facilitators etc.

## DORMITORY FACILITIES

The centre has residential facilities in apartment layout

and room facilities, furnished with modern amenities for the participants and dormitory users. It has 31 twin bedrooms and 03 single bedrooms. The living apartments offer facilities as below:

- Furnished with modern amenities
- Air conditioned bed rooms with uninterrupted electricity backup
- Strong security system for dormitory users
- Reading corner with provision of internet zone
- Common (drawing room) space in each apartment for group work, enjoying TV, reading newspapers
- Dedicated team of housekeeping services. etc.

## CATERING FACILITIES

The dining facilities of the Centre can accommodate food and beverage facilities with a wide selection of options, from buffets to themed banquets. It incorporates the standard catering facilities to all dietary requirements as ordered for breakfast to dinner and snacks.

## SUPPORT SERVICES

A wide range of facilities to ensure the needs of participants, visitors, delegates and others are taken care of in the Centre with the support services as follows:

- A dedicated reception desk and information corner
- Prayer room
- Emergency doctor's service on call
- Room for indoor games
- Learning resources display centre.



Common space



Class room



Conference room



Dormitory



Dining room



Library





# InM

**EDUCATION**

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# EDUCATION

Complying with InM's stated mission to contribute to the capacity building of the microfinance sector through equipping the practitioners with updated knowledge, requisite skill and technological know-how, the Institute has introduced a full-fledged education programme, Diploma in Microfinance, for the first time in Bangladesh. The launching Ceremony took place on 28 August 2014 and the academic activities of the first batch started on 3 January 2015.

## ACADEMIC ACTIVITIES

The Orientation Programme of the first batch (Winter: January-March 2015) of the course was held on 28 December 2014 at InM Training Centre. The classes

started on 3 January 2015 with 37 participants. The programme contains six Certificate Courses covering Poverty Development and Microfinance, Microfinance Operations and Management, Financial Planning and Analysis for MFIs, MIS of Microfinance Programme, Governance and Regulations of MFIs, and Human Resource Development of MFIs. After completion of the six courses, the participants undertook a one-month internship programme. With successful completion of the first batch, the second batch of the diploma programme was conducted during April-September 2015 followed by the third batch during July-December 2015. The graduation ceremony of the first batch was held on 19 August 2015. During the ceremony, 32 participants were awarded the Diploma certificates.



Participants of the second batch at the orientation programme



Mr. Suhel A. Chowdhury, Former Commercial Secretary, GoB, addressing the fourth batch participants at the orientation programme



Academic activities at the classroom



Participants from the first batch at the first graduation ceremony of the Diploma in Microfinance



Ms. Jinat Aman Banna received the gold medal from the chairman and the chief guest



Chairman, InM handed over the crest to the chief guest of the graduation ceremony







# InM

**ADMINISTRATION  
AND FINANCE**

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# ADMINISTRATION AND FINANCE

InM has strong teams in Administration and Finance Divisions to provide administrative and financial support to the management and the activities associated with the functional divisions – research, training and knowledge management. The Administration Division provides human resource (HR) and support services to the functional divisions of the Institute. It ensures coordination among the divisions, top management and Finance and Accounts Division regarding compliance issues.

InM has an efficient Finance and Accounts Division that maintains the overall financial affairs and manages related budgetary activities as well as ensures financial transparency of the regular activities of InM. The financial activities of the Institute are performed and monitored by two auditing cells – internal and external auditing bodies. Internal audit of InM ensures the regular auditing activities of all expenditures of the Institute. Adequate internal check and control are in place through appropriate employment of finance and internal audit team to check and validate the expenses and the systems in operation. It performs regular auditing of the financial documents of all programmes and branches, and reports to the Executive Director.

The Finance and Accounts Division prepares financial statements in conformity with general accepted accounting practices, Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS). External audit is performed each year by reputed external audit firm appointed by the InM Governing Body after getting the approval at the Annual

General Meeting. ACNABIN, a renowned audit firm, has been appointed as the external auditor of InM for this year for auditing the expenditures of the Institute's operational activities and overall financial management.

## HANDOVER CEREMONY



Professor M. A. Baqui Khalily, handed over the full authority and responsibility of the Executive Director, InM, to Dr. Mustafa K. Mujeri, Adviser, Institute of Microfinance (InM), who will act as the Executive Director of Institute for Inclusive Finance and Development (InM) with effect from 1 January 2016. Dr. Qazi Kholiquzzaman Ahmad, Chairman, InM, Dr. Md Jashim Uddin, Member, InM General Body and Deputy Managing Director, PKSF, Professor S. R. Osmani, University of Ulster, UK, Professor Syed M. Ahsan, University of Concordia, Canada, were also grace the occasion.



Institute of Microfinance (InM) organised a farewell ceremony for Professor M. A. Baqui Khalily, Executive Director InM on 31st December 2015. All InM colleagues and staff expressed their deep gratitude to him for his commendable leadership and conveyed their heartfelt thanks and best wishes.







InM

**AUDITOR'S  
REPORT**

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# INDEPENDENT AUDITOR'S REPORT

## GOVERNING BODY

### Institute of Microfinance (InM)

We have audited the accompanying financial statements of institute of Microfinance (InM) for the year ended 30 June 2014, which comprise the statement of financial position, statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements, which are set out on pages 03 to 20, are the responsibility of the Management of InM.

The Management of InM is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies as summarized in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material errors, fraud or non-compliance with law or regulations having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed might not detect a material fraud. Our audit should not be relied to disclose fraud and error that may exist.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OPINION

In our opinion the financial statements present fairly, in all material respects, the financial position of Institute of Microfinance (InM) as of 30 June 2014, and its financial performance and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 to the financial statements.

Dhaka,  
22 October 2014

  
**ACNABIN**  
Chartered Accountants

## INSTITUTE OF MICROFINANCE (InM)

### Statement of financial position

as at 30 June 2014

	Note	2014 Taka	2013 Taka
<b>Assets</b>			
Property and equipment	4	58,006,534	49,223,556
Intangible assets	5	15,749	40,379
Short term deposit with bank	6	222,109,693	193,826,557
Interest receivable on short term deposits	7	4,783,092	3,521,326
Other receivables	8	3,829,627	7,863,905
Advances, deposits and prepayments	9	7,269,827	4,960,442
Cash and cash equivalents	10	9,926,523	15,392,916
<b>Total Assets</b>		<b>305,941,045</b>	<b>274,829,081</b>
<b>Fund and Liabilities</b>			
Accrued expenses and provision	11	37,010,878	37,170,453
Other liabilities	12	492,218	413,468
Deferred grant income for assets	13	25,575,000	28,016,010
Grant received in advance	14	55,860,031	68,282,280
Fixed asset fund	15	32,447,282	21,247,925
Development Fund	16	152,475,128	117,615,201
Foreing currency translation reserve	17	2,080,508	2,083,744
<b>Total Fund and Liabilities</b>		<b>305,941,045</b>	<b>274,829,081</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

  
**Head of Finance & Admin**

  
**Executive Director**

  
**Chairman**

Dhaka,  
22 October 2014

  
**ACNABIN**  
 Chartered Accountants

## INSTITUTE OF MICROFINANCE (InM)

### Statement of comprehensive income for the year ended 30 June 2014

	Note	2014 Taka	2013 Taka
<b>Income</b>			
Grants	18	107,233,370	149,791,630
Contribution for research projects	19	12,404,947	3,677,584
Training fees	20	3,589,602	7,618,045
Others	21	342,304	127,320
<b>Total income</b>		<b>123,570,223</b>	<b>161,214,579</b>
<b>Expenditure</b>			
Research expenses	22	37,299,379	51,490,491
Training expenses	23	9,051,649	30,341,073
Knowledge management expenses	24	7,419,667	10,376,499
Salaries and allowances	25	47,393,344	47,901,172
Administrative expenses	26	16,315,145	13,925,771
Financial expenses	27	71,361	65,174
Depreciation and amortisation	28	6,019,678	7,114,399
<b>Total expenditure</b>		<b>123,570,223</b>	<b>161,214,579</b>
Net Surplus/ (Deficit) for the year		-	-

The annexed notes 1 to 28 form an integral part of these financial statements.

  
 Head of Finance & Admin

  
 Executive Director

  
 Chairman

Dhaka,  
22 October 2014

  
 ACNABIN  
 Chartered Accountants

## INSTITUTE OF MICROFINANCE (InM)

### Statement of changes in fund for the year ended 30 June 2014

Particulars	Fixed Asset Fund	Development Fund	FC Translation Reserve	Total
Balance at 1 July 2013	21,247,925	117,615,201	2,083,744	140,946,870
Transfer (to/from) during the year	4,500,000	(4,500,000)		-
Addition during the year	12,290,953	39,359,927	(3,236)	51,647,644
Adjustment during the year	(5,591,595)			(5,591,596)
<b>Balance at 30 June 2014</b>	<b>32,447,283</b>	<b>152,475,128</b>	<b>2,080,508</b>	<b>187,002,918</b>

Particulars	Fixed Asset Fund	Development Fund	FC Translation Reserve	Total
Balance at 1 July 2012	24,845,404	88,353,029	2,242,958	115,441,391
Transfer (to/from) during the year	115,760	(115,760)	-	-
Fund addition during the year	1,743,828	29,377,932	(159,214)	30,962,546
Adjustment during the year	(5,457,067)			(5,457,067)
<b>Balance at 30 June 2013</b>	<b>21,247,925</b>	<b>117,615,201</b>	<b>2,083,744</b>	<b>140,946,870</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

  
Head of Finance & Admin

  
Executive Director

  
Chairman

Dhaka,  
22 October 2014

  
ACNABIN  
Chartered Accountants

## INSTITUTE OF MICROFINANCE (InM)

### Notes to the financial statements

for the year ended 30 June 2014

#### 1 REPORTING ENTITY

Institute of Microfinance (InM) was established in September 2005 and commenced its operation in August 2006 as an independent research and training institute in Bangladesh. The address of the Institute's registered office is PKSF Bhaban, Plot # E-4/B, Agargaon Administrative Area, Sher-e-Bangla Nagar, Dhaka-1207. It is a milestone in the history of Microfinance movement in Bangladesh. The Institute facilitates the exchange of ideas relating to the best practice methods and appropriate techniques for managing microfinance and for achieving social development goals. InM is also committed to enhance, support and strengthen local and international efforts in microfinance development. It has been registered as a not-for-profit organisation under the Societies Registration Act 1860 vide registration no S-5148 (261)/2005 dated 21 September 2005. Major activities involve-conducting research on microfinance, collaboration with national and international agencies, organising seminars, workshops and conferences to initiate, undertake and arrange training/certificate courses Programmes for microfinance professionals, setting of standards, preparing guidelines and formulating policy for microfinance sector.

#### 2. BASIS OF PREPARATION

##### 2.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in Bangladesh to comply with the Accounting and Financial Reporting Standards, as applicable and requirements of the Societies Registration Act 1860.

##### 2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on historical cost basis.

##### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY AND LEVEL OF PRECISION

The financial statements are presented in Bangladesh Taka (Taka/Tk), which is the functional currency. All financial information presented have been rounded to the nearest Taka.

##### 2.4 REPORTING PERIOD

These financial statements cover one year from 1 July to 30 June and is followed consistently.

##### 2.5 GOING CONCERN ASSUMPTION

The financial statements have been prepared on going concern basis.

##### 2.6 Comparative figures

Previous year's figures have been rearranged wherever necessary to conform to the current year's presentation.

##### 2.7 USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and

various other factors that are believed to be reasonable under the circumstances. Actual results might differ from these estim

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently (otherwise as stated).

#### 3.1 PROPERTY, PLANT AND EQUIPMENT

##### Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs include expenditure that are directly attributable to acquisition of the property, plant and equipment as per BAS - 16 "Property, Plant & Equipment".

##### Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Institute and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

##### Depreciation

Depreciation is calculated using the straight line method to write down the cost of fixed assets to their residual value over the estimated useful lives. Depreciation is charged on addition of fixed assets when the assets are fit for use. For disposal, depreciation is charged on the days for which the fixed assets were used on that period.

The principal rates generally in use for depreciation are as follows:

Assets	Depreciation rate
Buildings	5%
Books	20%
Computers and equipments	33.33%
Construction and interior decoration	20%
Furniture and fixtures	10%
Office equipments	10%
Office appliances	20%
Telecommunication equipments	20%
Vehicles	20%

Depreciation method, useful lives and residual values are reviewed at each reporting date.

##### Impairment

The Institute tests for impairment of property, plant and equipment when there is an indication that asset might be impaired. During the year there was no indication for impairment.

## 3.2 INTANGIBLE ASSETS

### **Recognition and measurement**

Intangible asset is the software used by the organisation which is purchased from third party. It has an estimated useful life of three years and measured at cost less accumulated amortisation and accumulated losses.

### **Subsequent cost**

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the assets. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

### **Amortisation**

Intangible assets are amortised on a straight line basis over its estimated useful life. Amortization is charged on addition of intangible assets when the assets are fit for use. For disposal, amortization is charged on the days for which the assets were used on that period. The software used in the organisation has an estimated useful life of 3 years.

## 3.3 CASH AND CASH EQUIVALENTS

Considering the provisions of BAS - 1 "Presentation of Financial Statements" and BAS - 7 "Statement of Cash Flows", cash in hand and at bank balances have been stated as cash and cash equivalents. Cash and cash equivalents as referred to in the statement of cash flows comprise cash in hand, cash at banks in STD and FC account with Southeast Bank Limited, Agargaon Branch, Dhaka which can be encashed on demand or within original maturity of three month or less.

The net cash flow from operating activities is determined on direct method as per BAS - 7 "Statement of Cash Flows".

## 3.4 INCOME TAX

InM is a not-for-profit organization registered under the Societies Registration Act 1860. There is no taxable income and therefore, no provision is made for income tax.

## 3.5 REVENUE RECOGNITION

### **Grant Income and grant received in advance**

Bangladesh Accounting Standard (BAS) 20 "Accounting for Government Grants and Disclosure of Government Assistance" has been followed during the year under audit for recognition of grant income. Income from donor grants is recognized when conditions on which they depend have been met.

Grants are then recognised as income over the period necessary to match them with related costs for which they are intended to compensate. Grant amount used to acquire fixed asset has been shown as expenditure for the project.

Grant that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the organization with no future related costs are recognized in the Statement of Comprehensive Income of the period in which it becomes receivable.

## 3.6 FOREIGN CURRENCY TRANSLATIONS

Transactions in foreign currencies are initially recorded at the functional rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to foreign exchange loss

or gain in income statement as per BAS - 21 "The Effects of Changes in Foreign Exchange Rates".

### 3.7 DEVELOPMENT FUND

The development fund is created for the institute's financial sustainability which has been approved by the InM's Governing Body. The purpose of the Development fund is to create an adequate safety cushion for the lean period between project funding. The development fund is credited with the amount of bank interest, cost sharing and recovery for research and training activities and others.

### 3.8 EMPLOYEE BENEFIT

#### **Contributory provident fund**

InM operates Recognized Provident Fund by board of trustee for its regular employees where both the employer and employee's are contributing to the fund at the rate of 10% on monthly basic salary. The fund is operated according to the rules approved by the Board.

#### **Gratuity fund**

The Institute is also maintaining an funded gratuity scheme. Only regular employees are entitled to gratuity benefit according to rules of the fund approved by the Board. InM has been maintaining a separate fund as FDR in the name " Gratuity Fund" to meets the gratuity provision. The gratuity is calculated on the basis of last basic salary.

#### **Staff Insurance**

The Institute is also maintaining group life and hospitalisation insurance policies with Insurance company for its regular employees.

### 3.9 PROVISION

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource.

#### 4. PROPERTY AND EQUIPMENT

Particulars	COST				DEPRECIATION				Written down value at 30 June 2014	
	Balance at 1 July 2013	Addition during the year	Adjustment during the year	Balance at 30 June 2014	Depreciation rate	Balance at 1 July 2013	Addition during the year	Adjustment during the year		Balance at 30 June 2014
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka		Taka
Land	29,341,373	-		29,341,373	-	-			-	29,341,373
Building	7,047,306			7,047,306	5%	822,004	352,365		1,174,369	5,872,937
Books	736,581	26,704		763,285	20%	612,852	60,873		673,725	89,560
Computers and computer equipments	8,712,507	1,703,564	(129,999)	10,286,072	33.33%	7,576,856	1,215,474	(127,444)	8,664,886	1,621,186
Construction and interior decoration	2,866,853	2,908,987	(1,988,648)	3,787,192	20%	2,153,162	819,420	(1,769,060)	1,203,522	2,583,670
Furniture and fixtures	6,296,630	3,388,882	(491,080)	9,194,432	10%	2,233,901	845,759	(237,272)	2,842,388	6,352,044
Office equipments	6,663,341	2,764,057	(49,777)	9,377,621	10%	2,031,233	802,845	(16,624)	2,817,454	6,560,167
Office appliances	183,137	-	(1,600)	181,537	20%	132,558	33,563	(1,105)	165,016	16,521
Telecommunication equipments	968,519	218,759		1,187,279	20%	606,622	190,801	-	797,423	389,856
Vehicles	12,581,944	4,500,000		17,081,944	20%	10,005,446	1,897,277		11,902,723	5,179,221
<b>Total</b>	<b>75,398,192</b>	<b>15,510,953</b>	<b>(2,661,104)</b>	<b>88,248,041</b>		<b>26,174,635</b>	<b>6,218,377</b>	<b>(2,151,505)</b>	<b>30,241,507</b>	<b>58,006,534</b>

#### 5. INTANGIBLE ASSETS

Particulars	COST				AMORTISATION				Written down value at 30 June 2014	
	Balance at 1 July 2013	Addition during the year	Adjustment during the year	Balance at 30 June 2014	Depreciation rate	Balance at 1 July 2013	Addition during the year	Adjustment during the year		Balance at 30 June 2014
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka		Taka
Softwares	118,897	-		118,897	33.33%	78,518	24,630	-	103,148	15,749
<b>Allocation of depreciation</b>										

#### Allocation of depreciation

Dynamics of poverty in rural Bangladesh	63,822.00
Microinsurance, poverty and vulnerability	116,178.00
Impact of PRIME	43,329.00
Depreciation related to administration	6,019,678
<b>Total</b>	<b>6,243,007.00</b>

## 6 SHORT TERM DEPOSIT WITH BANK

	2014 Taka	2013 Taka
Dhaka Bank Limited	1,316,710	1,192,349
AB Bank Limited	45,938,192	11,526,630
Bank Asia Limited	12,177,780	11,027,372
Mutual Trust Bank Limited	5,556,161	8,453,832
Southeast Bank Limited	100,813,449	91,014,045
EXIM Bank Limited	12,800,001	5,500,000
IFIC Bank Limited	-	12,856,492
Shahjalal Bank Limited	10,779,404	15,140,625
IDLC Finance Limited	22,480,496	20,000,000
Sonali Bank Limited	-	12,000,000
Islami Bank Bangladesh Ltd	-	5,115,212
NCC Bank Ltd	10,247,500	-
	<b>222,109,693</b>	<b>193,826,557</b>

## 7 INTEREST RECEIVABLE ON SHORT TERM DEPOSIT

Dhaka Bank Limited	16,180	19,044
AB Bank Limited	2,120,675	264,152
Mutual Trust Bank Limited	117,022	206,960
Southeast Bank Limited	1,014,556	1,049,501
Bank Asia Limited	157,157	188,067
EXIM Bank Limited	-	145,139
IFIC Bank Limited	-	266,084
Shahjalal Bank Limited	256,266	112,451
Islami Bank Bangladesh Ltd	-	95,484
IDLC Finance Ltd	1,101,236	1,174,444
	<b>4,783,092</b>	<b>3,521,326</b>

## 8 OTHER RECEIVABLES

Receivable from PKSf	3,278,082	3,378,854
Accrued training registration fees	-	312,500
Receivable from Microcredit Regulatory Authority (MRA)	92,700	360,803
Receivable from DFID	-	3,542,000
Receivable from Green Delta Insurance Company Ltd	187,889	269,748
Receivable from Employees Provident Fund	270,956	-
	<b>3,829,627</b>	<b>7,863,905</b>

## 9 ADVANCES, DEPOSITS AND PAYMENTS

Prepaid vehicle insurance premium	-	22,256
Advance for online subscription	97,187	184,550
Advance against research project expenses 9.01	-	114,292
Advance against administrative expenses 9.02	299,827	335,361
Advance Tax Deducted at Source (TDS) 9.03	4,841,195	2,621,178
Advance income tax paid	860,135	845,135
Security deposit-Trust Filling & CNG Station and Duncun	550,000	591,000
Advance against training expenses	124,883	226,170
Advance for software maintenance	3,750	7,500
Advance for Economist Journal	13,000	13,000
Advance for Generator service	29,850	-
Advance office rent- Mansurabad Office	450,000	-
	<b>7,269,827</b>	<b>4,960,442</b>

	2014 Taka	2013 Taka
<b>9.1 ADVANCE AGAINST RESEARCH PROJECT EXPENSES</b>		
Mr. Raysul Naim, Microinsurance, poverty & vulnerability	-	2,960
Dr. S. R. Osmani, Dynamics of Poverty in rural Bangladesh	-	15,000
Mr. Bashir Ahmed, Dynamics of Poverty in rural Bangladesh	-	33,332
Mr. Md. Abdul Khaleque - Building Resilience Climate Change	-	20,000
Ms. Farzana Yeasmin, Long term dynamics of Microcredit Programme-Seminar	-	43,000
	<b>-</b>	<b>114,292</b>
<b>9.2 ADVANCE AGAINST ADMINISTRATIVE EXPENSES</b>		
Mr. Jahir Rayhan, Asst Service Officer	89,200	103,720
Mr. Muktadir Reza, Officer	-	15,226
Ms. Farzana Saeed, Research Associate	-	130,000
Ms. Forkana Begum, Assistant Director G2	-	86,415
Ms. Irshat Ara Binte Eunos, Coordinator (Procurement)	33,012	-
Ms. Shamima Sultana, Assistant Director G2	31,874	-
Mr. Hanif Shikder, Office Worker G2	48,851	-
Mr. SK. Mahmudul Alam, Assistant Director G2	96,890	-
	<b>299,827</b>	<b>335,361</b>
<b>9.3 ADVANCE TAX DEDUCTED AT SOURCE (TDS)</b>		
TDS on bank interest	4,689,283	2,495,258
TDS on others	151,912	125,920
	<b>4,841,195</b>	<b>2,621,178</b>
<b>10 CASH AND CASH EQUIVALENTS</b>		
Cash in hand	2,326	33,068
Cash in hand (Microinsurance pilot project)	-	14,013
Cash balance with bank	10.01	
In Taka	7,723,126	13,392,105
Taka Equivalent to balance in USD	2,201,071	1,953,730
	9,924,197	15,345,835
	<b>9,926,523</b>	<b>15,392,916</b>
<b>10.1 CASH BALANCE WITH BANK</b>		
STD A/C-103 Southeast Bank Limited, Agargaon Branch, Dhaka	7,401,861	7,695,907
STD A/C-226 Southeast Bank Limited, Agargaon Branch, Dhaka	321,266	467,465
Current A/C-011/012 HSBC Ltd, Dhaka	-	5,228,733
FC A/C-124 Southeast Bank Limited, Agargaon Branch, Dhaka (USD Equivalent)	1,675,904	1,953,730
FC A/C-142 Southeast Bank Limited, Agargaon Branch, Dhaka (USD Equivalent)	525,167	-
	<b>9,924,197</b>	<b>15,345,835</b>
<b>11 ACCRUED EXPENSES AND PROVISION</b>		
Accrued salaries and allowances	11.01	6,933,300
Accrued administrative and capital expenses	11.02	2,147,200
Accrued training expenses	11.03	1,598,169
Provision for research expenses	11.04	12,750,359
Provision for knowledge management expenses	11.05	2,256,644
Provision for gratuity	11.06	11,325,206
	<b>37,010,878</b>	<b>37,170,453</b>

### 11.1 ACCRUED SALARIES AND ALLOWANCES

	2014 Taka	2013 Taka
Salaries	1,235,826	896,660
Employees provident fund	-	4,060
Income tax on salary	922,158	397,929
Provision for earned leave encashment	4,775,316	4,594,882
	<b>6,933,300</b>	<b>5,893,531</b>

### 11.2 ACCRUED ADMINISTRATIVE & CAPITAL EXPENSES

Water and sewerage	34,827	16,212
Electricity bill and generators fuel	141,840	83,914
Papers and periodicals	2,757	3,760
Telephone, fax and internet	25,386	14,144
Petrol, oil, gas and lubricant	119,035	82,041
Working lunch	266,254	135,000
Office security services	82,800	75,931
Overtime allowances	57,081	13,726
Audit fees	195,500	218,500
Board meeting	-	86,475
Office rent	-	109,585
Printing and stationary	1,765	8,620
Legal fees	17,250	17,250
Internet & webhosting	98,382	2,070
Car maintenance	44,483	-
Conveyance	1,016	55
Repair & maintenance	22,469	71,700
Tours & travels	-	7,887
Furniture & fixtures	241,720	-
Postage & telegram	920	14,643
Advertisement	-	232,269
Office equipment	423,280	-
Office maintenance	3,110	-
Interior decoration	125,502	-
Office shifting	139,680	-
Employees training- in contry	30,550	-
Renovation work	71,593	-
	<b>2,147,200</b>	<b>1,193,782</b>

### 11.3 ACCRUED TRAINING EXPENSES

MFI's training	-	2,132,545
ToT training	-	144,269
Collaboration with AIT for training	864,294	864,294
Training supervision	-	22,246
Tanzania Training	1,200	-
MRA Training	-	50,260
PKSF Training	57,107	731,630
Certificate course curriculam development	589,800	-
Training centre utility	85,768	-
	<b>1,598,169</b>	<b>3,945,244</b>

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>11.4 PROVISION FOR RESEARCH EXPENSES</b>		
Microinsurance, poverty and vulnerability	325,928	779,853
Access to financial services	5,284,021	3,945,447
Dynamics of poverty in rural Bangladesh	777,650	2,486,665
Social impact of Microfinance on gender norms and behaviours	309	556,662
Effectiveness for ENRICH	2,979,197	-
Position of microcredit receipters and providers in the Sidr and Aila affected areas	2,012,500	3,500,000
Impact of Programmed Initiatives for Monga Eradication (PRIME)	731,904	991,563
Research supervision	-	176,166
Building resilience and climate changes	638,250	328,018
Research Methodology training	600	-
	<b>12,750,359</b>	<b>12,764,374</b>
<b>11.5 PROVISION FOR KNOWLEDGE MANAGEMENT EXPENSES</b>		
Collaboration with AIT for case study, Disclosure in Microfinance Pricing tools	1,380,984	1,380,984
Seminar and workshop	203,467	-
Publication of annual report	241,250	301,000
Research working paper	132,650	7,769
Publication of Theory & practice of Microfinance-Book	-	546,311
Microcredit development fair	-	9,000
Regional dialogue	139,918	-
State of Microfinance in Bangladesh	156,975	-
National internship	1,400	5,367
	<b>2,256,644</b>	<b>2,250,431</b>
<b>11.6 PROVISION FOR GRATUITY</b>		
Balance at 1 July	11,123,091	6,791,271
Addition during the year	3,397,450	4,711,382
Payment during the year	(3,195,335)	(379,562)
Balance at 30 June	<b>11,325,206</b>	<b>11,123,091</b>
<b>12 OTHER LIABILITIES</b>		
VAT deducted at source	263,734	249,053
Income tax deducted at source	127,507	75,437
Security money-suppliers	12,411	12,411
Refundable deposit of contractual staff	88,566	76,567
	<b>492,218</b>	<b>413,468</b>
<b>13 DEFERRED GRANT INCOME FOR ASSETS</b>		
DFID grant	13.01	-
World Vision grant	13.02	-
	<b>25,575,000</b>	<b>28,016,010</b>
<b>13.01 DFID GRANT</b>		
Opening balance	891,010	2,673,031
Addition during the year	-	-
Less: amortization (transfer to income statement)	(891,010)	(1,782,021)
	<b>-</b>	<b>891,010</b>

### 13.02 WORLD VISION GRANT

	2014 Taka	2013 Taka
Opening balance	27,125,000	28,675,000
Addition during the year	-	-
Less: amortization (transfer to income statement)	(270,000)	(270,000)
Less: Transfer to fixed assets fund	(1,280,000)	(1,280,000)
	<b>25,575,000</b>	<b>27,125,000</b>

### 14 GRANT RECEIVED IN ADVANCE

Opening balance	68,282,280	2,243,775
Add: Cash grant received during the year	111,993,345	217,460,849
Add: Bank interest during the year	23,190,183	15,997,919
Add: Exchange difference during the year	(3,236)	(159,214)
	<b>203,462,572</b>	<b>235,543,329</b>
Less: Transfer to Statement of Comprehensive Income for expenditure during the year	(100,480,764)	(142,282,542)
Less: Transfer to Fixed assets fund	(11,010,953)	(463,828)
Less: Transfer to Development fund	(36,114,060)	(24,673,894)
Less: Transfer to Foreign exchange translation reserve	3,236	159,214
	<b>55,860,031</b>	<b>68,282,280</b>

The Grant received in advance balance represents amount of unspent grant and amount of committed for ongoing research project, training and others etc.

#### 14.01 BANK INTEREST

Interest on short term deposits	22,090,933	14,466,734
Interest on STD bank account	1,099,250	1,531,185
	<b>23,190,183</b>	<b>15,997,919</b>

#### 14.02 DEVELOPMENT FUND

##### Income

Contribution for Research	12,404,947	3,677,584
Training fees	3,589,602	7,618,045
Bank interest	23,190,183	15,997,919
Others	342,304	127,320
	<b>39,527,036</b>	<b>27,420,868</b>

##### Expenses

Income tax on salary	2,901,343	2,386,035
Office renovation-cox's bazar	137,808	60,459
Vehicle insurance premium	38,104	44,400
Office security-cox's bazar	335,721	256,080
	<b>3,412,976</b>	<b>2,746,974</b>

<b>Total</b>	<b>3,412,976</b>	<b>2,746,974</b>
<b>Net amount Transfer to development fund</b>	<b>36,114,060</b>	<b>24,673,894</b>

		<b>2014 Taka</b>	<b>2013 Taka</b>
<b>15 FIXED ASSET FUND</b>			
Opening balance		21,247,925	24,845,404
Add: Transfer from Grant received in advance	14	11,010,953	463,828
Add: Transfer from Development fund	16	4,500,000	115,760
Add: Transfer from Deferred grant income	13	1,280,000	1,280,000
		<b>38,038,878</b>	<b>26,704,992</b>
Less: Loss on disposal of assets transfer to Statement of Comprehensive Income		(509,599)	(26,833)
Less: Crockerries derecognition transfer to Statement of Comprehensive Income		-	(146,575)
Less: Depreciation transfer to Statement of Comprehensive Income		(5,081,996)	(5,283,659)
		<b>32,447,282</b>	<b>21,247,925</b>
<b>16 DEVELOPMENT FUND</b>			
Opening balance		117,615,201	88,353,029
Add: Transfer from Grant received in advance	14	36,114,060	24,673,894
Addition during the year		3,245,867	4,704,038
Less: Transfer to Fixed assets fund		(4,500,000)	(115,760)
		<b>152,475,128</b>	<b>117,615,201</b>
<b>17 FOREIGN CURRENCY TRANSLATION RESERVE</b>			
Opening balance		2,083,744	2,242,958
Add: Transfer from Grant in advance	14	(3,236)	(159,214)
		<b>2,080,508</b>	<b>2,083,744</b>
<b>17.01 FOREIGN EXCHANGE GAIN/(LOSS) - UNREALISED</b>			
		<b>US Dollar</b>	<b>US Dollar</b>
Balance at 1 July		25,128	73,457
Foreign currency received during the year		6,765	-
Foreign currency disbursed during the year		(3,540)	(48,329)
		<b>28,353</b>	<b>25,128</b>
Balance at 30 June		<b>Taka</b>	<b>Taka</b>
Balance at 30 June per closing exchange rate		2,201,071	1,953,729
Balance at 30 June per transaction exchange rate		(2,204,307)	(2,112,943)
<b>Foreign exchange gain/(loss)</b>		<b>(3,236)</b>	<b>(159,214)</b>
<b>18 GRANTS</b>			
Transfer from Grant received in advance	14	100,480,764	142,282,542
Add:			
DFID grant amortisation	13.01	891,010	1,782,021
World Vision grant amortisation	13.02	270,000	270,000
Depreciation of fixed assets	15	5,081,997	5,283,659
Loss on disposal of fixed asset loss transfer from Fixed assets fund	15	509,599	26,833
Crockerries derecognition transfer from Fixed assets fund	15	-	146,575
		<b>107,233,370</b>	<b>149,791,630</b>

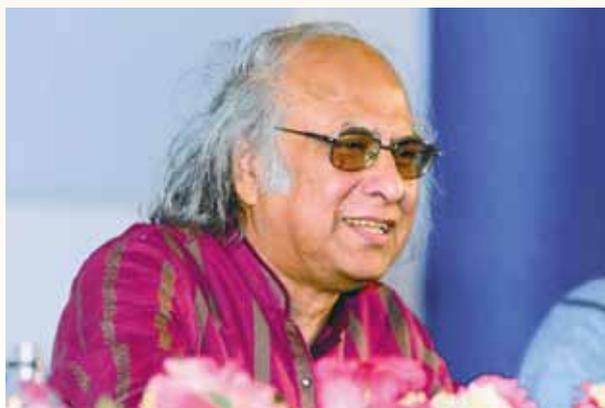
The exact deficit amount between Non-Grant Income and Expenses is financed from the amount of Grant received-in-advance.

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>19 CONTRIBUTION FOR RESEARCH PROJECT</b>		
Fees from Paitent-Microinsurance pilot project	15,462	29,668
Green Delta-Microinsurance pilot project	35,679	22,095
IGES Japan-Building Resilience and Climate change	1,375,623	765,300
Impact of PRIME and Overlapping research project	10,313,183	2,860,521
Training of Research Methodology	665,000	-
	<b>12,404,947</b>	<b>3,677,584</b>
<b>20 TRAINING FEES</b>		
Training fees for training to MFI's/NGO's personnel	3,589,602	7,618,045
	<b>3,589,602</b>	<b>7,618,045</b>
<b>21 OTHERS</b>		
Sale of Microfinance statistics	-	500
Sale proceed from others	230,671	3,252
Compensation and penalty	66,633	58,393
Miscellaneous	45,000	65,175
	<b>342,304</b>	<b>127,320</b>
<b>22 RESEARCH EXPENSES</b>		
Dynamics of poverty in rural Bangladesh (Microfinance & poverty)	11,804,523	7,361,463
Access to financial services	7,060,586	5,340,281
Microinsurance, poverty and vulnerability	2,044,627	16,715,570
Research proposal and report review and supervision	40,000	2,901,720
Microfinance institutions in Bangladesh, performance, problem & prospects	-	667,329
Long term dynamic of Microcredit programmes in Bangladesh	-	528,035
Social impact of Microfinance on gender norms and behaviours	-	2,281,056
Effectiveness for PRIME	-	696,749
Position of microcredit receipt and providers in the sidr and aila affected areas	525,000	8,068,730
Prime south- western	-	9,977
Impact of Programmed Initiatives for Monga Eradication (PRIME)	9,786,074	5,020,360
Impact of MRA Regulations	-	835,811
Building resilience and climate changes	816,070	1,010,183
Supply side research	-	53,227
Research methodology training	646,462	-
Effectiveness for ENRICH	4,576,037	-
	<b>37,299,379</b>	<b>51,490,491</b>
<b>23 TRAINING EXPENSES</b>		
Training to MFI personnel	3,216,930	27,966,056
TOT training	583,421	132,299
Training monitoring and supervision	398,598	812,287
Certificate Course	1,970,723	-
Training centre rent and utilities etc	2,228,319	-
Materils for Participants accomodation	241,086	-
Collaboration with AIT for training	-	101,155
Training to International MFI	412,572	1,238,701
TOT course on JICA	-	90,575
	<b>9,051,649</b>	<b>30,341,073</b>

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>24 KNOWLEDGE MANAGEMENT EXPENSES</b>		
Publication of Microfinance statistic	-	1,059,478
Publication of annual report	241,250	583,880
Development and Microfinance -talk show	-	1,663,167
Collaboration with AIT for case study, Disclosure in Microfinance Pricing tools	-	879,805
Publication of research policy and working paper	372,316	373,513
Other advocacy and greetings card	55,055	147,599
Financial inclusion	-	1,848,398
Exposure visit and knowledge sharing	30,088	333,676
State of microfinance in Bangladesh	241,500	-
Microfinance development fair	-	203,005
National seminar and other seminar & workshop	3,903,365	176,515
International seminar and workshop	211,406	640,242
Regional dialogue	1,623,590	220,282
Publication for research books	-	259,759
Publication of Theory and practice of Microfinance-book	-	1,099,098
Documentary Films	-	12,480
Publication of research brief	-	52,000
Strategic plan review meeting	224,354	-
National internship	63,219	239,297
International internship	-	207,097
Online journal subscription	453,524	377,208
	<b>7,419,667</b>	<b>10,376,499</b>
<b>25 SALARIES AND ALLOWANCES</b>		
Salaries	34,779,806	32,125,954
Festival Bonus	2,994,641	2,268,683
Employer contribuiton in Provident fund	1,789,474	1,687,630
Income tax on salary	2,901,343	2,386,035
Provision for earned leave encashment	1,532,663	4,721,488
Provision for Gratuity	3,395,417	4,711,382
	<b>47,393,344</b>	<b>47,901,172</b>
<b>26 ADMINISTRATIVE EXPENSES</b>		
Office rent	4,695,414	4,757,124
Office cleaning services	178,937	-
Water and sewerage	193,631	161,023
Electricity and generator	780,302	701,496
Printing and stationary	597,812	661,852
Postage and telegrams	47,195	68,820
Papers and periodicals	57,544	70,378
Telephone, fax and mobile bill	204,728	158,730
Working lunch	652,921	647,043
Entertainment	183,814	92,333
Conveyance	47,755	37,055
Advertisement	538,364	376,806
Consultancy fees	126,500	-
Petrol, oil, gas and lubricant	971,034	850,185
Car maintenance	890,917	854,076
Repair and maintenance	719,378	573,082
Insurance premium on vehicles	48,461	57,926
Overtime allowances	236,381	98,603
Board meeting expenses	279,276	263,858
Office security services	822,082	858,843
Audit fee	195,500	195,500
Software maintenance	18,750	13,980

	<b>2014 Taka</b>	<b>2013 Taka</b>
Recruitment expenses	305,035	104,264
Employees insurance premium	556,877	589,857
Tours and travels	107,345	120,573
Meeting expenses	117,055	70,755
Computer accessories	167,469	156,850
Staff uniform	97,190	49,290
Office renovation	137,808	60,459
Internet & webhosting	421,532	430,954
Legal & registration charge	80,024	69,050
Loss on disposal of fixed assets	509,599	26,833
Revenue stamp	3,962	3,856
Financial management review	-	597,742
Crockerries	80,928	146,575
Office shifting	976,471	-
Employee training- In country	267,154	-
	<b>16,315,145</b>	<b>13,925,771</b>
<b>27 FINANCIAL EXPENSES</b>		
Bank charges and commission	71,361	65,174
	<b>71,361</b>	<b>65,174</b>
<b>28 DEPRECIATION AND AMORTIZATION</b>		
Depreciation	5,995,048	7,074,771
Amortisation	24,630	39,628
	<b>6,019,678</b>	<b>7,114,399</b>

# ANNEX 1



## SPEECH BY THE CHAIRMAN

**10<sup>th</sup> ANNUAL GENERAL MEETING (AGM)**  
27 December 2015.

Honourable Members of the Board of Directors of Institute of Microfinance (InM),

I wholeheartedly welcome you all in the 10th Annual General Meeting of Institute of Microfinance (InM). Let me mention that 27 December 2015 is a memorable day in the history of InM since on this day in the year 2006, InM officially started its journey towards achieving some special goals in the field of socio-economic development of the country. Institute has achieved majority of its targets during the past one decade and has drawn an end to its journey with holding of the 10th Annual General Meeting with the Board of Directors on 27 December 2015. It will now be renamed as 'Institute for Inclusive Finance and Development' and will start another journey from 1 January 2016.

I suggested renaming it as 'Institute for Inclusive Finance and Development' on the first I took the responsibilities as the Chairman of InM. Earlier, the research activities of the Institute focused on the theoretical aspects of microfinance and on reviewing their programmes. The fields of research activities of the Institute were expanded later on to overall financing, reviewing its effect, impact of climate change, inclusive finance and so on. So, renaming of the Institute of Microfinance became an imperative to cover its various activities in the field of socioeconomic development of the country.

A proposal of renaming the Institute of Microfinance was placed in the 25th meeting of the Board of Directors held on 19 November 2013, as I personally considered it necessary in helping the expansion of its

activities. The issue of renaming the Institute of Microfinance was finalised in the 36th meeting of the Board of Directors held on 28 June 2015 and it was renamed as 'Institute for Inclusive Finance and Development' with 'InM' as its acronym. The word 'InM', acronym of the Institute of Microfinance has already gained enormous familiarity both at home and abroad and is now considered as a brand name. It was considered necessary to keep the 'InM' as the acronym of the 'Institute for Inclusive Finance and Development'; so that people can understand that, the Institute of Microfinance is renamed as the 'Institute for Inclusive Finance and Development' in order to carry on the activities of InM in more improved and sophisticated way. The new name was approved in the 4th Additional Meeting of the Board of Directors held on 25 October 2015, in accordance with the rules.

The 'Institute for Inclusive Finance and Development' will formally start its functioning from 1 January 2016. I believe, this new venture will make the activities of the 'Institute for Inclusive Finance and Development' more expanded and successful.

After taking the responsibilities as the Chairman of the InM, I took some expedient measures in 2013 to make the Institute more dynamic. I took some steps to change its structure and targets relating to research, knowledge management, education and training in order to come out of the stereotyped activities of the Institute. I believe that these steps have been able to add dynamism in the activities of the Institute.

The Following Information will reveal the facts:

Section wise achievement	2007-2012 (5 years)	2013-2015 (3 years)
Research		
Project-completed	25	27
Project-on going	07	06
Knowledge Management		
Publication of working papers	13	32
Publication of books	02	01
Other publication	31	12
Seminar/Workshop/Conference	47	29
Training		
Direct training	548	3,420
Training by service providers	12,468	571
Education		
Diploma in Microfinance		66
Certificate Course		622
Current enrollment in Diploma		46

The overall achievements of InM in the past years are undeniable and this credit goes to all, especially those who are associated with the Institute. In particular, I thank Professor Baqui Khalily, Executive Director of the InM for his all out cooperation with me. The steps taken by him in accordance with my advice has been able to lead the InM to walk along this long way. I would like to mention here that, the renowned economist and researcher of the country, Dr. Mustafa K Mujeri will join as the Executive Director of the 'Institute for Inclusive Finance and Development'. I hope that the Institute will be able to retain its past reputation under the new and dynamic leadership of Dr. Mujeri.

I would now like to switch over to the main topic of my discussion regarding the activities of the InM. Let's start with research activities. Although, the research programme was initially started with microfinance, its scope was expanded to many areas. InM has so far taken many research projects and completed those successfully. These researches have highly been praised by academicians, practitioners and policy makers. InM has so far taken 59 research projects and among them, it has completed 52. Through having a glance to these research projects, it can be realized that InM expanded its research programme to various fields, other than microfinance.

**During the year 2015, InM completed the following research projects:**

1. Access to Financial Services in Bangladesh: Phase- II
2. Effectiveness of PRIME Interventions in the South Western Region
3. Effectiveness of PRIME Interventions in the North
4. Contribution of Microfinance to GDP
5. Dynamics of Overlapping in the Microcredit Sector of Bangladesh
6. Investigating the potential of Social Capital of MF Borrowers and Housing Improvement of the Urban Poor
7. Assessing Return on Investment and Debt-Equity Mix of IGAs and Microenterprises Financed by MFIs in Bangladesh
8. The Role of Microfinance and Microfinance Institutions in Climate Change Adaptation: Learning from Experience in Bangladesh
9. Loss and Damage Caused by Cyclones SIDR, Aila and Mahasen: Coping Strategies, Adaptation and the Role of Microfinance
10. Models of Microcredit Delivery and Social Norms

11. The Impact of Microcredit on Rural Labour Market in Bangladesh
12. Impact of Remittances on Poverty: Policy Implications for MFIs
13. Does Regulation Cause Mission Drift?
14. Relationship between Capital Structure and Performance: Evidence from Microfinance Institutions
15. Relationship between Governance Structure Performance of MFIs in Bangladesh
16. Financial Literacy in Bangladesh and its Impact on Financial Inclusion
17. Poverty Dynamics in Rural Bangladesh: Phase-II
18. Impact of Microcredit on Rural Income Distribution
19. Mid-Term Evaluation of the Effectiveness of ENRICH Programme at the Household Level in 21 Unions of Bangladesh
20. Assessing Risks, Resilience, and Adaptation Strategies in Chittagong Hill Tracts
21. Effect of Boards on Performance of Microfinance Institutions

Among these research projects, the first project was a flagship one which was widely discussed and praised by the academicians, practitioners and policy makers. The 2nd and 3rd research projects were series projects of the InM under the PRIME of PKSF, through which PKSF extended its cooperation towards InM.

**The following are the ongoing research projects of InM:**

1. Impact of microcredit on occupational change, asset formation and education
2. Effectiveness of PRIME interventions in the North: Round 7
3. Long-run cost efficiency of microfinance institutions in Bangladesh
4. Impact of ENRICH programme
5. Impact assessment study of the FKQ rehabilitation and livelihood programme and implementing NGOs
6. An exploratory study on female agriculture wages labourers in rural Bangladesh

The DFID, the only development partner of InM, will close its financing from 31 December 2015, and the institution is trying to collect funds through its different research projects. An IDB project titled “Impact Assessment Study of “FaelKhairWaqf (FKW) for Rehabilitation and Livelihood Programme and Implementing NGOs” was taken as a part of this activity. An agreement will be signed soon under the DFID’s Business for the Poor Project to conduct research on “Diagnostic of Micro-Enterprise Lending by MFIs in Bangladesh”. I believe InM will move forwards taking similar type of research projects which will contribute towards its sustainability.

I would like to draw special attention on the area and dimension of the activities of Knowledge Management division. The year 2015 will be specially marked for some mentionable seminars and workshops arranged by the Knowledge Management division. It is needless to mention that this small division is performing quite well all through the previous years. I appreciate the enthusiasm and dedication of the team members of this division.

For spreading the knowledge gained by different researches, Knowledge Management division arranged the following seminars/workshops during the year 2015:

1. Workshop with Indian Delegates, 19 January 2015.
2. Seminar on Financial Exclusion, Poverty and Destitution, 17 May 2015.
3. Seminar on Managing Forests and Trees for Climate Change Mitigation and Adaptation, 08 June 2015.
4. Workshop on National Budget, 14 June 2015.
5. Seminar on Microcredit and Rural Labour Market, 08 July 2015.
6. National Convention on Inclusive Finance in Bangladesh, 18-19 August, 2015.
7. National Conference on Pathways Out of Extreme Poverty in Bangladesh: The Experience from PRIME, 17 September 2015.
8. National Seminar on Climate Change Adaptation at Community Level: The Role of MFIs, 15 November 2015.
9. Inclusive Finance for Climate Change Management, 27 November 2015.

The seminar on 27 November 2015 was the part of the ongoing collaboration of InM with the Institute of Global Environment Strategies (IGES) of Japan. InM and IGES jointly conducted researches on climate change during the last several years. Dr. Henry Scheyvens, Director of IGES and Professor Hujee Kajoto, the visiting Senior Adviser of JICA visited InM. They also attended the seminar as special guests.

I personally think over the adverse effect of climate change and feel that there are lots of scope and opportunity to work in this arena. All of us should remain alert about the adverse effects in the context of climate change and global warming. Bangladesh is one of the countries which are likely to be badly affected by climate change. The purpose of the seminar was to prepare future guidelines on climate change adaptation linking it to overall economic conditions. Despite having different limitations, the microfinance sector is playing a pivotal role in poverty alleviation and social development. Suggestions also came out from the seminar by way of discussions on the role of the microfinance institutions in view of the present situation, and for overcoming the limitations.

Based on information collected from microcredit borrowers and senior officers of MFIs through exchange meetings held at the division and regional levels, a list was prepared identifying various needs of the sector. Highlighted case studies were also compiled region wise by the KnM division. Later on, InM, MRA and PKSf jointly arranged a National Conference on "Towards Poverty Alleviation and Social Development: The Role of MFIs" held on 18-19 October 2014. The purpose of this conference was to discuss the role of MFIs in poverty alleviation and social development.

MFIs have been playing a major role in poverty alleviation and social development over the last 30 years despite having different limitations and challenges. During this period, structural changes have occurred in the microcredit sector-the volume of loan has increased and competition has also deepened. The sector has come under an organised regulatory body. The subjects relating to future activities of MFIs in view of present demands came out from the conference. Six books which were published based on six regions, incorporating the important information as case studies were distributed among those who attended the conference.

Although InM started its training programmes in 2009, the trainings were organised initially by the service providers and InM completed many training programmes in this manner. But I felt the necessity of InM to organise its training programmes directly by itself

in order to realize the positive effect of training. So, I advised for taking a big step in this regard. Accordingly, a training centre was set up in 2013 and the field of training was also expanded. InM started its training programmes in its own training centre from 22 November 2013, with a view to develop manpower in the microfinance and development sector, and this will also generate substantial revenue for the Institute.

The PKSf and MRA also joined InM for conducting regular training programmes. InM has so far trained up 17,007 persons since its inception and 1,566 persons in 2015 alone. On the other hand, InM expanded its training programmes abroad. As part of this, a group of microfinance stakeholders from Tanzania received training from InM. Later, the institute sent its trainers to Tanzania, who conducted training for two batches of Tanzanians microfinance practitioners. InM also signed a Memorandum of Understanding (MoU) with the Frankfurt School of Business and Management for conducting training. It has been working with two organisations of China for a long time and many other countries have shown interest to work jointly with InM. I hope, this development in the field of training will continue in the future as more emphasis is given to training.

On the other hand, educational programme is a major milestone of InM. It started its Certificate/ Diploma Course formally from 03 January 2015 and 32 students of the 1st batch completed the course successfully. Their certificate giving ceremony was held on 19 August 2015. The Diploma course of InM covers 6 certificate courses and a term paper. A student needs to complete the Diploma containing 21 credit hours in 12 weeks, of which each certificate course contains 3 credit hours and the term paper has 3 credit hours. There is no denying that this sector needs new, efficient and meritorious personnel to cope with its development phase. InM hopes that its Certificate/Diploma Courses through integrated efforts will be able to create efficient manpower for sustainable poverty alleviation. InM has a 13-member Academic Committee to over-see Certificate/ Diploma courses.

Meanwhile, 32 students of the 2nd batch have successfully completed their course and 24 students of 3rd batch have reached the fag-end of their course. Hopefully, these courses of InM will play a pivotal role in making the financial sector of Bangladesh stronger. InM is considering to start Diploma and Masters Courses in Inclusive Finance through expanding and changing its course module, which has been approved by the Board of Directors in its 37th meeting held on 20 September 2015. As per the decision, this course may be conducted with affiliation between InM and the

University of Dhaka and a 9-member Steering Committee has been formed for preparing the course curriculum. I hope that this committee will lead InM to reach its desired goal. I think it pertinent that, educational programmes and training on regional basis will receive priority by the InM in the next phase. I believe, we shall have ample opportunities to think and work on the issue.

InM will be able to reach towards sustainable development significantly through income generation, capacity building, researches, training and education programmes. It is hoped that InM will pay due attention to increasing internal efficiency of its officials under new leadership, to attain sustainable development. Presently, InM has Tk. 20 crore in its development fund and needs at least Tk. 50 crore more for running its function with its own finance from January 2016. There are ample scopes of taking prompt action in this regard. It is now going ahead for collecting projects from all branches. Meanwhile, it is trying to have funds through a government project of 5-year term, which will include an office building. InM will be housed permanently, if we are able to manage the fund properly.

On the other hand, Professor Hujee Kajoto, the visiting Senior Adviser of JICA, Japan, is also trying to arrange funds for InM, as a part of its global relationship. Hopefully, this relationship will grow stronger in future with some positive aspect. Moreover, global bodies like USAID also fund projects relating to climate change from which InM should try to benefit. An organisation based on research and training cannot run with its own funds only. The dream that induced PKSf to work for InM from the very beginning should be continued by PKSf for financing InM regularly. In one sense, it is included in the responsibilities of PKSf. I believe, PKSf

will take suitable steps in order to drive its dream forward, and we shall be able to find InM as a strong organisation within next few years.

Bangladesh is now rapidly moving towards becoming the model of developing country in the eyes of the world and I would like to thank the government for it. The touch of this progress will brighten the image of the InM, for which I also thank PKSf specially for its role and cooperation as an eternal development partner of InM. I strongly believe that the cooperation and support from PKSf will act as a beacon in the journey of InM towards progress. My thanks also go to the members of Board of Directors and to the general members, who continue their cooperation in all activities of InM. I thank DFID and PROSPER for their praiseworthy role of cooperation so far extended to InM. At the same time, I praise MRA for its role in development of InM. The development and progress of InM got momentum because of their active cooperation and support. Above all, my wholehearted thanks and felicitations go to all InM officials and staff for their dedicated performance. I remember all, who have left us and who are still working, as their sincere efforts have led InM to its present prestigious position.

I believe, if we all work together to make InM a successful and active organisation, it will be able to play a fundamental role in poverty alleviation, both in national and international arena.

Before I stop, I wish 2016 to be a successful year to InM and bring happiness to all. Good wishes to everybody!

**Qazi Kholiquzzaman Ahmad**





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