

## **Report On**

# **Regional Dialogue with the Microfinance Institutions (MFIs) of Chittagong Division**

**24 February 2010, Wednesday  
Venue: BRAC Training and Resource Center (BRAC TARC),  
Chittagong**

**Organized by:**



**Institute of Microfinance (InM)**

*This report has been prepared on the basis of the recorded deliberations of the participants attended in the dialogue organized by the Institute of Microfinance (InM). This report would be used for developing further action policy and formulating plan in increasing cooperation and collaboration with MFIs to strengthen microfinance sector for accelerated poverty reduction.*

*Comments and suggestions can be sent to the Executive Director at [edinm@inm.org.bd](mailto:edinm@inm.org.bd) or [info@inm.org.bd](mailto:info@inm.org.bd)*

## **Acknowledgement**

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Institute of Microfinance (InM) planned to organize 6 regional dialogues with the Microfinance Institutions (MFIs) in 6 divisions. In this regard, InM organized a day long dialogue with the MFIs of Chittagong Division on 24 February 2010 at BRAC TARC, Chittagong. In order to accomplish an efficient, well motivated and skilled workforce for MFIs, InM believes such dialogues will create opportunities to overcome any difficulties for policy making and reaching its actual goal. InM firmly believes that a nationwide collaboration among the MFIs will strengthen the microfinance sector of Bangladesh. To understand the current state of the sector in the greater Chittagong Division, the dialogue can bring out the possible ways of minimizing the weaknesses and threats of the region.

I want to thank BRAC TARC to allow InM in organizing a successful dialogue at their venue at Chittagong. I am also grateful to all microfinance institutions and journalists who participated in the dialogue and made it fruitful. I truly acknowledge their presence and valuable comments in this regard. I would also like to mention that as due to some unavoidable circumstances the MFIs from Chittagong Hill Tracts could not participate in the training, InM has plan to arrange another dialogue in April 2010 in Cox's Bazaar for them.

I would like to thank Professor M. A. Baqui Khalily, the first and former Executive Director of InM, for providing his valuable inputs in the discussions. I would also like to thank Mr. Abdul Hye Mridha, Deputy Director (T & Admin.), InM and the training team and all other staffs of InM for their dedicated efforts and devotions in organizing the dialogue successfully.

Any suggestion from any individual or organization, regarding this report, will be highly appreciated.

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Dr. Md. Mosleh Uddin Sadeque  
Acting Executive Director  
Institute of Microfinance (InM)

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## **1.0 INTRODUCTION**

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Institute of Microfinance (InM) has dedicated a part of its endeavor in providing training to microfinance institutions (MFIs) in Bangladesh. This operation is continuously being undertaken to accomplish an efficient, well-motivated and skilled workforce for MFIs. However, there are always questions of policy making and roadmap towards the objective. Hence, the institute is arranging dialogues with representatives of microfinance institutions in a regular manner, to discover an efficient and strong microfinance action. The seminar entitled “Regional Dialogue with MFIs” of Chittagong Division was held in the BRAC Training and Resource Center (BRAC TARC) at Kazir Dewri, in Chittagong, organized by the Institute of Microfinance (InM). This was the third of total six divisional dialogues to be organized by InM to directly interact with the MFIs and understand their needs, problems, challenges being experienced at the grassroots level. Two such programs have already been taken place for Rajshahi and Khulna regions, in Bogra and Jessore districts respectively. Over a hundred of top management members from around 95 microfinance institutions were present on that occasion.

## **2.0 OBJECTIVES OF THE DIALOGUE**

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- 1) To facilitate cross-learning between InM and Microfinance practitioners at the regional level.
- 2) To understand the current state of the microfinance sector in the greater Chittagong Division.
- 3) To assess the strengths, weaknesses, opportunities and threats of microfinance institutions and exploring possible ways to minimize weaknesses and threats.
- 4) To specify the needs and demands, and suggestions of MFIs for greater development of the microfinance sector.
- 5) To understand the need and suggestions regarding the proposed training activities of InM.
- 6) To share and exchange views on how InM could support the MFIs vis-à-vis their expectation.

## **3.0 DIALOGUE PROCESS**

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The dialogue was participatory and interactive. A total of 102 participants attended the dialogue from 95 microfinance institutions of Chittagong region, and 22 of them directly took part in the discussion (See Appendix-ii). Dr. M. A. Baqui Khalily, the founding Executive Director, InM and Professor, Department of Finance and Banking, Dhaka University, was present there as Chief Guest. Dr. Md. Mosleh Uddin Sadeque, Executive Director (Acting), InM, chaired the ceremony. Abdul Hye Mridha, Deputy Director (T & Admin.), InM, as the moderator, welcomed and started the seminar thanking everyone present there.

In his opening remark, Dr. Sadeque thanked the working team and organizers from BRAC. He shared InM’s previous experience of regional dialogues to all. He expected to arrange a separate regional dialogue for Chittagong Hill Tracts in near future as the MFIs of that part could not attend the dialogue due to some unavoidable

circumstances. He then introduced InM to the participants. InM was established in 2006 to conduct research and provide quality training for the advancement of microfinance sector in Bangladesh. Palli Karma Sahayak Foundation (PKSF) promoted the institute for giving special importance on this purpose. InM is also responsible to manage obtainable knowledge for the sector. InM wants to know the current situation and problems of the microfinance workers and also seeks solution to those problems for efficient microfinance operations. He concluded his speech thanking all the relevant people for the successful arrangement of the seminar and hoped for a desired result of the dialogue in policy issues.

Service Manager of BRAC TRAC, in his brief admiral note, expressed his acknowledgement to MFI workers and encouraged them to participate in such initiatives to enrich their organizations and the sector. He concluded his speech wishing high prospect for them.

Deputy Director of InM, Mr. Abdul Hye Mridha, demonstrated a power point presentation of the mission, vision and objectives of InM to the participants. It was long awaited step of PKSF establishing such kind of institute to enhance world's understanding and experiences about microfinance. So the regional dialogue has very vital role to play at the grassroots level. Activity of InM mainly centers on research, training and knowledge management. Some key researches from InM were shortly introduced, among which study on *Monga* mitigation was significant and widely discussed. Short notes and graphic presentation on every division of different seminars and workshops were also presented. For instance, the three day-long seminar on interest rate and transparency was very successful one. He then proposed several areas of training which will be very beneficial for the microfinance sector as a whole. Hence, InM always welcomes and appreciates any new idea or expression of need from MFI officials and other stakeholders for the development of its training modules and materials. Training provided by InM is planned to involve a training expert committee with both national and international scholars and specialists. Training of Trainers (ToT) program is been continuously conducted to create trainers who can train at field level in the second round. So the benefit of InM's effort rises in a multiplicative way. Partnership with MFIs will essentially depend on efficiency, quality, quantity and geographical outreach of MFIs.

The Acting ED, InM, also informed the participants that the training program at InM is highly subsidized. He requested all for any kind of comments, suggestions for the improvements of the training programs as well as for the betterment of the sector.

After the presentation all the participants introduced themselves stating their names, organizations and districts to others.

In the following open floor session, participants from different MFIs delivered their speeches. This report presents an account of the discussion in detail that took place in the dialogue sessions and then identifies a summary with key policy suggestions.

## 4.0 CRITICAL ISSUES DISCUSSED

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### 1. Regulations from Microcredit Regulatory Authority (MRA)

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*Ms. Yeasmin Parvin, ED, Jugantor SUS*

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*Mr. Palash Chowdhury, Director (Finance), YPSA*

*Mr. Abu Taher Rony, Chief Coordinator, Holudia Mohila Unnayan Sangstha*

*Mr. Md. Mamataj Uddin, Director, Chandpur DPOD*

It is high time to consider policies that Microcredit Regulatory Authority (MRA) follows. MRA, established in 2006, recommends high solvency conditions to disburse the license of microfinance operation, for example, at least 1000 members or out-shedding of at least 4 million Takas. These rules, along with unavailability of economical fund, stand against the pressure on MFIs for lowering interest rate in lending to the poor. Moreover, renewal of that license costs 20 thousand takas each year. MFIs that did not get that license are decreed to shut down by one month, which is practically not conductible. Accounting binding should stay for regulation and security issues, but should not exist in a way that questions like “Is MRA boon or bane for the growth of microfinance industry?” often arises.

### 2. Splitting up Training Topics According to Trainees’ Need

**Contributors:**

*Mr. S. M. Shaheen, Shapla Manabik unnayan Sangstha*

*Mr. Quaid-E-Azam, CE, AWAC*

Institutions offering microfinance generally provide training to their staff on any topic that matches their interest. There is no standard method and curriculum of training courses for all kind of microfinance employees. Hence, training should be provided beyond the company-specific narrow scope, which will be suitable for all microfinance institutions and acceptable as well. Furthermore, training subjects should be divided according to the demand for it. So that, any microfinance employee can take preferred and/or necessary course from this variety. This system will be more cost-efficient and object oriented. In addition, considering the regional difference and developing proper training schedule are also important. A training highly demanded in a specific district in Bangladesh may not be similarly useful at another corner of the country. Again, overlapping of training schedules of InM and PKSf is not desired.

### **3. Convenient Access to Commercial Banks**

**Contributors:**

*Mr. Sultan Mohammad Yousuf, ED, Grameen Unnayan Sangstha*

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MFIs often suffer from fund crisis. Due to the lesser volume of operations, small microfinance enterprises are more vulnerable to this situation and consequences. These MFIs are recommended to maintain a strong financial position, as per regulations. But they simultaneously face tough competition to raise their endowment for business. It would be more helpful if the access to commercial banks could be easier in a convenient interest rate. A low interest rate like PKSF's (*Palli Karma Sahayak Foundation*) might provide support on this purpose. An interest rate not exceeding 5 percent is expected. Nonetheless, PKSF has its own limitations and regulations in reaching and supporting a great deal of MFIs. Softening regulations will be beneficial for them, especially for smaller ones.

### **4. Revising Training Fees**

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*Mr. Sultan Mohammad Yousuf, ED, Grameen Unnayan Sangstha*

*Mr. Md. Jaynul Alam, ED, Gana Kalyan Kendra*

*Mr. Palash Chowdhury, Director (Finance), YPSA*

Large microfinance institutes can provide training to their staffs when necessary. But not every institution is that fortunate. In fact, small MFIs need practical training more as they are more sensitive to any kind of operational failure. Furthermore, when their workers acquire experience and skill from learning-by-doing, they switch out to the large MFIs. For these reasons mentioned above, training provided by InM is expected to offer a charge that is affordable to most of the MFIs. It was further pointed out that this training has a huge positive externality on social welfare. Hence, training quality should level at an acceptable standard, and training cost should be reasonable, non-commercial as well.

### **5. Possible Scope of Study on Microfinance**

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From its inception in 2006, InM is continuously conducting various studies on microfinance, poverty and development issues. However, there are some additional sectors that can be quite interesting to inspect. For instance, more investigation is required about the market linkage of MFIs. The systematic and operational difference between urban and rural microfinance can also be a good area for policy implication. Both the demand side and supply side of microfinance are attention-grabbing. InM should put more emphasize on the ex-post analysis of microfinance,

that is, how people are getting better-off from the financing and how to improve the utilization of the same. In addition, there are several lagged-behind groups in the society that require extra attentions. For example, research centering disabled and handicapped people is essential for overall societal development.

## **6. New Dimensions in Training**

### **Contributors:**

*Mr. Quaid-E-Azam, CE, AWAC*

*Mr. Mizanur Rahman, GM, Banoful SWO*

*Mr. A. Y. Hasan, Coordinator, IDF*

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*Mr. Saraj Kanti Das, Chairman, Barnaly*

*Mr. Saurav Barua, CE, Songshoptaque*

InM can be appreciated for its foremost step towards the efficient microfinance sector. It has been providing the MFI employees with long-awaited necessary training courses. However, the activity should not be confined in this contracted dimension, and is subjected to be extended to numerous possible modules. A training course for overall monitoring of an MFI might be a good example. For those who want to start a microfinance institute, InM can help them instructing the procedure and maneuver. It can also counsel them about the prevailing rules and regulations. It is not always necessary to offer training focusing microfinance only; rather, other capacity development issues can be well-considered. The ever growing microfinance sector in the globe requires erudite personnel to function properly. This rising demand cannot be meet only through training courses. So, academic degrees on microfinance should be take place in higher education system. InM can come forth to fill the gap. In general training courses, it must specify in every module that who should take the specific training and what will be taught therein. Whatever InM's strategy is on this purpose; is expected to be rapid to cope up with the global dynamics.

## **7. Lowering Barriers to Entry for MFIs**

### **Contributors:**

*Mr. Md. Jaynul Alam, ED, Gana Kalyan Kendra*

*Mr. Mong thaui Mroye, ED, Nari Unnayan Kendra*

The failure of conventional banking system to reach the poor and vulnerable part of the society resulted invention of MFIs. An MFI has its own comparative advantage in meeting the demand from poor with microfinance. Therefore, MFIs should not be unjustifiably treated as a substitute of conventional commercial banks. Numerous studies have proven that microfinance is generally welfare enhancing for the poor. Nonetheless, MFI sector in Bangladesh is day by day becoming more difficult to enter in. Although the motive behind this is to control quality of service and to concern for security issues, it is also true that, a wide range of people is still out of access to microfinance. Hence,



setting barriers to entry to the microfinance sector is subject for reconsideration, of course, with proper cost-benefit analysis.

## **8. Lowering Interest Rates**

### **Contributors:**

*Mr. Md. Jaynul Alam, ED, Gana Kalyan Kendra*

A large financing company like a commercial bank has greater endowment, and thereby larger loan sanctioning capacity compared to that of small microfinance institutions. That is, a commercial bank can accomplish a lucrative return even by charging very low rate of interest due to its vast financing amount. On the other hand, microfinance institutions have to charge a high rate of interest to obtain a break-even scale of spread in order to survive. Forcing these institutions to decrease their financing interest rates will eventually lead to the failure in supporting their administrative system, or even worse, failure in their survival.

## **9. Clearly Defining the Relationship between InM & MFI**

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Institute of Microfinance (InM) is still unfamiliar among many MFIs. A number of microfinance institutions have yet to be introduced to this, with a clear definition of relationship between InM and MFIs, InM can play a role of a spokesman for the relevant sector. It can pioneer the advocacy for all MFIs. In addition, it will maintain a liaison among MFIs, government and governmental organizations, donors and other stakeholders. InM can take the responsibility of consultation with Palli Karma Sahayak Foundation (PKSF), Microcredit Regulatory Authority (MRA) and national-international policy makers for the development of MFIs. It should also focus the importance and success of microfinance in poverty eradication through disseminating results of conducted researches.

## **10. Making Universal Comprehension**

### **Contributors:**

*Mr. Md. Jaynul Alam, ED, Gana Kalyan Kendra*

*Mr. Palash Chowdhury, Director (Finance), YPSA*

MFIs in different parts of Bangladesh are hiring local workers in operation. Staffs recruited for MFI functioning are, in most cases, not from strong academic background. The wide range of clients from grass-root level is not well-educated either. Hence, InM is requested to bring out and disseminate all kind of its publications using Bengali, so

that the comprehension and information of microfinance in every stage of the system become universal and user-friendly.

## **11. Restructuring MFIs**

### **Contributors:**

*Mr. Bibhuti Ranjon Das, ED, Agro Jatra*  
*Mr. Md. Najrul Islam Manna, C. Ex, PARC*

Persistent increase in the number of microfinance institutions is upholding the necessity of legal formation and clear rules for them. The structure of MFI, its administrative body, formation of executive committee and its capability, mode of operations etc. must be taken under definite standardized composition to avoid complex and heterogeneous system in this sector. Moreover, an unambiguous identification of activities of finance body and credit body of an MFI is also noteworthy.

## **12. Legal Framework**

### **Contributors:**

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Palli Karma Sayahak Foundation (PKSF) supports microfinance program of its partner organizations (POs) in a variety of villages, which plays a significant role in improving their performance. Nevertheless, PKSF must define the number of its partner its POs operating in the same village so that their positions and performance can be clearly assessed. It is experienced that some MFIs, leaving their respective areas undersupplied, expand their operations to other villages in pursuit of occupying the market from other MFIs.

Performance and coverage of MFI in its own area should be a prerequisite before business expansion. Regulators should consider financial sustainability of MFI, not the size of operations, so that small MFIs can have an equitable level while implementing its operations. It is worth mentioning that, PKSF have maintained strict regulation and higher regulatory charge compared to other NGOs. Social welfare institutes and MFIs cannot be treated alike, because social welfare institutions are not commercial. Hence, each NGO, or more precisely, MFI should accurately describe its area of performance and interest. However, audit rules for MFIs will have to be more user-friendly and easily understandable.

### **13. Discount Provision of Loans under Humane Consideration**

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Higher regulatory authorities often impose pressure on successful reimbursement of loans. But unlike commercial banks, microfinance institutes should be specially considered in some debt default cases. For instance, discount provision of loans can be treated under humane consideration. The aforementioned issue is a commonplace, because MFI clients are mainly very poor and often face natural and/or social calamities. In addition, loan consideration for disabled or special scheme for them.

### **14. Large vs. Small MFIs**

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There is a prolonged experience of discrimination between large and small MFIs. Large NGOs mainly dominates the market and use their influence on the authority while violating rules and regulations. Rules and regulations should be strictly implemented for both large and small MFIs in an equitable manner. Sometimes, it is found that, large MFIs take over the market of small MFIs using aggressive approach. Thus the market is spoilt and inefficiency occurs, because small MFIs have more perfect local information. Hence it is expected from InM that it will help to break the monopoly of large MFIs and will stand to save small microfinance institutions for the sake of establishing a perfect competitive microfinance industry, which will eventually benefit the poor and the microfinance sector. It is unfortunate that there is a few, or if worse, no initiative for closing the distance between large and small MFIs. This can be made possible if large NGOs attend at regional dialogue so that small NGOs can directly exchange opinion with them.

### **15. Training for Beneficiaries**

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*Mr. Palash Chowdhury, Director (Finance), YPSA*

In many cases, microfinance failed to achieve the desired outcome of empowering poor borrowers financially. This is because those borrowers could not use the financing efficiently in productive investment. Hence, developing the capacity of targeted group requires training that carries no less importance compared to the training provided to MFI workers. In this way, they can properly utilize the credit and eventually will emancipate from the vicious cycle of

poverty. If InM trains MFI employees in the first round, training for the capacity building of benefited group can be provided through MFI personnel on second round. In addition, technical assistance can be given to credit taker group so that micro entrepreneurship will flourish.

#### **16. Negative Attitude towards MFIs**

**Contributors:**

*Mr. Saraj Kanti Das, Chairman, Barnaly*

Media and government personnel sometimes spread careless comments and rumor about microfinance institutes which create fear among the people. Often it is found in media coverage that they blame the microfinance institutes for towering interest rates and aggressive reimbursement procedure from the poor. But these systems are essential for the sustainability of the sector. On the contrary, there is a rare collection of stories that publicize success of microfinance, though in practice, successes surpass failures. Moreover, there is ruthless negative attitude towards microfinance institutions in government offices. Officials at these offices behave inappropriately and do not cooperate often due to this attitude of negligence to the microfinance sector. The microfinance practitioners are the victim of this attitude even though they do not know reasons behind this.

#### **17. No Co-ordination among MFIs Prevents Integrated Development of the Industry**

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*Mr. Asaduzzaman Chowdhury, ED, GEIM*

Level of association and collaboration is low among the MFIs. Lack of coordinated effort has been one major problem why the sector is yet not integrated despite its large size. This poor interrelationship has been fostering unhealthy competition to grab market share, and therefore any common industry development strategy is yet to be adopted. Furthermore, MFIs need a united advocacy and legal body to support the industry as a whole.

### **5.0 POLICY MEASURE SUGGESTED**

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- High regulatory recommendations and expensive procedure of licensing imposed by Microcredit Regulatory Authority (MRA) is subject to reconsider for the unobstructed progress of microfinance sector in the country, and thereby in the world in the next stage.
- Training should be provided in a universally acceptable standard. Splitting up of training subjects is essential for the convenience of understanding and selection.

- Based on market demand, degree, diploma and certificate courses on microfinance are highly recommended for developing human resources for the microfinance industry. There should be arrangement of separate training for borrowers to ensure proper utilization of the credit.
- Training should be given to the Training Service Providers who in turn would disseminate the acquired expertise nationwide. This process would have greater effect than providing training directly to the MFIs. Moreover, training delivery and manuals must be adopted with proper language which is easily understandable to the trainees.
- Small microfinance institutions are more sensitive to loan defaults. Regulatory body should either discontinue recommending brawny financial ability, or it should supply and facilitate affordable fund for them, considering their comparative advantage in reaching the ultra-poor.
- Interest rate structure of MFIs should be reviewed. Due to small level of operations, micro finance institutes are bound to charge higher interest to survive. Lowering the interest rate may not be supportive for the sector. An appropriate interest rate can be determined scientifically.
- Rigorous investigations are required to understand the demand, market linkage, concerns and utilization of microfinance. Researches should also include deprived and disabled portion of the society.
- As the microfinance industry has now become more competitive and vast, it needs a legal body to support claims, to lay down acceptable rules and structures. Large NGOs have greater coordination in top level, which is often misused. If the sector is integrated, a common sustainable development framework can be adopted from the whole industry.
- The negative attitude among government offices and mass-media towards MFIs and microfinance sector should be changed into positive. Greater cooperation with them and better dissemination of the successes can be helpful for development of the industry.

## **6.0 RECOMMENDATIONS**

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- InM will simultaneously be the developer, facilitator and spokesman for proficient microfinance activities, which will eventually emancipate the poor from epidemic poverty. Hence, it is expected to take all round leadership of the whole industry to remove the barriers, wipe out inefficiency, and thus to develop a sustainable growth oriented microfinance market.
- InM can play a pivotal role for MFIs in the area of advocacy and lobbying with the government, mass-media and regulatory authorities in favor of their righteous demands. Microfinance institutions especially the smaller ones expect that InM would emerge as the key institution to brighten up the image of microfinance industry.
- InM should take active initiative for research activities in various dimensions that will be fruitful for the real victims. InM should design its methodology very carefully so that appropriate input is used to

understand the impact and dynamics of microfinance. The outcome of study should be disseminated to stakeholders so that the comprehension will become universal.

- InM should also introduce degree, one year diploma, and short courses on microfinance immediately to meet the desperate demand for human capital in the industry. Moreover, InM can introduce affordable and quality training services to all kind of microfinance institutions plus the beneficiaries for capacity development. Hence, the course materials and curriculum should be demand responsive, based on targeted group of students or workers, and in a way that those courses can be taken and understood easily.
- InM should arrange dialogues with participation from both large and small NGOs as well as including beneficiaries to understand the real dynamics of problems and challenges for the microfinance sector. This would help stakeholders to design better policy for the betterment of the beneficiaries. In addition, will reduce the distance between large and small MFIs.
- MFIs also expect InM would take effective steps to materialize the suggestions presented above.

## **7.0 SPEECH FROM CHIEF GUEST**

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**M. A. Baqui Khaily**

**Ex-Executive Director, Institute of Microfinance (InM) and  
Professor, Department of Finance and Banking, University of Dhaka**

In his speech, the Chief Guest, Professor Khalily, addressed the MFI workers as warriors against poverty. He salutes them for their respectable and tireless efforts for poverty eradication. He told that he feels honored and happy as he talks to them. Every person works to fulfill their dreams, Dr. Khalily shares his dream of a hunger-free Bangladesh. He said to achieve the dream in reality, the roadmap is two-sided.

First, we have to understand clearly the type and magnitude of the problem. A problem in the real world is too complex and dynamic to identify. We need to do extensive research and close study to identify any problem. For example, the issue of global warming is an identified problem because of such substantial researches.

And second, to enhance the capacity of the workforce that is working in MFIs. Microfinance in Bangladesh, as a role model, has huge achievement until now. Nonetheless, a long way is still to go. MFIs have a legal base now, as they need licenses to operate. Many institutions are built, but all are inspired by their own mind setting toward poverty reduction. However, these numerous efforts are now being tied up by InM with its standard training and consultancy. Thus InM, principally funded by DFID, UK, roams in the field of research and training to take these MFIs to a same well-organized ground.

The journey of microfinance was not so easy. Those who criticize micro-credit, should consider this issue using dependable facts and figures. Professor Khalily said, in his 25-30 years of study, he did not even find a single study that shows a negative impact of microcredit over poverty. It is, in fact, a commonsense to understand that, as rational being, people would never come to micro-credit if it were deceitful or untrustworthy. People are not that unintelligent to take credit for their repayment of previous debt, or will take the credit just for their own consumption. Rather, micro-credit lessens the monopoly of individual village lenders who charged a lofty interest rate on loans. Amount of loan, starting from only tk. 100 is now increased to tk. 5 lacs. Small entrepreneurs are increasing day by day with the aid of microfinance. Professor Khalily also mentioned that people taking loans are repaying in due times and it is often seen that they can save up to some extent with their loans and entrepreneurships. It is natural that, people accomplish their savings after necessary consumptions, not before.

Nevertheless, we cannot say that every microcredit will lead to a success story. For example, natural calamities like *Sidor*, can make rich into poor by night.

“No more *Monga*” is the slogan for MFIs and government of Bangladesh. We know what *Monga* is, and we also know the reasons behind it, so why we let it persist more? InM performed a longitudinal study involving 9 lac families based on *Monga* mitigation in greater Rangpur. Credit is nothing but an instrument for *Monga* alleviation. There might be some other financial tools as example the Micro-insurance. InM also finds an effective micro-insurance policy.

This country, has yet to face a new revolution; the revolution of microenterprise. 26 lac entrepreneurs from 3 crore credit-taker poor are created. It is MFIs’ responsibility to raise the number to 50 lac or 1 crore, which will create employment opportunity for additional 1 crore unemployed poor. Thus the revolution will be flourished and InM is working to achieve that goal. He further hoped that this dream will be carried out by all the MFIs as well. Nobel Laureate Dr. Muhammad Yunus and Sir Fazle Hasan Abed are not political or cultural people; but the world outside is interested about them, because they started the revolution of microfinance in this country. And InM’s duty is just to create the platform with its finest team to support their invention. So that the world can know about microfinance from the origin where it was first invented and practiced.

Professor Khalily stated that InM is solely dedicated for MFI personnel and its stakeholders. So the success and the benefit of InM are also the success of microfinance sector. On the other hand the problems of the MFIs are also the problem of InM. InM wants to develop itself as the center platform of all the MFI activities. Hence, it targets to provide training to 50 thousand MFI workers in 2.5 lac mandates by 2014.

Professor Baqui Khalily concluded his speech by thanking all at the meeting. He also thanked InM for inviting him and allowing him to be a part of such glorious event.

## 8.0 CONCLUSION

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The dialogue provides us with common understanding on some basic issues. Firstly, inconvenient licensing and regulating procedure under MRA is very important to be considered. Nevertheless, MRA is a new institute and it has essentially to find the efficient equilibrium action in the long run. We have to distinguish between social welfare program and microcredit program. The first one is under the ministry of social welfare where the latter one is under the supervision of MRA. Hence there should be clear line in every MFI revealing what it is doing. Secondly, loan disbursement by NGOs from their fund that rose from collected savings cannot meet the objective for establishing MFIs alone. Third, research on microfinance product marketing and potential of microenterprise development is required. Fourth, More discussion is required on service charge issues, to find out the break-even point for MFI's operational cost. These issues are expected to be raised in the seminar in March 2010. The suggestion on microfinance program that includes disabled and deprived part of the society can be accepted for further nurturing and policy making. Some suggestions on training also came in discussion, most which are already under InM's concern for future.

In his closing speech, the chair of the program Dr. Md. Mosleh Uddin Sadeque, Executive Director (Acting), InM thanked all for making the dialogue successful and especially all the participants for their invaluable contributions, opinions, comments and suggestions. He again thanked BRAC-TARC for supporting InM for arranging this dialogue. He also expressed InM's determination to begin the change towards good. Based on the mentioned consensus and expected role of InM, InM will formulate further action plan and policy to cater the pressing needs of MFIs. In addition, he put stress on achieving positive approach from media and administration for MFIs. This is fairly possible when these MFIs share their problems, achievement and prospects with them. Dr. Sadeque concluded the dialogue by inviting all participants to unite with InM so that the ties of partnership can work effectively.

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**Appendix (i)**

**Regional Dialogue with MFIs**

<b>Organized by</b>	Institute of Microfinance (InM)
<b>Venue</b>	BRAC Training and Resource Center, Chittagong
<b>Date</b>	February 24, 2010
<b>Participants</b>	Top personnel from MFIs of Chittagong Division

**Program Schedule**

<b>Registration</b>	09:30-10:30 AM
<b>Chair</b>	Dr. Md. Mosleh Uddin Sadeque Acting Executive Director InM
<b>Welcome Address</b>	10:30-10:40 Dr. Md. Mosleh Uddin Sadeque
<b>Presentation on InM Activities</b>	10:40-10:55 Mr. Md. Abdul Hye Mridha Deputy Director (Training and Administration) InM
<b>Speech from Chief Guest: Role of InM and MFIs</b>	10:55-11:05 Dr. M. A. Baqui Khalily Chief Guest Professor Department of finance and Banking University of Dhaka
<b>Tea Break</b>	11:05-11:30 AM
<b>Commencement of Dialogue</b>	11:30 AM All Participants
<b>Summing up</b>	01:45 PM Professor M. A. Baqui Khalily
<b>Closing by the chair</b>	01:50-02:00 PM Dr. Md. Mosleh Uddin Sadeque
<b>Lunch</b>	02:30
<b>Rapporteur:</b>	Mr. S. Badruddoza

**Appendix (ii)**
**List of Participants**

<b>Participants from Chittagong</b>			
<b>Sl No.</b>	<b>Name</b>	<b>Designation</b>	<b>Name of the Organization</b>
1.	Mr. Rajib Sen	Project Officer	OWDEB
2.	Mr. Bibhuti Ranjon Das	ED	Agro Jatra
3.	Mr. Saurav Barua	CE	Songshoptaque
4.	Ms. Biva Barua	PO	Akborsha UTSA
5.	Mr. Mostafa Kamal	ED	UTSA
6.	Ms. Kajal	PO	BNKS
7.	Mr. Helal Uddin	CE	Dristy
8.	Mr. Shafiul Akbar	Manager	IPMA
9.	Mr. Mohammad Ali Sheekder	ED	Sopnil Bangladesh Foundation
10.	Ms. Nasima Habib	PCO	UTSA
11.	Mr. Palash Choudhury	Director (Finance)	YPSA
12.	Mr. Murshed Chy	ED	YPSA
13.	Mr. Kama Ch. Paul	ED	Sharnali
14.	Mr. Saraj Kanti Das	Chairman	Barnaly
15.	Mr. Md. Najrul Islam (Manna)	C. Ex	PARC
16.	Mr. Md. Mohibul Alam	PO	Perfect Trust
17.	Mr. Md. Mohibul Hoq	MM	Perfect Trust
18.	Mr. Kazi Asgar Mahmud	Director (Credit)	Protyashi
19.	Mr. Khokan Chandra Das	BM	Badhan
20.	Mr. Mong Thau Mroye	ED	Nari Unnayan Kendra
21.	Ms. Yeasmin Parvin	ED	Jugantor SUS
22.	Mr. Lutful Kabir Chy	Assistant Director	Ghashful
23.	Mr. Md. Ezaz Hossain	RM	Muslim Aid Bangladesh
24.	Mr. Md. Mahbub Alam	In-charge	YPSA-HRDC
25.	Mr. Md. Kamal Hossain Sikder	Director	Aloran
26.	Mr. Milon Kanti Chy	ED	Alo Manobik Unnayan
27.	Mr. Santosh Barua	PC	Bright Bangladesh Forum
28.	Mr. Md. Rakibul Haque	ED	Trust & Trade Multipurpose Cooperative Society Ltd.
29.	Mr. A. Y. Hasan	Coordinator	IDF
30.	Advocate Sudarshan Dev	ED	Redas
31.	Mr. Md Solaiman	ED	Tarana Trust
32.	Mr. Noor-e-Akbar Chy	ED	Organization of Just for Children
33.	Mr. Anisur Rahman	ED	Nari Moitri
34.	Mr. Jahangir Alam	PC	ISDE
35.	Ms. Iffat Ara Begum	Coordinator	Nari Oiko Bangladesh
36.	Ms. Halima Chowdhury	ED	CWWFP&W
37.	Mr. Mizanur Rahman	GM	Banoful SWO
38.	Ms. Jasmina Khanam	President	Nari Oikya Bangladesh
39.	Mr. Sharup Bhatta	Reporter	Bhorer Kagoj
40.	Mr. Kamal Hossain	Manager	BRAC

41.	Mr. Quaid-E-Azam	CE	AWAC
42.	Mr. Sheikh Mojaffar Ahmad	ED	SAS
43.	Mr. Ghias Uddin	PO	BISAP
44.	Mr. Md. Anisur Rahman	PO	Sajan
45.	Mr. Md. Muzibur Rahman	Program Manager	BISAP
46.	Mr. Alamgir Sabuj	Staff Reporter	Jaijaidin
47.	Mr. A. L. Rahman	Reporter	Prothom Alo
<b>Participants from Noakhali</b>			
1.	Mr. Md. Mamataj Uddin	Director	Chandpur DPOD
2.	Mr. Abdul Quader Hazari	ED	ARPON
3.	Mr. Nuruddin Jahid	ED	SSK
4.	Mr. Md. Abdul Awal	ED	AGUS
5.	Mr. Md. Salim	ED	USAP
6.	Dr. Anwar	ED	PRUAS
7.	Mr. M. Naymul Islam	ED	CEDS
8.	Mr. Shorab	BM	Stelteiz
9.	Ms. Parvin Halim	ED	CWDA
10.	Mr. A. Rahim	CE	TWSDA
11.	Ms. Momotaj Begum	PO	PMSKS
12.	Mr. Raha Naba Kumar	Director	Gandhi Ashram Trust (GAT)
13.	Mr. Md. Abdul Hoq	ED	SWDA
14.	Mr. Mushtaqur Rahman	APC	NRDC
15.	Mr. Masuma Akhter	ED	SWDA
16.	Mr. Md. Rashed	Accounts officer	Anannya Bahumukhi Kalyan Sangstha
17.	Ms. Shamsun Nahar	ED	MMSUS
18.	Mr. Asaduzzaman Chow.	ED	GEIM
19.	Mr. Siraj Haider	ED	RIDO
<b>Participants from Comilla, Feni &amp; Brahman Baria</b>			
1.	Mr. Md. Nur Nabi Khan (Shamim)	PC	SRB
2.	Mr. S. M. Shofiul Islam	ED	
3.	Mr. S. M. Shaheen	ED	Shapla Manabik Unnayan Sangstha
4.	Mr. Md. Delwar Hossain	ED	BRIDGE
5.	Mr. Md. Omrao Khan	ED	Shikkha Samaj Kallyan Sangstha
6.	Mr. M. A. Azam Khan	Chief Executive Director	Samaz Unnayan Sangstha
7.	Mr. Mahmudur Rahman	ED	Social Development Center
8.	Mr. Md. Jaynul Alam	ED	Gana Kalyan Kendra
9.	Mr. Abu Taher Rony	Chief Coordinator	Holudia Mohila Unnayan Sangstha
10.	Mr. Sultan Mohammad Yousuf	ED	Grameen Unnayan Sangstha
11.	Mr. Krishan Mosharrof	ES	Jui Society
12.	Mr. Md. Rafiqul Islam	ED	Centre on Socio Economic Development
13.	Mr. Jahar Lal Datta	ED	Abolombon
14.	Mr. Md. Khurshed Alam	Manager	PAGE Development Centre
15.	Mr. Hafiz Ahammed	Adviser	GMKS
16.	Mr. Abdul Malek	ED	Palli Unnayan Parishad (PUP)

17.	Mr. Syed Ahamad Bhuya	ED	Papan Foundation
18.	Mr. Mahmuda Akter	ED	Prottoy
19.	Mr. Md. Israfil	ED	SBF
20.	Mr. Md. Sajedul Islam	Coordinator	Dristi
21.	Mr. Zarzis M. Mobassher	PM	Nowzuwan
22.	Mr. S. M. Farouk Hossain	Secretary General	RHRSDO
<b>Cox's Bazaar &amp; others</b>			
1.	Mr. Md. Abdul Mozid	Assistant coordinator	Mukti
2.	Mr. Salamat Ullah Khan	AM	RIC
3.	Mr. Md Abdus Samad	Manager	Gonoshasthaya Kendra
4.	Mr. Bareque Islam Chy	Regional Program Coordinator	Coast Trust
5.	Mr. Touhidul Islam	PC	Phara
6.	Mr. Vupesh C. Das	Coordinator	Shining Hill
7.	Mr. Gyana Bikasha	APM	Synetasic Action Society
8.	Mr. Tofazzal Hosain	ED	Ekota Mohila Samiti
9.	Mr. Swapan Kumar Barua	AA	CCDR
10.	Ms. Rabaka Sultana Suly	PO	OSD
11.	Mr. Md. Jahangir Alam	ED	RHRF
12.	Mr. Md Shahedul Islam	PD	RHRF
13.	Mr. Md. Osman Sorwer	Member, ED	Pulse