

InM ANNUAL REPORT 2013



Institute of Microfinance (InM)



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Institute of Microfinance (InM)

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INSTITUTE OF MICROFINANCE (InM)

**A Center of Excellence in
Research, Training
and Knowledge Management**



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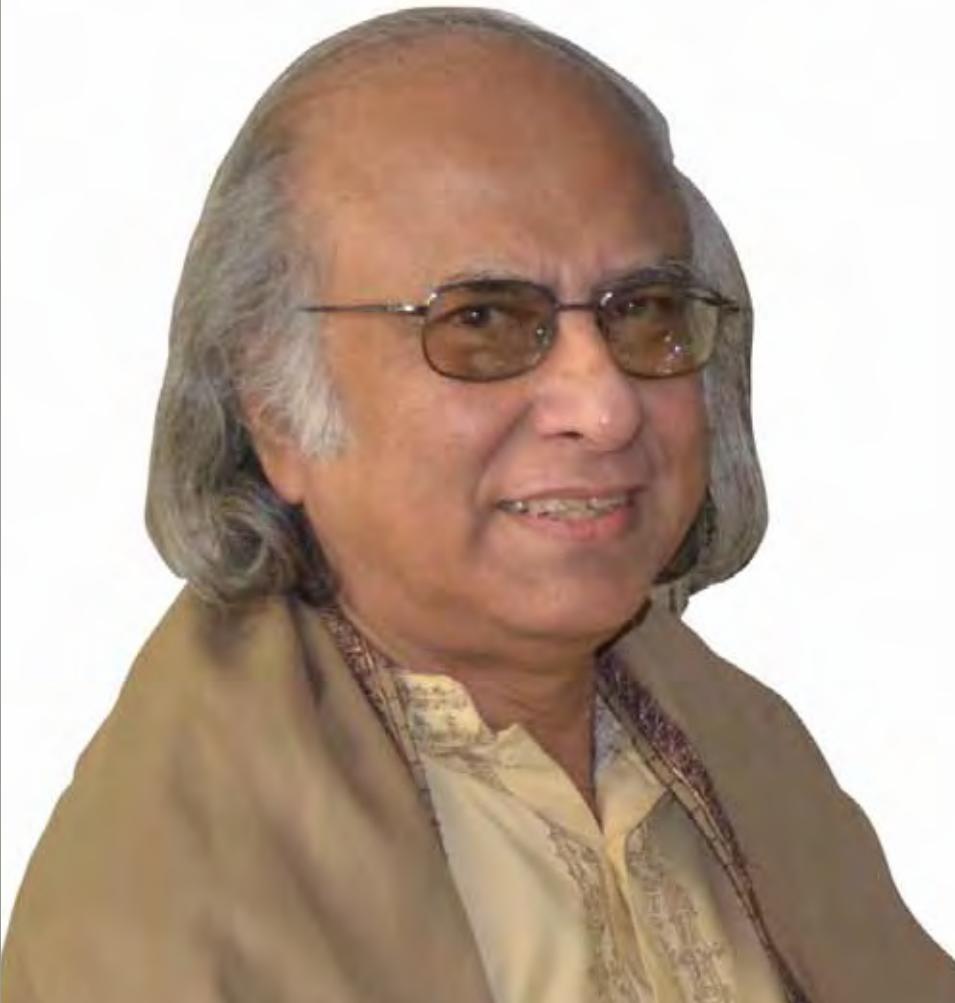
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MESSAGE FROM THE CHAIRMAN

Qazi Khaliuzzaman Ahmad

An integrated socio-economic-environmental approach is called for in the context of sustainable poverty reduction and beyond poverty development. Although microfinance alone is of little avail, finance is an important component in the integrated approach, which can be micro or larger depending on the type and level of economic activity a household is engaged in.

The Institute of Microfinance (InM) started its journey seven years ago, focusing on research and training in relation to microfinance only. Over the past seven years of existence, it has conducted in-depth research on various aspects of microfinance, the findings of which have been useful with regard to understanding and improving policy and implementation frameworks of microfinance. At the same time, it has also contributed significantly to training of functionaries of MFIs. The InM is also contributing towards achieving the goals of PROSPER, within the framework of which, it has been mandated to enhance the microfinance sector's capabilities, working alongside the PKSF and the MRA.

But, to improve its relevance and efficacy as a development research and training institution, it has been decided to reorient and redesign the InM's scope of work and purposes. Accordingly, the InM has broadened scopes of both its research and training to focus on various aspects of inclusive and integrated development, instead of focusing only on microfinance.

Thus, it now seeks to focus on issues such as causes of poverty, dynamics of poverty, integrated approach to development, food security and nutrition, women's empowerment, education and health services, vulnerability and risk minimization including in the context of environmental problems and climate change, health insurance, and other appropriate aspects of sustainable development in Bangladesh.

Recently, with regard to environment and climate change, the InM, jointly with the Institute for Global Environmental Strategies (IGES), Japan, has embarked upon research on vulnerability of the extreme poor, their coping strategies in the wake of impacts of natural disasters, and how microfinance and related activities can be of help to them.

The InM works closely with the PKSF and the MRA in formulating and conducting its research and training initiatives. It has already initiated joint research and training programmes with both the PKSF and the MRA.

The PKSF is focusing in a major way on promoting integrated approaches to human development and is implementing a household focused, integrated approach to poverty reduction and beyond poverty development: "Enhancing Resources and Increasing Capacities of Poor Households towards Elimination of their Poverty—the ENRICH" programme in 43 unions around the country. It was initiated in 21 unions in 2010. The InM has been entrusted with the task of evaluating the ENRICH.

As the InM adds new dimensions to its work programme, it is essential to enhance its capacity appropriately to be able to deliver adequately. This is being addressed seriously, and some progress has already been achieved. But, it is not very easy to find properly qualified people to recruit at senior levels. However, physical facility has already been expanded. A six-storied well-equipped training centre has been set up, where training courses are now being conducted. The InM Governing Body has already approved the "Strategic Priorities for InM Training" for joint training programmes with the PKSF and the MRA.

The InM always values the suggestions and comments of the stakeholders. In this context, it has initiated a series of regional dialogues in different regions of Bangladesh with the representatives of NGO-MFIs, development practitioners, and members of MFIs receiving credits and other kinds of support aimed at poverty reduction and promotion of human development. Also, the InM held a day-long dialogue with the MFI leaders in Dhaka on 12 September 2013. The primary objective of the dialogue was to identify critical issues of research and training needs in the fields of microfinance and human development. In fact, possible introduction of diploma/certificate courses by the InM was also discussed, regarding which positive feedback was received.

Another important planned expansion of the InM training activities is to introduce short-term certificate/diploma courses to help human capacity enhancement in the sector. Work on developing such courses is at an advanced stage. The BIBM has been contracted to undertake a needs assessment and designing of curricula for these courses, which is expected to submit the report with proposed curricula by February 2014. The InM expects to initiate these courses from July 2014.

In 2013 (August 24-25), the InM successfully organized a two-day national conference on 'Microfinance and Development' to put forward some of its research findings and emerging ideas relating to its work programme for critical review by experts, practitioners, researchers, academia and policymakers. The views, criticisms, ideas, and suggestions offered by them are being reviewed with a view to using them as far as practicable, towards designing the future research and training programmes of the InM. I am appreciative of the collective efforts of all the InM personnel, who in fact constitute a rather small team, in successfully organizing this major conference.

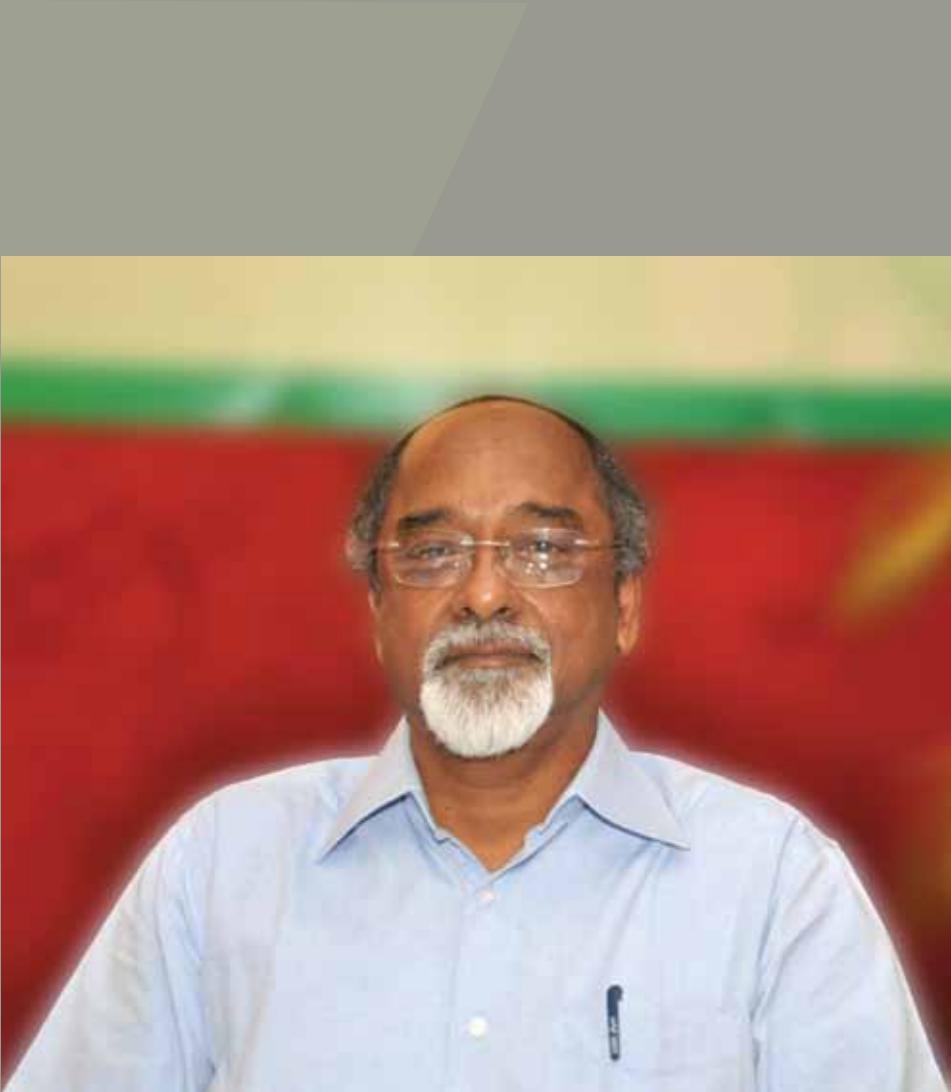
As the InM comes out of its narrow confines of microfinance related research and training and encompasses research and training pertaining to wider aspects of human development, as indicated earlier, its scope and capacity to inform policy making processes and help enhance human capabilities in the context of integrated, inclusive, and sustainable national development will widen and deepen.

I gratefully acknowledge the support of the Government of Bangladesh to the InM. I thank Hon'ble Finance Minister of the Government of the People's Republic of Bangladesh, Abul Maal Abdul Muhith for attending the closing session of the national conference on "Microfinance and Development" organized by the InM.

I am thankful to the InM General and Governing Body members for their contributions. I wish to put on record my thanks to the PKSF for the generous support it is providing to the InM and thankfully recognize the support of the MRA to InM's research and training activities. I also acknowledge with thanks the continued support of DFID and the PROSPER project to the InM. Finally, I thank all the staff members of the InM and trust they will give their best by discharging their duties diligently as the InM is being reoriented and strengthened.



Qazi Kholiuzzaman Ahmad



MESSAGE FROM THE EXECUTIVE DIRECTOR

Professor M. A. Baqui Khalily

For InM 2013 has been a year of image building and big challenges. InM stepped towards the next phase of its development through a changed approach. It focused more on the sustainability issue through diversifying its activities and widened the scope by diversifying research, training and knowledge management programs. Further strategies are now being framed towards materializing this sustainability.

In its research focus InM has delved into issues like financial inclusion, poverty dynamics, climate change and sustainable development programs. It will soon take up the evaluation of the integrated model of poverty alleviation —the ENRICH model. InM has already initiated a joint research program with the Institute for Global Environmental Strategies (IGES), Japan on climate change issues.

More and more people are now being acquainted with InM's research work. InM organized the National Conferences in 2013 and disseminated its major research findings. The event was a resounding success, and was attended by large groups of participants who were introduced to the high quality work and InM's research capabilities.

InM is also mandated to enhance the capacity of the sector through its training programs. Earlier, InM used to conduct its training programs through the Service Providers but it has since developed its own training setup.

In November 2013, it inaugurated a Training Center at Monsurabad, Dhaka and by arranging different training programs for the MFI officials, InM is now contributing directly to the human resource development for the sector.

It is also planning to initiate short-term Certificate and Diploma Courses on microfinance, management and development in order to build skilled human resource for the sector.

The National Conference, establishment of the InM Training Center and the future certificate and diploma courses are some of the earnest and significant efforts of InM through which it continues to develop the sector. Because of these new approaches, InM will become more effective for the sector and also earn revenue which will eventually contribute to its own sustainability.

My sincere gratitude goes to Dr. Qazi Khaliquzzaman Ahmad, Chairman of InM, whose interest, encouragement and visionary direction has brought us to the current thrust of InM towards sustainability.

I also remain grateful to all the Governing Body and General Body members of InM for their constant support. I appreciate the cooperation and support of Mr. M. A. Karim, Managing Director of PKSF and Mr. Khandakar Muzharul Haque, Executive Vice Chairman of MRA. I also acknowledge the financial and technical support extended by DFID.

Over the past seven years, InM's journey has not been an easy one. To take up the numerous challenges, the spirits of its employees never wavered. They have been dependable, and have remained focused and worked very hard. My earnest appreciation goes to all of my colleagues at InM for their sincerity and ownership. I hope their efforts will continue to bear fruits and InM will flourish ever more.

Wish everyone a successful year ahead.



Professor M. A. Baqui Khalily

InM FACTS

RESEARCH and KNOWLEDGE MANAGEMENT

04 Research Studies completed on significant development issues

- Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh
- Effectiveness of MRA Regulations in the Microfinance Sector: The User Perspective
- Effectiveness of PRIME Interventions in Greater Rangpur at the Household and Institutional levels: A Longitudinal Approach: (Round-5)
- Assessing Financial Inclusion in Char and Haor Areas in Bangladesh

11 Research Studies are ongoing

Publications:

08 Working Papers

01 Conference Document

03 Articles in International Journals / Books

Seminars/Workshops/ Dialogues/Conferences:

01 National Conference

01 Dialogue

03 Seminars

01 Workshop

01 Press Conference

TRAINING

02 Training of Trainers

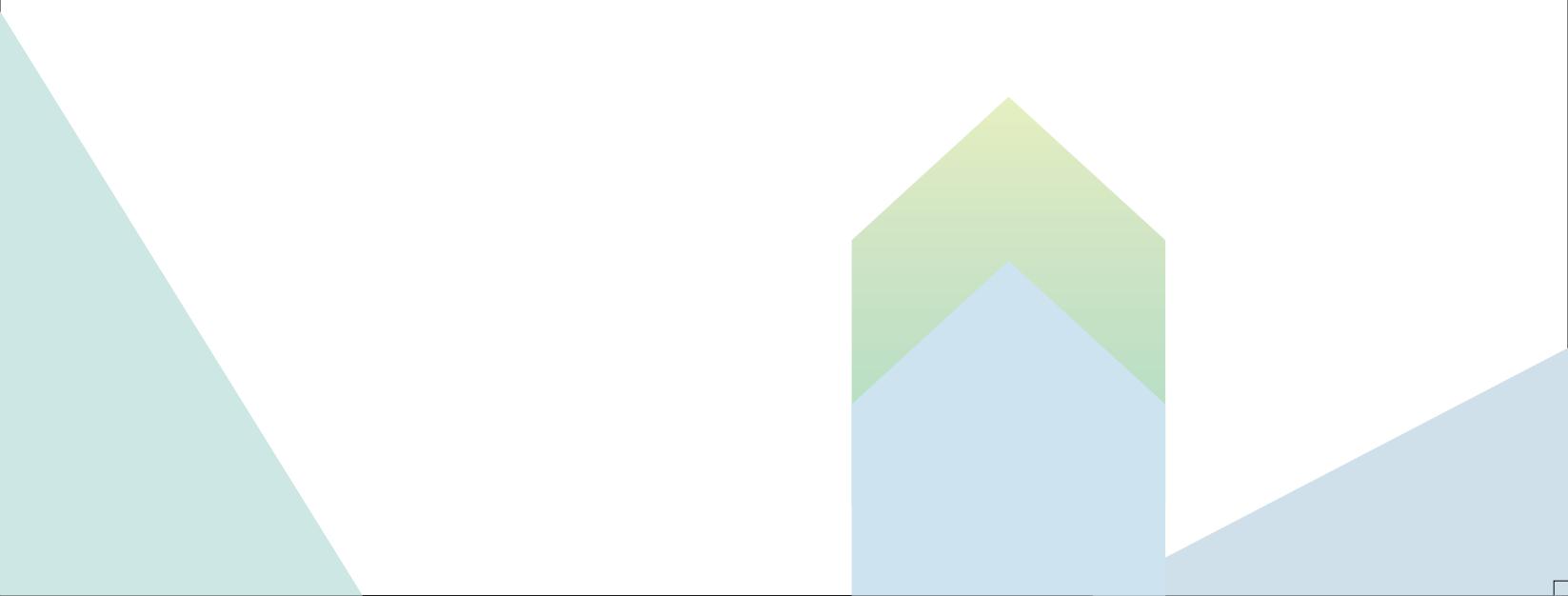
01 Dialogue with Microfinance
sector leaders

39 Master Trainers developed

03 International Training
networking

624 Executive Heads of MRA
Licensed MFIs trained

240 Participants from PKSF
Partner Organizations trained



THE INSTITUTION, GOVERNANCE AND INTERNAL MANAGEMENT

THE INSTITUTION

ABOUT THE INSTITUTE OF MICROFINANCE (InM)

The Institute of Microfinance (InM) is a non-profit organization and endeavors to emerge as a “center of excellence” in research, training, and knowledge management in the field of microfinance, poverty alleviation, enterprise development, environmental issues and other allied areas at the national and international levels through building network with microfinance institutions, sector stakeholders and reputed researchers at home and abroad.

Initiated and promoted by Palli Karma-Sahayak Foundation (PKSF) in 2006, InM is registered as an independent non-profit institution under the Societies Registration Act 1860. It is principally funded by UKaid, Department for International Development (DFID) through its Promoting Financial Services for Poverty Reduction (PROSPER) Program.

VISION

Towards establishing a poverty free world, InM sees itself as a frontline center of excellence in knowledge creation and knowledge management.

MISSION

- Firstly, InM will contribute to the capacity building of the microfinance sector in Bangladesh through training and academic programs for human resource development, conducting research studies and dissemination of findings, regular dissemination of new knowledge and technology for the benefit of the sector.
- Secondly, the institute should emerge as a center of excellence in microfinance, poverty, enterprise development, and other allied areas at the national and international levels through building network with microfinance institutions, sector stakeholders, reputed researchers, thinkers and professionals, and exchange of ideas and experiences.

GOAL AND OBJECTIVES

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

The Institute has the following key objectives:

- To conduct research on microfinance and its effects on the economy, poverty alleviation, inequality and vulnerability.
- To initiate, undertake and promote research and action research activities directed towards the expansion, growth and consolidation of national and global microfinance and related programs for poverty alleviation.
- To collaborate with national and international agencies and universities for research, action research and other professional activities such as training, livelihood promotion, environmental issues, experimentation and academic degree programs in Bangladesh and other countries.
- To use research results and lessons of inter-country experiences and prepare policy notes and reports to help policymakers and practitioners of microfinance.
- To initiate, undertake and arrange training programs for microfinance professionals and practitioners from home and abroad.
- To develop and maintain database on national and global microfinance.
- To set standards, prepare best- practice examples, formulate policy documents and prepare guidelines to help the sector stakeholders.

MAJOR SERVICES

The major services that InM provides are research on poverty alleviation, microfinance, enterprise development, impact assessment and evaluation of microfinance and development programs. Beside research, InM provides microfinance related training, capacity building support and knowledge management services to microfinance institutions and other development organizations. The major services of InM are as follows:

Research: InM conducts different research studies on both demand side and supply side issues. It covered issues like "Access to Financial Services", "Dynamics of Poverty in Rural Bangladesh", "Microinsurance, Poverty and Vulnerability", "Long-term Dynamics of Microcredit Programs in Bangladesh", "Environment and Climate Change", "Effectiveness of MRA Regulations", etc.

Training: InM conducts customized training courses, needs assessment, capacity building training, training of trainers, curriculum and module development, training evaluation, etc. on regular basis.

Consultancy: InM provides consultancy and is involved with microfinance program management, developing policy advice, strengthening local governance, strategic planning, project design and development, monitoring and evaluation, change management and institutional development, etc.

Program Management: For the Program Management, InM provides technical assistance to management services, project and program cycle management, monitoring, review and evaluation to different organizations.

LEGAL ENTITY

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



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. Professor M. A. Baqui Khalily is currently the Executive Director of the Institute.



InM General Body Members of 2013



InM welcomes the two new Governing Body members in 2013

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. The members of the General Body are as follows:

Chairman:

Dr. Qazi Kholiuzzaman 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:

Ms. Rasheda K. Choudhury

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

Professor A. K. M. Nurun Nabi

Vice-Chancellor,
Begum Rokeya University, Rangpur

Dr. Toufic Ahmad Choudhury

Director General
Bangladesh Institute of Bank Management (BIBM)

Mr. Khondkar Ibrahim Khaled

Former Chairman
Bangladesh Krishi Bank (BKB)
and
Former Deputy Governor, Bangladesh Bank

Begum Parveen Mahmud

Managing Director
Grameen Telecom Trust

Dr. Bondana Saha

Supernumerary Professor
Bangladesh Institute of Bank Management (BIBM)

Dr. Md. Mosleh Uddin Sadeque

Director (Training & Operations)
Institute of Microfinance (InM)

Mr. Md. Abdul Karim

Managing Director
Palli Karma-Sahayak Foundation (PKSF)

Dr. Pratima Paul-Majumder

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

Professor M. A. Baqui Khalily

Executive Director
Institute of Microfinance (InM), (ex-officio)

Dr. Jashim Uddin

Deputy Managing Director Palli Karma-Sahayak Foundation (PKSF)

Dr. M. A. Hakim

Professor & Chairman
Department of Economics
Southeast University, Bangladesh

Professor Rezai Karim Khondker

Professor
Department of Development Economics
Dhaka School of Economics, Dhaka

GOVERNING BODY

The Governing body, subject to general control and supervision of the general body, holds the responsibility to pursue and carry out the goals of the organization. In order to attain organization's intended goal, it determines the direction and scope of the activities. The basic governance lies with the Governing Body. It comprises of seven (7) members, including the Executive Director of the Institute as an ex-officio member. As of (month and year), there are seven members in the Governing Body.

The Members of the Governing Body



Chairman:

Dr. Qazi Khaliquzzaman 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:



Ms. Rasheda K. Choudhury

Former Advisor 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 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)



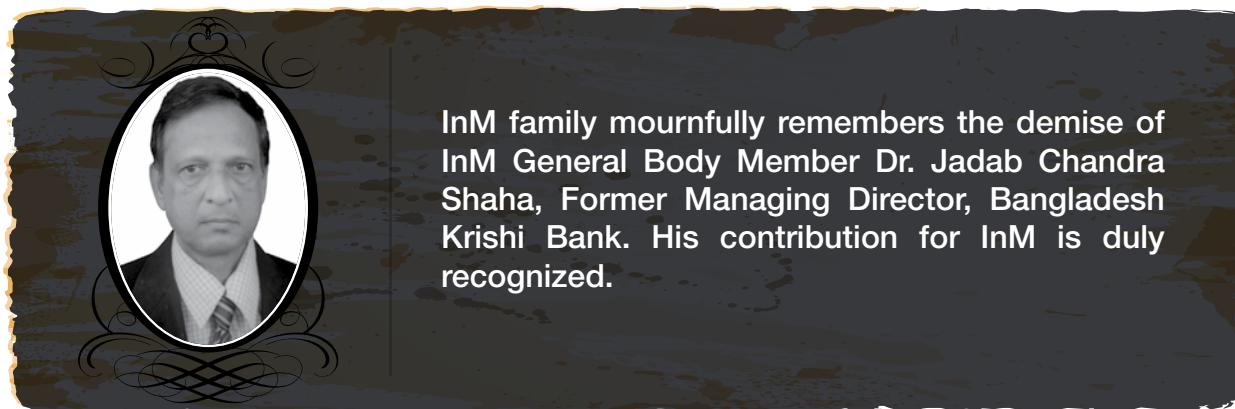
Dr. Toufic Ahmad Choudhury

Director General
Bangladesh Institute of Bank Management (BIBM)



Professor M. A. Baqui Khalily

Executive Director
Institute of Microfinance (InM),
(ex-officio)



InM family mournfully remembers the demise of InM General Body Member Dr. Jadab Chandra Shaha, Former Managing Director, Bangladesh Krishi Bank. His contribution for InM is duly recognized.

INTERNAL MANAGEMENT

REVIEW, COORDINATION AND PLANNING

To review, coordinate and monitor the planning of the Institute, all regular 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 organizational 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 organizational strategies and plans.

InM TEAM

For smooth operation of the Institutional activities, the Divisions of InM – Research & Knowledge Management and Training Divisions have a competent team of professionals. The regular core research and training group comprises of well-coordinated and dedicated researchers/ trainers 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.

CURRENT STRENGTH of InM TEAM (as of December 31, 2013)

Executive Director	01
Research and Knowledge Management	
Director	01
Senior Research Associates / Senior Assistant Directors	03
Research Associates-1/ Assistant Directors-1	06
Research Associates-2/ Assistant Directors-2	02
Training	
Director	01
Sr. Deputy Director	01
Assistant Directors-1	02
Assistant Directors-2	01
Finance and Admin.	
Head of Finance and Admin	01
Deputy Director	01
Senior Assistant Directors	02
Assistant Directors-1	03
Assistant Directors-2	01
Officer	01
Total	27

RESEARCH AND KNOWLEDGE MANAGEMENT

RESEARCH

Research is the most prominent among the core activities of the Institute. It is mainly focused on the issues, challenges, and experiences of microfinance programs, and their roles in poverty reduction and development. The research activities of InM are mandated for promoting policy-based research. The priority agenda is to carry out research on policy

relevant strategic issues of microfinance and development in the short and long term. The key consideration of research is to derive lessons and insights to guide policymakers and practitioners of microfinance so that the research outputs can be of direct relevance to the sector stakeholders, both at macro and micro levels.

RESEARCH & KNOWLEDGE MANAGEMENT

RESEARCH

In recent years, InM Research has entered into a phase of consolidation and completion of on-going programs in an appropriate manner. InM has streamlined its research by defining key themes of research, preparing the concept notes on all research projects, outlining the research questions addressed, and policy issues covered by each of the research projects.

Significant issues covering the Institute's mandated areas of operation such as: Access to Financial

Services, Poverty Dynamics in Rural Bangladesh, Impact of PRIME Interventions, Microinsurance, Poverty and Vulnerability in Bangladesh, etc. have already been featured in the research studies of InM. Along with the mandated research, the new areas of concern of InM research have been extended to related innovative areas such as: Inclusive Finance, Enterprise Development, Health and Education, Rural Credit Market Portfolio and Performance of MFIs, Indebtedness of microcredit borrowers, etc.

RESEARCH COMMITTEE (RC)

The five-member Research Committee (RC) ensures proper planning and implementation of various research programs initiated by InM. The RC monitors the progress in research works, evaluates and approves the research proposals and deliberates on various decisions regarding research.

To strengthen the research activities of the Institute, a new Research Committee has been constituted by the Board of InM. The committee consists of the following members:

Chairman:

Executive Director, InM,

Members:

Director

Research & Knowledge Management, InM,

Professor S. R. Osmani

Department of Economics,
University of Ulster, UK, and
Visiting Fellow, InM

Dr. Mahabub Hossain

Executive Director, BRAC

Professor Mohammad Osman Imam

Department of Finance
University of Dhaka

PROFESSOR NAZRUL ISLAM JOINS InM AS THE DIRECTOR (RESEARCH AND KNOWLEDGE MANAGEMENT)



Professor Nazrul Islam has joined the Research and Knowledge Management Department of the Institute of Microfinance (InM) as its new Director. Dr. Islam is a Professor of Sociology and worked as the Chairman from 1994 to 1997 at the Department of Sociology, University of Dhaka and was the former Dean, School of Liberal Arts and Social Sciences, Independent University, Bangladesh. He is the Founder and Editor of the Bangladesh e-Journal of Sociology.

RESEARCH STAFF OF InM

Two categories of research staff – In-house and Visiting Researchers – are involved in various research studies of the Institute. Besides, fresh graduates from different reputed universities with outstanding academic results are selected as the in-house research staff at junior

level. Senior researchers are recruited based on their academic achievements and experiences in research. The visiting researchers are appointed from various reputed local and foreign universities and research institutions.

RESEARCHERS INVOLVED IN DIFFERENT RESEARCH PROJECTS OF InM

External researchers from home and abroad are involved in InM research projects. The following researchers were involved in different research projects of InM in 2013:

- Dr. Rashid Faruqee, Virginia International University, USA, and former Lead Economist, World Bank
- Professor Siddiqur Rahman Osmani, Department of Economics, University of Ulster, UK
- Professor Syed M. Ahsan, Department of Economics, Concordia University, Canada
- Dr. Shahidur R. Khandker, Lead Economist, World Bank
- Dr. Shakil Quayes, Department of Economics, W.P. Carey School of Business, Arizona State University, USA
- Mr. Hossain Samad, Consultant, World Bank, Washington D. C
- Dr. Muhammad Abdul Latif, Former Research Director, InM
- Dr. M. Sadiqul Islam, Professor, Department of Finance, University of Dhaka
- Dr. Anwara Begum, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS), Dhaka
- Dr. Syed Abdul Hamid, Department of Health Economics, University of Dhaka, Bangladesh
- Md. Abdul Wadud, Professor, Department of Economics, Rajshahi University
- Dr. Meherun Ahmed, Assistant Professor, Asian University of Women (AUW)
- Dr. Atonu Rabbani, Department of Economics, University of Dhaka, Bangladesh

- Dr. Mahfuz Kabir, Senior Research Fellow, Bangladesh Institute of International and Strategic Studies (BISS), Bangladesh
- Mr. Md. Tareq Ferdous Khan
Lecturer
Department of Statistics Comilla University
- Mr. Md. Abdul Khaleque
Lecturer
Department of Development Studies, University of Dhaka
- Ms. Tahmina Rahman
Lecturer
Department of International Relations, University of Dhaka

InM RESEARCH IN 2013

COMPLETED RESEARCH

- Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh
Team Leader: Professor M. A. Baqui Khalily
- Effectiveness of MRA Regulations in the Microfinance Sector: The User Perspective
Team Leader: Dr. Muhammad Abdul Latif
- Effectiveness of PRIME Interventions in Greater Rangpur at the Household and Institutional levels: A Longitudinal Approach: (Round-5)
Team Leader: Professor M. A. Baqui Khalily
- Assessing Financial Inclusion in Char and Haor Areas in Bangladesh
Team Leader: Dr. Mahfuz Kabir

RESEARCH HIGHLIGHTS (2013): COMPLETED RESEARCH

IMPACT OF REGULATION ON THE COST EFFICIENCY OF MICROFINANCE INSTITUTIONS IN BANGLADESH

Team: Professor M. A. Baqui Khalily (Team Leader)
Md. Abdul Khaleque
S. Badruddoza

Bangladesh, even after being a pioneering country in microfinance, lagged in regulation until 2006 when Microcredit Regulatory Authority (MRA) was finally established. During the past six years, MRA has granted license to around 650 microfinance institutions (MFIs); and has been supervising them with prudential and non-prudential regulations. The study assesses impact of regulation on cost efficiency of MFIs using data of some 182 MFIs covering the period of pre-regulation and post-regulation years. Among them panel data was available for 96 MFIs. Stochastic Frontier Approach (SFA) methodology has been used for the study.

The balanced panel data analysis of the study shows that regulation contributes to improve cost efficiency. It impacts directly through changing behavior of the MFIs, and indirectly through increasing staff productivity and portfolio size. The study also finds that the small MFIs are less efficient and the subsidized MFIs have more expense preference behavior, and are also more inefficient. It also showed that the regulation has higher impact on the partner MFIs of PKSF, the wholesale lending agency in Bangladesh.

EFFECTIVENESS OF MRA REGULATIONS IN THE MICROFINANCE SECTOR: THE USER PERSPECTIVE

Team: **Dr. Muhammad Abdul Latif** (Team Leader)
Mehadi Hasan
Md. Abdul Khaleque

Microcredit Regulatory Authority (MRA) was established in 2006 to ensure transparency and accountability of microcredit activities of the NGO-MFIs in the country. MRA was empowered and made responsible for implementing the act. Ultimate goal was to increase the welfare of clients or borrowers of various NGO-MFIs. Since its inception, MRA has formulated several policies to bring the microfinance sector under the regulatory framework. It has declared the terms and conditions for MFIs to be registered with this authority. InM has conducted this research to see the perception of NGO-MFIs regarding the establishment of MRA and its regulations and to examine the levels of compliance of different rules at the institutional and branch level. It also intended to identify the level of awareness regarding

the microfinance activities at the client level. Data has been collected from 65 NGO-MFIs, who were selected randomly from the list of all MRA licensed NGO-MFIs.

The study found that all the NGO-MFIs in general appreciate the establishment of MRA and obtaining of MRA certificate brings positive change in those institutions in terms of some social and financial aspects. The perception of NGO-MFIs regarding various rules and regulations set by the MRA is positive in general. However, if the level of complying varies across rules and regulation. The study also found that a number of clients were unaware of their rights and rules set by the corresponding MFIs.

EFFECTIVENESS OF PRIME INTERVENTIONS IN GREATER RANGPUR AT THE HOUSEHOLD AND INSTITUTIONAL LEVELS: A LONGITUDINAL APPROACH (ROUND-5)

Team: Professor M. A. Baqui Khalily (Team Leader)
Dr. M. A. Latif, Mehadi Hasan, Dr. Farhana Nargis, Nahid Akhter, Farah Muneer
M. A. Khaleque, Dr. Anowara Begum, Dr. Sadiqul Islam, Dr. Atonu Rabbani, Souran Roy

With a view to combating monga in a sustainable way and ensuring food security for the extreme poor in Greater Rangpur, the PRIME program was designed and implemented by PKSF. The program intervention started in 2006 as a pilot project in Lalmonirhat district, and in the next two years, it covered all other districts in Greater Rangpur in phases. The program has already completed its 5 years of operation. The Institute of Microfinance (InM) studied four rounds of impact studies of PRIME, each round covering the implementation in the successive years during 2008-2011.

- The present study was taken up to analyze the fifth round impact of the PRIME program and also to analyze the overall impact of the program covering all five rounds. The total number of households surveyed in the current round was 5,749. For the branch level analysis InM has collected data of 223 branches through individual partner organizations (POs) implementing PRIME in the north-west region of Bangladesh which included both PRIME implementing and non- implementing (control) branches. Following are some major findings emerged from the study:
- The PRIME Credit Plus (PCP) households are better off than the Never-participants households in food security, income, expenditure, self-employment,

value of assets, investment in livestock and transport, multiple income opportunities, physical and financial assets. This implies that PRIME (which essentially implies combination of both financial and non-financial services) has positively contributed to the economic indicators of participants.

- The incidence of poverty has declined in Greater Rangpur. The poverty gap has declined as well for all groups. But the improvement was found pronounced among the PRIME participants, especially for credit plus participants.
- Vulnerable households are more likely to drop from the program. Particularly old aged group, female headed household and household-head being wage-earner are the most vulnerable households. Also the study found that among the PRIME participants who have received non-financial services along with regular credit program are less likely to drop-out from the program.
- Analysis on repayment performance shows that large loan size, large household and any kind of shock has significantly negative impact on repayment performance. PRIME households receiving additional services have better repayment performance than PRIME households receiving only credit.

ASSESSING FINANCIAL INCLUSION IN CHAR AND HAOR AREAS IN BANGLADESH

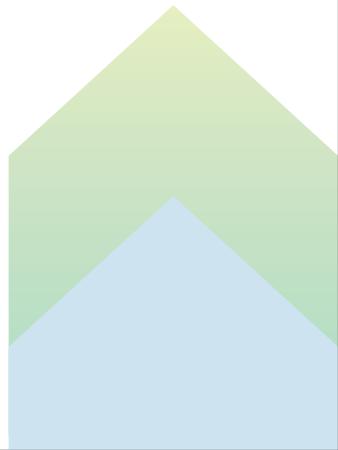
Team: **Dr. Mahfuz Kabir** (Team Leader)
Abdullah Nadvi

The study assessed the state of financial inclusion in selected char and haor areas and to explore avenues for inclusive finance. It was conducted in eight districts in five administrative divisions in Bangladesh in 2011 and 2012 through applying qualitative techniques of field investigation. The aspects of financial inclusion were availability, accessibility, quality of service, and market structure where the perception of both the demand side and supply side were covered.

Financial service providers focused by this study are: general commercial banks, specialized banks, department of social welfare, postal department, microfinance institutions (MFIs), cooperative societies, and insurance companies. The study revealed major factors that are impeding financial inclusion in char and haor areas to be: (i) difficult eligibility criteria practiced by service providers, (ii) higher socio-economic vulnerability

of char and haor making these areas riskier for investment, (iii) high cost of services provided by some service providers, (iv) meager financial literacy of char and haor dwellers due to their overall backwardness, (v) weak and inadequate communication and transportation facility, and (vi) weekly/monthly installment system practiced by MFIs.

The study suggested a set of recommendations that includes, redefine the roles of the government operated financial service providers; introduce incentive for commercial banks and insurance companies to enhance outreach; create flexible installment method of MFIs; generate customized service packages, viz. 'anytime loans' and insurance services; and introduce a hybrid model where MFIs and commercial banks can team up to provide financial services to char and haor households.



ON-GOING RESEARCH

- Social Impact of Microfinance on Gender Norms and Behavior: A Multi-level Study
Team Leader: Dr. Sajeda Amin & Ms. Simeen Mahmud
- Long-term Dynamics of Microcredit Programs in Bangladesh
Team Leader: Dr. Shahidur Rahman Khandker
- Microinsurance, Poverty and Vulnerability: Phase – II
Team Leader: Professor Syed M. Ahsan
- Dynamics of Poverty in Rural Bangladesh: Phase-II
Team Leader: Professor S. R. Osmani
- Building Resilience and Adaptive Capacity to Climate Change through Microfinance in Bangladesh
Team Leader: Professor M. A. Baqui Khalily
- 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 Project Implemented by: Bangladesh Unnayan Parishad (BUP)
- InM-MRA Joint Research Program
State of Microfinance Development in Bangladesh – Financial Inclusion and Overlapping
Team Leader: Professor M. A. Baqui Khalily
- Effectiveness of PRIME Interventions in Greater Rangpur at the Household and Institutional Levels: A Longitudinal Approach: (Round-6)
Team Leader: Professor M. A. Baqui Khalily
- Effectiveness for PRIME Interventions in South Western Regions at the Household and Institutional Levels: A Longitudinal Approach (Round-2)
Team Leader: Professor M. A. Baqui Khalily
- Access to Financial Services: Phase-II
Team Leader: Professor M. A. Baqui Khalily
- Effectiveness of ENRICH Program at the Household Level
Team Leader: Professor S. R. Osmani

ONGOING RESEARCH OF INM

SOCIAL IMPACT OF MICROFINANCE ON GENDER NORMS AND BEHAVIOR: A MULTI-LEVEL STUDY

Team: **Dr. Sajeda Amin and Ms. Simeen Mahmud** (Co-team Leaders)
Ms. Lopita Huq
Ms. Kabita Chowdhury

The research attempts to study the spread, nature and wider impact of MFIs on gender norms and behavior. It studies the longer term and synergistic impacts of microfinance programs for the poor and their implications for women who form the majority of the direct program members as beneficiaries, an issue which has not received adequate attention in research so far. The study asserts that in matters of change in gender norms and behaviors, these characteristics of the community and the interaction with programs are important both to grasp the true nature of impact and to understand the underlying characteristics that make them work.

LONG-TERM DYNAMICS OF MICROCREDIT PROGRAMS IN BANGLADESH

Team Leader: **Dr. Shahidur Rahman Khandaker**

This study attempts to assess (1) how much of the observed growth in income and poverty reduction can be attributed to microfinance growth and (2) how competition among MFIs play out in rural credit markets. The long panel data on household and program are necessary to study such dynamic issues.

Analysis of the long panel household data (1991/92-2010/11) yields interesting findings. First and foremost, microcredit participation indeed improves household income and lowers extreme poverty. Overall, household income grew by almost 10 percent and their extreme poverty dropped by 2.6 percentage points as a result of microcredit participation. Second, the households that participated in microcredit programs on a continuous basis benefited more from such participation than their counterparts who participated in microcredit programs only irregularly. Continuous participation in microcredit programs lowers both moderate and extreme poverty rates and at rates higher than that achieved by short-term participation.

MICROINSURANCE, POVERTY AND VULNERABILITY: PHASE – II

Team Leader: Professor Syed M. Ahsan

Financing of the health care has been a pressing public health issue in Bangladesh. This longitudinal research project began to assess and evaluate the viability of micro health insurance as an alternative means of health care financing in rural Bangladesh. The analysis carried out invariably points to persistent inequity and inequality in health services delivery in all survey areas such that the poorest are most prone to catastrophic health expenditures. Moreover, due to large unforeseen health expenditures about 4 percent of the population fall below the poverty line each year.

DYNAMICS OF POVERTY IN RURAL BANGLADESH: PHASE-II

Team Leader: Professor S. R. Osmani

The objective of this project is to study the development of living standards in rural Bangladesh over time and to try to explain the major forces shaping this evolution. Since the study wants to capture the dynamism in the state of poverty, so the analysis will be based on panel data constructed by repeated surveys on the same sample of households. The analysis will cover the overall change in the living condition of the rural households over certain time interval. Major focus of the analysis will be the overall pattern of poverty transition. Most importantly, it will cover the causal analysis of the factors that mainly account for the nature of poverty transaction.

BUILDING RESILIENCE AND ADAPTIVE CAPACITY TO CLIMATE CHANGE THROUGH MICROFINANCE IN BANGLADESH

Team: Professor M. A. Baqui Khalily

The hilly parts of Bangladesh are exposed to various shocks like landslides, earthquake, bamboo flowering, unsustainable cultivation method and over exploration of the forests. The effects of climate change induced risks require strong internal and external actions to strengthen resilience to the expected negative impacts of those risks. Although there is no scope of resilience for some natural disasters, adaptation strategies can be a good option to minimize the loss of lives and properties of the households. This study aims to assess the intensity of various risks/shocks, and the coping strategies of the inhabitants of the hilly areas of the country and the role of microfinance in adapting, and mitigating the risks. The study covers some sample villages of the three hilly districts - Bandarban, Khagrachhari, and Rangamati - of Bangladesh.

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

Project Implemented by: **Bangladesh Unnayan Parishad (BUP)**

The purpose of this study is to review the impact of various supporting programs operating in the Aila and Sidr affected areas, particularly the role of microcredit membership. The study showed that the credit users were able to cope with the shock and return to the pre-disaster status in terms of livelihood and economic indicators. National and local micro-finance institutions including Grameen Bank (about one fourth members) have been providing credit in the study area. Government and commercial banks have insignificant credit programs. About 70% of the amount is used for consumption, maintenance of house and loan repayment. Some households use credit for child education and health, while the use of credit for these purposes increased in the year 2012 compared to the pre disaster period (year 2007).

STATE OF MICROFINANCE DEVELOPMENT IN BANGLADESH – FINANCIAL INCLUSION AND OVERLAPPING

Team: **Professor M. A. Baqui Khalily** (Team Leader)
Ms. Tahmina Rahman

Both InM and MRA recognized the need for the publication of regular report on the state of microfinance development in Bangladesh and their first output will be the “State of Microfinance Development in Bangladesh – Financial Inclusion and Overlapping”. The study will focus on two issues. The first is the role of MFIs in financial inclusion in Bangladesh which will particularly focus on financial inclusion in formal and informal financial sectors of the country. The second issue is overlapping memberships and its consequences which will critically analyze the issue of over-indebtedness among microfinance borrowers. The study will use the information of two studies “Access to Financial Services” and “Multiple Memberships (Overlapping) in Microcredit” conducted earlier by InM.

EFFECTIVENESS FOR PRIME INTERVENTIONS IN GREATER RANGPUR AT THE HOUSEHOLD AND INSTITUTIONAL LEVELS: A LONGITUDINAL APPROACH (ROUND- 6)

Team: **Professor M. A. Baqui Khalily** (Team Leader)
Professor Nazrul Islam, Mehadi Hasan, Dr. Farhana Nargis
Nahid Akhter, Farzana Saeed, Farah Munee

The sixth round impact study aims to assess the overall impact of the project on the life and livelihood of the monga-affected households, in both the social and economic terms since 2007. It will assess the impacts/benefits of non-financial intervention which includes skill development training, technical assistance and primary health care services separately from the overall impact of the project. It will identify the deficiencies in the design of the intervention packages and recommend the changes in the design of the proposed PRIME-II project. The study will identify the group of beneficiaries who are currently worse off, despite being in the PRIME program, and look into the reasons for such incidence. It will assess the impact on institutional capacity strengthening initiatives for the partner organizations and the operational sustainability of PRIME branches and suggest possible ways to attain operational sustainability.

ACCESS TO FINANCIAL SERVICES: PHASE-II

Team: **Professor M. A. Baqui Khalily** (Team Leader)
Mehadi Hasan, Dr. Farhana Nargis, Md. Abdul Khaleque

Access to financial services (ATFS) is crucial to the household welfare as it enables households and firms to create employment opportunities and diversify economic activities. What policies ought to be pursued or what interventions need to be introduced to make finance more effective at the household and firm level? This can only be addressed through a dynamic analysis of the intensity of access to financial services of households and firms. As such, it was originally designed so that the study of the Access to Financial Services will be conducted at a certain interval over the same set of households. Three rounds of survey will make the data very rich and will answer possible questions about what makes finance more effective and how finance contributes to growth and development.

COMPLETED RESEARCH OF InM 2007-2012

COMPLETED RESEARCH OF InM 2007-2012

Sl.	Name of the Project	Team Leader/ Principle Investigator
1.	Monga in Greater Rangpur: Intensity, Coping, Vulnerability and the Impact of Mitigating Strategies	Professor M. A. Baqui Khalily
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
5.	Impact of Prime Interventions on Monga Mitigation in Greater Rangpur Region in Bangladesh (Round - 1)	Professor M. A. Baqui Khalily
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
7.	Impact of Prime Program for Monga Mitigation - An Analysis of Panel and Cross Section Data (Round - 2)	Professor M. A. Baqui Khalily
8.	Microinsurance, Poverty and Vulnerability: Phase – I	Professor Syed M. Ahsan
9.	Developing Appropriate Microinsurance Products for the Low Income Households (UNDP)	Professor Syed M. Ahsan
10.	Multiple Memberships (Overlapping) in Microcredit	Professor M. A. Baqui Khalily
11.	Access to Financial Services in Bangladesh: Phase - I (Longitudinal study)	Professor M. A. Baqui Khalily
12.	Dynamics of Poverty in Rural Bangladesh: Phase - I (Longitudinal study)	Professor S. R. Osmani
13.	Impact of Microcredit on Agricultural Farm Performance and Food Security in Bangladesh	Dr. Md Abdul Wadud
14.	The Impact of Governance Mechanism on Performance and Outreach of Microfinance Institutions in Bangladesh	Dr. Tanweer Hasan

Sl.	Name of the Project	Team Leader/ Principle Investigator
15.	Strategic Behavior of NGOs/MFIs in Bangladesh	Dr. Kazi Iqbal
16.	An Evaluation of Microfinance Program of Plan Bangladesh: Effectiveness and Efficiency to Reach the Extreme Poor	Professor M. A. Baqui Khailly
17.	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 Khailly
18.	Effectiveness of PRIME Interventions in Greater Rangpur at the Household level and Institutional level: A Longitudinal Approach (Round - 3)	Dr. Atonu Rabbani
19.	Status of Individual Modernity of Women in Rural Bangladesh: An Exploratory Study on Microfinance and Gender-role Transformation	Dr. Habibul Haque Khondker
20.	Evaluation of PRIME Interventions in the South-western Regions of Bangladesh: Baseline Survey	Dr. Atonu Rabbani
21.	Effectiveness for PRIME Interventions in Greater Rangpur at the Household level and Institutional level: A Longitudinal Approach (Round -4)	Dr. Atonu Rabbani
22.	The Outreach-Profitability Trade-off: Evidence from an Ultra-Poor Program in Bangladesh	Dr. Wahid Abdallah
23.	Assessing Financial Inclusion in Char and Haor Areas in Bangladesh	Dr. Mahfuz Kabir
24.	Effectiveness of MRA Regulations in the Microfinance Sector: The User Perspective	Dr. Md. Abdul Latif
25.	Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh	Professor M. A. Baqui Khailly
26.	Effectiveness of PRIME Interventions in Greater Rangpur at the Household and Institutional levels: A Longitudinal Approach: (Round-5)	Professor M. A. Baqui Khailly

KNOWLEDGE MANAGEMENT

InM regularly disseminates its research findings through the Knowledge Management and Communication (KnM) Department that works as the voice of the Institute by featuring its activities for the wider audience and managing its public relations activities. The KnM division of the Institute is the hub of all knowledge generation and dissemination activities.

InM publishes its intellectual properties as academic papers, reports, working papers,

policy papers, books and other publications through this division. To circulate the research findings, InM has also been organizing dialogues, seminars, and workshops, etc. Moreover, to build consensus among stakeholders, various TV programs have been organized that suggest important policies and insights to government and private sectors. KnM department also maintains an archive of all valuable research data generated from different InM research studies for further use.

KNOWLEDGE DISSEMINATION THROUGH PUBLICATIONS

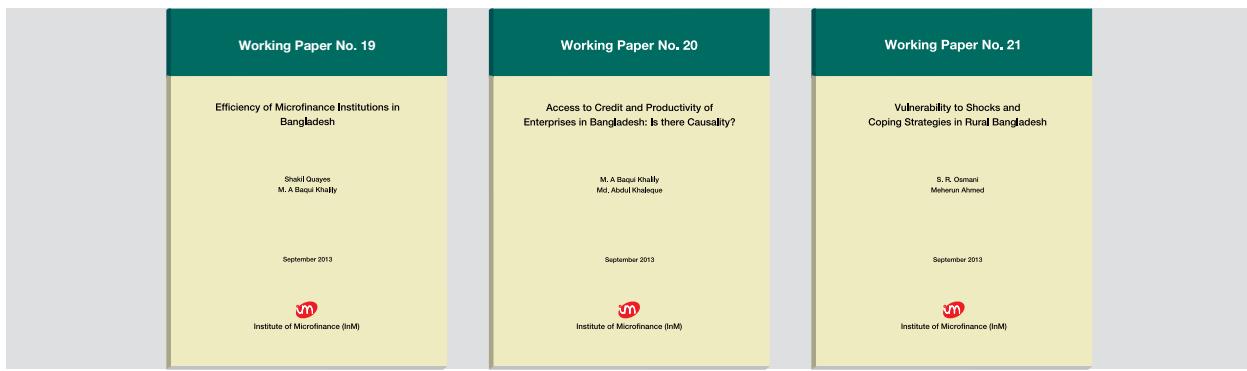
To disseminate the research findings of InM governed research studies, and to inform the people of the country along with academicians,

practitioners, stakeholders, InM has been making available different types of publications such as books, policy papers, research briefs, policy

briefs, working papers, occasional papers, study reports, microfinance statistics; etc.

The following is a list of the InM publications of 2013:

WORKING PAPER SERIES-2013



- **Working Paper 14:** Impact of Microcredit on Agricultural Farm: Performance and Food Security in Bangladesh
- **Working Paper 15:** Does Access to Finance Matter in Microenterprise Growth?: Evidence from Bangladesh
- **Working Paper 16:** Microfinance Growth and Poverty Reduction in Bangladesh: What Does the Longitudinal Data Say?
- **Working Paper 17:** Micro Health Insurance in Bangladesh: Innovations in Design, Delivery and Distribution Channels
- **Working Paper 18:** The Pattern and Determinants of Poverty in Rural Bangladesh: 2000-2010
- **Working Paper 19:** Efficiency of Microfinance Institutions in Bangladesh
- **Working Paper 20:** Access to Credit and Productivity of Enterprises in Bangladesh: Is there Causality?"
- **Working Paper 21:** Vulnerability to Shocks and Coping Strategies in Rural Bangladesh

For details please visit www.inm.org.bd/workingpapers.htm

Working Paper 14

Impact of Microcredit on Agricultural Farm: Performance and Food Security in Bangladesh.

By Dr. Md. Abdul Wadud

Abstract:

This paper shows the impact of microcredit on farm performance, output and food security using farm level survey data from Rangpur, Dinajpur, Bogra and Rajsahahi districts of northern Bangladesh. Results indicate that farms are operating at decreasing returns to scale and inefficiency effects are significant in explaining total variability in output. Inefficiency effects model reveals that microcredit, as well as experience and education of farmers help them utilise inputs more efficiently. Results show a positive impact of microcredit on farm income which subsequently could contribute to strengthening food security.

Working Paper 15

Does Access to Finance Matter in Microenterprise Growth?: Evidence from Bangladesh

By Shahidur R. Khandker, Hussain A. Samad and Rubaba Ali

Abstract:

The paper shows that in less-developed economies such as Bangladesh where the farm sector is the major source of employment and income, the rural non-farm sector (RNF) often as an additional source of income increasingly plays an important role in fostering the development of the rural economy, and microenterprise activities constitute a significant share of this sector. Fewer than 10 percent of the enterprises have access to institutional finance (formal banks or microcredit) although the rate of return on microenterprise investments is more than sufficient (36 percent per year) to repay institutional loans. The findings suggest that credit constraints may reduce the enterprise profit margin by as much as 13.6 percent per year. As the returns to microenterprise investment are found high, microfinance institutions (MFIs) can play a bigger role in supporting microenterprise growth in Bangladesh.

Working Paper 16

Microfinance Growth and Poverty Reduction in Bangladesh: What Does the Longitudinal Data Say?

By Shahidur R. Khandker and Hussain A. Samad

Abstract:

This paper, using several data sets, investigates whether microcredit programmes, which have been operating in rural Bangladesh for over 20 years, have any long-term effects in improving household income and expenditure and lowering poverty. Both descriptive and econometric analyses of the paper show that microcredit programmes helped participants earn higher income, consume more, and thereby lifted many of them out of poverty. Findings also suggest that while participation matters, those who have been with the programmes continuously for the last 20 years do even better. The paper concludes that poverty reduction, in particular the reduction of extreme poverty, due to microcredit intervention can be as high as 9 per cent of the total poverty reduction over the last decade in Bangladesh.

Working Paper 17

Micro Health Insurance in Bangladesh: Innovations in Design, Delivery and Distribution Channels.

By Syed M. Ahsan, Syed Abdul Hamid, Shubhasish Barua, Mohammad Rifat Haider and Chowdhury Abdullah Al Asif

Abstract:

The study shows that Bangladesh needs to start afresh with innovative means of financing the provision of health care to mitigate health risks, which entails high implicit premiums. As existing insurance type programmes essentially consist of subsidy-oriented interventions, not necessarily in kind, requiring up-front cash at each stage of service delivery, hence failing to overcome the incidence of high out-of-pocket payments (OOP), nor do the existing programmes succeed in dealing with events leading to catastrophic payments. Given this vacuum, an innovative micro health insurance (MHI) scheme has been designed keeping in view the targets of adequate risk protection, inclusivity of access, affordability and programme sustainability. The research design embracing the methods of cluster randomised trial allows for identification of direct and indirect effects of MHI on actual OOP incurred by the insured vis-à-vis the non-insured households who are otherwise similar in economic, educational and social dimensions.

Working Paper 18

The Pattern and Determinants of Poverty in Rural Bangladesh: 2000-2010

By S. R. Osmani and Muhammad Abdul Latif

Abstract:

This paper examined three aspects of rural poverty in Bangladesh: the trend of poverty over the decade of the 2000s, the evolving pattern of poverty among different population groups over the same decade, and identification of the major determinants of poverty in rural Bangladesh. Data from the Household Income and Expenditure Survey (HIES) 2000 of the Bangladesh Bureau of Statistics were compared with data from a large-scale survey of rural poverty carried out in 2010 by the Institute of Microfinance (InM) in Dhaka. The major findings of the paper showed: rural poverty has declined at an accelerated pace over the decade of the 2000s, poverty reduction has been a broad-based phenomenon, despite the generally broad-based nature of poverty reduction, the rate of decline was not equal for everyone, finally, an econometric analysis of the determinants of poverty helped identify a number of factors that can make significant contribution to poverty reduction.

Working Paper 19

Efficiency of Microfinance Institutions in Bangladesh

By Shakil Quayes and M. A Baqui Khallily

Abstract:

This study presents an empirical analysis of the cost efficiency of a sample of microfinance institutions (MFIs) operating in Bangladesh. The MFIs substantially vary in size and can also be characterised by their affiliation with donor and funding agencies. Therefore, the measurement of their performance poses an important challenge for the donor agencies and policymakers. Using stochastic frontier models in the measurement of the level of efficiency for the MFIs, the study suggests that larger MFIs are more efficient with some evidence of a trade-off between efficiency and outreach.

Working Paper 20

Access to Credit and Productivity of Enterprises in Bangladesh: Is there Causality?

By M. A Baqui Khalily and Md. Abdul Khaleque

Abstract:

This paper establishes a relationship between access to credit and the factor productivity of enterprises using the data collected through a nationally representative household survey conducted by InM in 2010. The survey data show that about 32 per cent of the households have at least one enterprise and some of the enterprises have received credit from different sources such as formal institutions, microfinance institutions, and informal lenders, and hence they have some access to credit. The results show that the access to credit (i) contributes to high average labour productivity and (ii) influences total factor productivity positively.

Working Paper 21

Vulnerability to Shocks and Coping Strategies in Rural Bangladesh

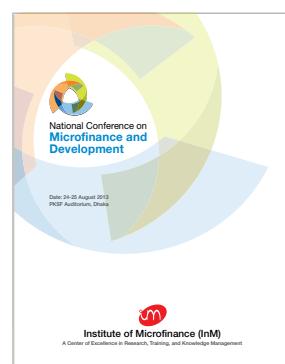
By S. R. Osmani and Meherun Ahmed

Abstract:

This paper uses a novel conceptual framework and a large-scale household survey to study the phenomena of crisis and coping in rural Bangladesh. The study found substantial variations in the exposure to shocks across regions, across occupational groups, across microcredit borrowers and non-borrowers and across participants and non-participants in the government's social safety net programmes. The analysis of coping strategies reveals that a number of factors enable a household to better avoid the adoption of potentially injurious erosive strategies. These include access to microcredit, access to foreign remittance, and opportunities for engaging in non-farm activities.

CONFERENCE DOCUMENT

InM published a Conference Document on the two-day National Conference on "Microfinance and Development"



PUBLICATIONS IN INTERNATIONAL JOURNALS/ BOOKS

- The Microinsurance Market in Bangladesh: An Analytical Overview by S. M. Ahsan, M. B. Khalily, S. A. Hamid, and S. Barua
The Bangladesh Development Studies, Volume 36, Number 1, March 2013.
- The Pattern and Determinants of Poverty in Rural Bangladesh: 2000-2010 by S. R. Osmani and Muhammad Abdul Latif
The Bangladesh Development Studies, Volume 36, Number 2, June 2013.
- Migrant Remittance Supported Micro-Enterprises in South Asia by Shahadat Khan in The Political Economy of South Asian Diaspora, Patterns of Socio-Economic Influence
Edited by: Gopinath Pillai, 2013.

NATIONAL CONFERENCE ON “MICROFINANCE AND DEVELOPMENT”

This year InM disseminated its research findings through a 2-day National Conference on “Microfinance and Development” held on August 24-25, 2013 at PKSF Auditorium, Dhaka. The Conference aimed at contributing to national policy discussion through circulating InM’s research findings.

The event was a unique and an appropriate platform for sharing and exchanging InM research results with concerned professionals including policymakers, academicians, government officials, development practitioners and MFI personnel. It was a combination of different working sessions and a plenary session that prompted productive and lively discussions.



The two-day conference was inaugurated by renowned socio-economic specialist, development thinker and the Chairman of InM, Dr. Qazi Kholiuzzaman Ahmad.

At the inaugural session, Professor M. A. Baqui Khalily, Executive Director, InM welcomed the participants to the event and explained the objectives of the conference. Former Finance and Planning Minister of Bangladesh Mr. M. Syeduzzaman was present as the Special Guest of the inauguration.

The conference consisted of six technical sessions and one panel session. The first day of the conference covered topics like: financial inclusion, access to finance and micro enterprise development, microfinance and poverty and risk, vulnerability and micro insurance.

The second day focused on issues like overlapping and drop-out behavior of the microfinance households in Bangladesh, microfinance and food security, climate change, vulnerability and microfinance.

DAY ONE

The first session of day one of the Conference was on financial inclusion in Bangladesh. A research of InM titled “Access to Financial Services in Bangladesh” showed that the major contribution to financial inclusion has come from the MFIs. Considering both banks and MFIs, the rate of financial inclusion in Bangladesh is around 67 percent. The study also showed that around 8 percent of the households had access to credit while over 37 percent of the households had access to micro credit.

Another paper titled “Financial Inclusion in Char and Haor Areas in Bangladesh” was presented by Dr. Mahfuz Kabir, Senior Research Fellow, BISS. A major finding of the paper was that people in char and haor areas have relatively less access to different financial services.

Mr. Amit Mittal, Analyst (Asia and the Pacific), MIX Market, showed that the number of active borrowers in Bangladesh in the year 2012 are second highest among South Asian countries with 41 percent while India remained highest with 52 percent.

Mr. Khondkar Ibrahim Khaled, Former Chairman, Bangladesh Krishi Bank, Former Deputy Governor, Bangladesh Bank chaired the session. The anelists of the session were Dr. Hassan Zaman, Chief Economist of Bangladesh Bank and Professor Mamun Rashid, Vice Chairman, Financial Excellence Limited (FinExcel).

The second session was on “Access to Finance and Micro Enterprise Development”. The session showed that fewer than 10 percent enterprises have access to institutional finance (banks/MFIs) although the rate of return on investment is more than sufficient (52 percent) to repay institutional loans and firms with access to credit gain in total factor productivity by more than 176 percent over the counter-factual group.

Dr. Toufic Ahmad Choudhury, Director General, Bangladesh Institute of Bank Management (BIBM) chaired the session while Dr. Zaidi Sattar, Chairman, Policy Research Institute (PRI) acted as the panelist.

“About 77 percent of the households have access to financial services in any market, and Bangladesh has the second highest financial inclusion in South Asia.”

-Professor M. A. Baqui Khalily



Session three of day one of the conference focused on “Microfinance and Poverty”. Professor S. R. Osmani, Department of Economics, University of Ulster, UK, in his presentation showed that the effect of microcredit on the economic condition of the poor borrowers is positive. It has enabled the vast majority of borrowers to strengthen the long-term economic viability of their households by expanding their asset base and by helping them to preserve assets in the face of periodic crises, but one should not expect to have any large effect for any type of single intervention. Rather than having nihilistic view about the effect of microcredit, one should concentrate on the details of how microcredit can be made more useful to the poor.

Mr. Khandakar Muzharul Haque, Executive Vice Chairman, Microcredit Regulatory Authority (MRA) chaired the session while Dr. Quazi Mesbahuddin Ahmed, Former Managing Director, Palli Karma-Sahayak Foundation (PKSF) and Dr. Rushidan Islam Rahman,

Research Director, Bangladesh Institute of Development Studies (BIDS) were present as panelists.

The fourth and last session of the day was on “Risk, Vulnerability and Micro Insurance”. Professor Syed. M. Ahsan, Department of Economics, Concordia University, Canada and Visiting Fellow, InM in his keynote presentation showed that the overall total out-of-pocket (OOP) payment for accessing healthcare was rather high. A household, on an average spent BDT 4,200 as out-of-pocket payments for accessing medical care, and a major portion (60 percent or BDT 2,500) of which is spent on drugs.

Professor A. K. M. Nurun Nabi, Vice Chancellor, Begum Rokeya University chaired the session along with Professor S. R. Osmani, Department of Economics, University of Ulster, UK. Mr. Md. Fazlul Kader, Deputy Managing Director, Palli Karma-Sahayak Foundation (PKSF) was the panelist of the session.

“ Micro Credit removes poverty of one in ten.”

- Prof. S. R. Osmani



DAY TWO

The first session of day two of the National Conference was on "Overlapping and Drop Out Behavior of Microfinance Households in Bangladesh". The study showed that overlapping in Bangladesh does not add to over-indebtedness of the households and if the borrowers can mobilize their resources, can use it properly and repay in time, overlapping is not necessarily bad. The study also showed that microcredit may not be suitable for every member under its existing terms and conditions. Diversified program design is needed with additional services such as training, health care along with credit contribute to lower probability of drop out.

The Chief Guest of the session was Dr. Atiur Rahman the Governor of Bangladesh Bank. In his speech he stressed the importance of developing a microfinance Credit Information Bureau (CIB) for the sector as the size of the industry has grown so much that it is important to know credit histories and multiple borrowing issues before new loans are made. Moreover, with the advent of mobile phone banking, microfinance CIB can truly revolutionize the industry like in other countries as loan officers can receive information about existing and potential borrowers on their mobile phone.

Mr. Md. Abdul Karim, Managing Director, Palli Karma-Sahayak Foundation (PKSF) chaired the session and Dr. Jashim Uddin, Deputy Managing Director, Palli Karma-Sahayak Foundation (PKSF)

and Professor M. M. Akash, Department of Economics, University of Dhaka were present as panelists.

The second session of day two was on Microfinance and Food Security. Two papers were presented in the session. The first paper was on the 'impact of microcredit on household food security in Bangladesh – evidence from PRIME' and the second paper was on 'impact of microcredit on agricultural farm performance and food security in Bangladesh'.

The first paper evaluated the PRIME project which PKSF initiated in the greater Rangpur region in 2006. The study showed that to improve the food security of the vulnerable extreme poor households with sustainability requires long term interventions and assessment. Credit alone was not sufficient to mitigate such multidimensional structural poverty like monga. Microcredit and microcredit plus programs like PRIME implemented by PKSF had positive impact on household food security mainly by raising their incomes through investments in income generating activities (IGAs).

The second study showed that the use of microcredit reduced inefficiency in farm production by facilitating small/ marginal farmers who were a great majority and lack sufficient finance to use optimum input-mix by on time procurement. It also reduced inefficiency or increased efficiency in farm production, resulting in increased production and availability of food.

Professor Dr. M. A. Sattar Mandal, Former Member, Agriculture, Water Resources & Rural Institutions Division, Planning Commission, GoB and Former Vice Chancellor, Bangladesh Agricultural University chaired the session. Dr. Iffath Sharif, Senior Economist, The World Bank and Dr. Quazi Shahabuddin, Professorial Fellow and Former Director General, Bangladesh Institute of Development Studies (BIDS) were the discussants of the session.





The third and last session of the day two of the conference was a panel session on "Climate Change, Vulnerability and Microfinance".

The session was presided over by Professor Hironori Hamanaka, Chair, Board of Directors, Institute for Global Environmental Strategies (IGES), Japan. The session steered debates on the strategies to cope with adverse impact of climate change with respect to microfinance, and also aimed at strengthening the joint research of InM and IGES.

The Keynote Speaker of the session was Dr. Qazi Khaliquzzaman Ahmad, Chairman, InM.

The study of Dr. Ahmad showed that the structure of microfinance has made very little improvement to cope with the shock; particularly climate change induced natural disasters. The study revealed that to mitigate poverty due to

climate change impacts, designing an effective rural microfinance program is required which will address the climate change and vulnerability, and this should be combined with other economic and social capacity enhancing elements vis-à-vis disaster management capacity building activities in an integrated fashion.

The distinguished panelists of the session were: Dr. Henry Scheyvens, Director, National Resources Management Group, Institute for Global Environmental Strategies (IGES), Japan; Dr. Rezaul Karim, Environment Specialist and, Vice Chairman, Bangladesh Unnayan Parishad (BUP); Dr. Mihir Kanti Majumder, former Secretary, GoB and Member, General Body, PKSF; Dr. M. Asaduzzaman, Professorial Fellow, Bangladesh Institute of Development Studies (BIDS) and Professor Ainun Nishat, Vice Chancellor, BRAC University.

“For sustainable poverty reduction and improved livelihoods, an integrated approach is essential....”

- Dr. Qazi Khaliquzzaman Ahmad





The Closing Ceremony was graced by the honorable Finance Minister of the Government of the People's Republic of Bangladesh, Mr. Abul Maal Abdul Muhith, as the Chief Guest. Honorable minister appreciated the effort of disseminating the research findings which could possibly contribute to the policy formulation of the government.

Ms. Pauline Tamesis, Country Director, UNDP Bangladesh, and Dr. Takao Toda, Chief Representative, JICA Bangladesh, were the special guests of the closing session.

The conference brought together more than 350 participants from national and international organizations, dignitaries, academicians, researchers, policymakers, development specialists, sector stakeholders, etc.

For detail Conference information please visit our website:
http://www.inm.org.bd/seminar/microfinance_and_development/index_main.htm

PRESS BRIEFING ON THE OUTCOME OF THE NATIONAL CONFERENCE

On September 9, 2013, the Institute of Microfinance (InM) organized a press conference at the National Press Club to present the InM research findings and way forward from the two-day National Conference held on August 24-25, 2013 on 'Microfinance and Development'. Dr. Qazi Kholiquzzaman Ahmad, Chairman InM discussed the InM research findings and the way forward at the press conference. Professor M. A. Baqui Khalily, Executive Director, InM, and Mr. Md. Abdul Karim, Managing Director, Palli Karma-Shahayak Foundation (PKSF) also spoke on the occasion.

While addressing the journalists and audience at the press conference, Dr. Qazi Kholiquzzaman Ahmad said that lack of education and lack of access to proper health services are two key problems faced by the poor people. He said, access to finance is undoubtedly necessary for the poor people to come out of poverty, but certainly microcredit alone is not of much avail in this context. For sustainable poverty reduction and



improved livelihoods, an integrated approach including financing, education, training, health services, sanitation, infrastructure, social capital, access to technologies, proper arrangement for marketing of produced goods and services, etc. are essential.

Discussing the findings from the two-day National Conference Dr. Ahmad also said that it is necessary to identify and promote businesses and enterprises, with respect to which there is potential for increasing productivity. Also, agricultural processing has to be prioritized for promotion and expansion. With a view to increasing productivity, access to appropriate technologies and necessary skill, management, and entrepreneurship training, and improved infrastructure should be ensured.



SEMINAR ON “ARE MICROCREDIT PARTICIPANTS IN BANGLADESH TRAPPED IN POVERTY AND DEBT?”

Institute of Microfinance (InM) organized a seminar titled “Are Microcredit Participants in Bangladesh Trapped in Poverty and Debt?” at the PKSF Auditorium, Dhaka on July 1, 2013. The Keynote Speaker of the seminar was Dr. Shahidur R. Khandker, Lead Economist, The World Bank, and Team Leader, “Long-term Dynamics of Microcredit Programs in Bangladesh” at InM study. The seminar was aimed at addressing and disseminating the findings from the diverse experiences regarding the role of microcredit in terms of microcredit participants, poverty, and indebtedness.

Dr. Atiur Rahman, Governor, Bangladesh Bank, graced the event as the Chief Guest. The seminar was chaired by Dr. Qazi Khaliquzzaman Ahmad, Chairman, InM and Palli



Karma- Sahayak Foundation (PKSF), and he moderated the whole session of the seminar. Professor Dr. M. A. Sattar Mandal, Member, Agriculture, Water Resources and Rural Institutions Division, Planning Commission, Government of the People's Republic of Bangladesh, was present as the Special Guest.



SEMINAR ON “IMPACT OF MRA’S RULES & REGULATIONS: INSTITUTIONAL & USERS’ PERSPECTIVES”



The Institute of Microfinance (InM) and Microcredit Regulatory Authority (MRA) jointly organized a Seminar titled “Impact of MRA’s Rules & Regulations: Institutional & Users’ Perspectives” at CIRDAP Auditorium, Dhaka on April 3, 2013. Dr. Atiur Rahman, Governor, Bangladesh Bank and Chairman, MRA, graced the event as the Chief Guest, and the seminar was chaired by Dr. Qazi Khaliquzzaman Ahmad, Chairman, InM and PKSF.

The seminar was aimed at addressing and discussing the findings from two research studies conducted by InM on the impact and effectiveness of

MRA regulations in the microfinance sector. The studies are: “Impact of Regulation on the Cost Efficiency of Microfinance Institutions in Bangladesh” and “Effectiveness of MRA Regulations in the Microfinance Sector: The User Perspective”.



INSTITUTE OF MICROFINANCE (InM) ORGANIZED A DIALOGUE WITH THE MFIs



Institute of Microfinance (InM) organized a dialogue with the MFIs at InM conference room at Lalmatia, Dhaka on September 12, 2013. The dialogue was primarily aimed at addressing the critical issues for research in the field of microfinance and suggesting effective modules for training. 21 participants attended at the dialogue.

Various critical issues and constraints that the MFIs are facing in recent years and the policy recommendation to mitigate these problems and how InM can play a role through policy advocacy were discussed at the dialogue. It was suggested to strengthen the relationship between microfinance sector and InM by reducing information gap, creating advisory



council with the leaders of microfinance sector representing geographical zone of the country, forming network for applied research of selected MFIs. Experimental research regarding new products should be undertaken to enhance the sector. Capacity building in handling the severity of climate change and developing human resource both internally and externally through offering diploma courses and short training program should be also taken into consideration.

The event was chaired by Professor M. A. Baqui Khalily, Executive Director of InM. Executive Directors of different MFIs were present at the dialogue. In addition, Professor M. Sadiqul Islam, University of Dhaka also participated at the dialogue.

INTERNATIONAL COLLABORATIONS

InM COLLABORATES WITH IGES, JAPAN



Networking with different international institutes has been established by InM. It has been expanding its research focus on aspects of environment and climate change. Thus, more recently InM jointly with IGES Japan, has embarked upon a research on vulnerability of the extreme poor, their coping strategies in relation to the impacts of natural disasters, and how microfinance and related activities can help these. Following are some major activities regarding the joint initiative:

MR. HIDEYUKI MORI, PRESIDENT, IGES VISITS InM



Mr. Hideyuki Mori President, Institute for Global Environmental Strategies (IGES), Japan, visited InM on January 14, 2013. Professor M. A. Baqui Khalily, Executive Director, InM welcomed the guest and introduced him to the staff of InM. Mr. Mori was accompanied by

Dr. Henry Scheyvens, Director, Natural Resources Management Group, IGES.

During his visit, Mr. Mori visited different Institutions like PKSF and UNDP and also went for field visit to know about the microfinance activities.

He was also the Guest of Honor at the Research Launching Ceremony and Workshop titled "Building Resilience and Adaptive Capacity to Climate Change through Microfinance in Bangladesh".

WORKSHOP ON “BUILDING RESILIENCE AND ADAPTIVE CAPACITY TO CLIMATE CHANGE THROUGH MICROFINANCE IN BANGLADESH”



InM, in cooperation with the Institute for Global Environmental Strategies (IGES), Japan, organized a day-long Launching Ceremony and Workshop titled “Building Resilience and Adaptive Capacity to Climate Change through Microfinance in Bangladesh” for collaborative research on microfinance and climate change adaptation at Pan Pacific Sonargaon Hotel, Dhaka on January 15, 2013.

The event was aimed to raise awareness of key organizations and individuals on joint research, to contribute to policy implications, and to gather inputs for future research and finally, to work on the significant issues of climate change through microfinance in Bangladesh. The objectives of the Workshop was to collect inputs from experts on the linkages between microfinance, building resilience and climate change adaptation, as well as on other significant issues associated with the climate change – microfinance nexus in Bangladesh.

The Workshop focused on climate

change as it is an existential issue for Bangladesh, and the country is highly likely to be one of the worst victims of climate change in the coming years. Given the importance of finding out the measures to protect us from the impacts of climate change, as also mandated by the Government of Bangladesh, proper attention should be given to microfinance and other poverty alleviation interventions from a climate change perspective.

Dr. Hasan Mahmud, MP, Honourable Minister for Environment and Forests, Government of the People’s Republic of Bangladesh, graced the inaugural session as the Chief Guest. Ms. Sarah Cooke, Country

Representative, DFID Bangladesh, was present as the Special Guest, and Mr. Hideyuki Mori President, IGES, was the Guest of Honor.

The event was chaired by Dr. Qazi Kholiquzzaman Ahmad, Chairman, InM. Professor M. A. Baqui Khalily, ED, InM welcomed the participants to the Workshop and briefed on the goals and objectives of the event.

A “Panel Discussion Session” was also conducted after the inaugural session. The Panel Discussion Session consisted of global climate change experts and specialists, eminent professionals and practitioners from related fields deliberated on their thoughts, ideas and suggestions about the significant issues and challenges of climate change in Bangladesh highlighting the



focus of the Workshop. The panelists were: Dr. M. Asaduzzaman, Research Director, Bangladesh Institute of Development Studies (BIDS), Mr. A. M. Monsurul Alam, Director, Department of Environment, GoB, Dr. Henry Scheyvens, Director, IGES, Professor Dr. Mahbuba Nasreen, Director, Institute of Disaster Management and Vulnerability Studies (IDMVS), University of Dhaka, Dr. Fazle Rabbi Sadeque Ahmed, Project Coordinator, Community Climate Change Project, (PKSF), Mr. Mohammad Fazlul Kader, Deputy Managing Director, (PKSF), and Dr. Rezaul Karim, Environment

Specialist and Vice Chairman, Bangladesh Unnayan Parishad (BUP). The Session was moderated by Dr. M. A. Sattar Mandal, Member, Planning Commission of Bangladesh and former Vice Chancellor, Bangladesh Agricultural University.

IGES CHAIRMAN PROFESSOR HIRONORI HAMANAKA VISITS InM



Professor Hironori Hamanaka, Chair, Board of Directors of the Institute for Global Environmental Strategies (IGES), Japan, visited InM on August 26, 2013. During his visit, a review meeting between InM and IGES was held that was presided over by Professor Hamanaka. The bilateral relationship and the ongoing InM-IGES joint research project titled "Building Resilience and Adaptive Capacity to Climate Change through Microfinance in Bangladesh" was discussed at the meeting.

Professor Khalily, Executive Director, InM welcomed the honorable guest and briefed him on the current status and the way forward for the project.

Professor Hamanaka said that by extending the knowledge through effective research, the climate change issue needed to be addressed and linked with microfinance and poverty and thus, shape the research agenda for the future. He also said that the research results must reflect the policy implications so that they could share the gathered knowledge and help the poor people build their capacity. He emphasized on crafting a special intervention program for climate change which along with building the adaptive capacity, will also incorporate water and sanitation,



health care services, etc. Professor Hamanaka added by bringing researchers from IGES and by sharing knowledge between the two Institutes, InM and IGES would be able to pave the way for future collaborative activities at national and international levels.

From InM Dr. Muhammad Abdul Latif, Director (R & KnM), Dr. Md. Mosleh Uddin Sadeque, Director (T & O), and Mr. K. M. Tarek, Head (F & A), and Dr. Henry Scheyvens, Director, Natural Resources Management Group, IGES, were also present at the meeting.

InM PARTICIPATES AT THE THIRD EUROPEAN RESEARCH CONFERENCE ON MICROFINANCE, NORWAY

Professor Khalily, Executive Director, InM along with S. Badruddoza, Research Associate, InM participated in the “Third European Research Conference on Microfinance” held at Kristiansand, Norway on June 10-12, 2013. They presented three research papers at the event.

Institutions like CERMi and University of Agder expressed interest to do collaborative research and networking activities with InM.



InM SIGNED AGREEMENT WITH LANG FANG CITY WANXINHE CREDIT GUARANTEE CO. LTD. (WANXINHE), CHINA



Professor Dr. A. K. M. Nurun Nabi, Member, InM Board, Professor M. A. Baqui Khalily, Executive Director, InM, Mr. Md. Fazlul Kader, Deputy Managing Director, PKSF and Dr. Md. Mosleh Uddin Sadeque, Director (Training & Operations), InM visited China. A Service Agreement

was signed with Lang Fang City WanXinHe Credit Guarantee Co. Ltd. (WanXinHe), China on March 31, 2013 in Beijing to provide technical support for offering training courses for the microfinance practitioners in China.

MOU SIGNED BETWEEN InM AND MICRO INSURANCE ACADEMY (MIA), INDIA



The Institute of Microfinance (InM), Bangladesh and Micro Insurance Academy (MIA), India signed a Memorandum of Understanding (MoU) on mutual collaboration in developing an “InM-MIA Program for Insurance (IMPI)” on February 12, 2013 at the Lalmatia office of InM, Dhaka.

Professor M. A. Baqui Khalily, Executive Director, InM, signed the MoU on behalf of InM, and Dr. David M. Dror, Chairman and Managing Director, MIA, signed it on behalf of MIA. Ms. Mandeep Maini, Consultant, MIA, and Professor Syed M. Ahsan, Team Leader of Microinsurance Programme, InM, witnessed it on behalf of MIA and InM respectively.

Under this MoU, a joint program will focus on providing insurance domain knowledge to academia, policymakers, NGOs, insurers, service providers, re-insurers, and others, and implementing sustainable insurance models for all relevant risks (health, agriculture, livestock, climate change, natural catastrophes) or composites thereof that are suitable for the local environment.

SPECIAL EVENT OF InM

PROFESSOR MARC LABIE DELIVERS A KEYNOTE LECTURE ON “MEASURING FINANCIAL AND SOCIAL PERFORMANCE FOR MICROFINANCE INVESTMENT VEHICLES (MIVS)”



Professor Marc Labie, Department of Management, Warocqué School of Business and Economics, University of Mons (UMONS), Belgium, presented a keynote paper titled “Microfinance Investment Vehicles (MIV) and Social Performance: Moving Forward with the MACBETH Approach” on February 27, 2013 at the InM Conference Room, Lalmatia.

The Keynote Lecture was aimed at suggesting a brand new way of reviewing MIVs’ commitment to double bottom line returns.

The lecture suggests using the MACBETH (Measuring Attractiveness by a Categorical Based Evaluation Technique) approach as an investment screening method which, combined to existing social performance tools such as the SPI (Social Performance Indicators), can ensure that investment decisions are taken in accordance with socially responsible investors’ values.

OTHER EVENTS OF InM

InM PARTICIPATES AT THE PKSF DEVELOPMENT FAIR 2013



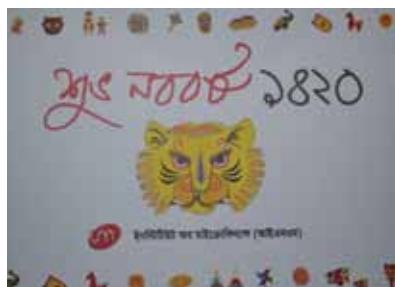
As a part of its knowledge management and dissemination programs, InM participated at the PKSF Development Fair 2013 during May 12-16, 2013 at the Bangabandhu International Conference Center (BICC), Dhaka. The event was also an occasion to celebrate the completion of 23 years of PKSF's operations. Earlier H. E. Sheikh Hasina, Hon'ble Prime Minister, Government of the People's Republic of Bangladesh, inaugurated PKSF's Development

Fair 2013, held in the Grand Ball Room, Hotel Pan Pacific Sonargaon, Dhaka on February 13, 2013.

Eminent researchers, scholars, experts, development professionals and practitioners, policymakers, sociologists and other relevant stakeholders were present at the 5-day long event. The Fair certainly was an important platform for all to share their knowledge and experiences.



InM WELCOMES THE BENGALI NEW YEAR 1420



InM welcomes the Bengali New Year 1420 with an informal program on April 13, 2013 at its Conference room at Lalmatia office. The staff celebrated the occasion with songs, poetries and chorus songs. The conference room was decorated

with colorful papers and decorations that reminded everyone about a vibrant rural fair. The event was celebrated by all the employees of InM.



TRAINING AND EDUCATION

TRAINING AND EDUCATION

The training division of InM is dedicated to meet the training needs of national as well as of global microcredit and other development related programs. InM's mandate is to take initiatives to develop the human resources of the microfinance sector through its qualitative and integrated training programs.

Based on the evolved and changing nature of the microfinance sector, where the sector has been expanding

beyond providing only credit, the sector is now concentrating on issues like inclusive finance, equitable growth and other development areas. As a result, it requires more efficient human resources to serve this market segmentation. The Institute puts special emphasis on the need-based customized training, which requires standard and integrated training modules for the training programs to fulfill the requirement of the sector.

TRAINING AND EDUCATION

A SPECTRUM OF EXCELLENCE

As the Institute is mandated to meet the training needs of national as well as of global microcredit and other development related programs, InM has taken initiatives for the development of the microfinance institutions (MFIs) through qualitative and integrated training programs. The Institute puts special thrust on need-based customized training, which requires standard and integrated training modules for the training programs, rather than organizing prototype training.

Due to the changing pattern of microfinance sector, the activities of MFIs have been expanding beyond providing only credit. Microfinance sector in Bangladesh and beyond is moving towards Inclusive Finance. As a result, different clientele groups are entering into the market. The poorest are not the only recipients of microfinance services. Now-a-days micro entrepreneurs, ultra poor and agricultural farmers are the recipients of microfinance services other than the moderate poor who are the conventional microfinance clients. As a

result, the sector required human resources to serve this market segmentation. These human resources will be of a different kind of human resources compared to the conventional one who only focus on the moderate poor. They will be a new breed of "Development Bankers" focusing on financing these markets with a view to play a major role in poverty alleviation.

InM microfinance training provides a unique opportunity to shape MFIs thinking about the contemporary issues they face back at the workplace. Upon its formal inception of training activities in 2009, InM, till to date, provided training to more than 14,000 microfinance practitioners at the field and headquarters level and created a pool of around 200 InM Certified Trainers.

MR. SHABBIR AHMED CHOWDHURY JOINS InM AS TRAINING ADVISOR



Mr. Shabbir Ahmed Chowdhury has joined InM as its Training Advisor on July 2013. Before joining InM, he worked as a consultant at DFID. Prior, Mr. Chowdhury was the Director of BRAC Training Division of Microfinance program and BRAC International Program. He has a 36-year of experience in the area of microfinance, poverty alleviation and in Training and Capacity building sector.

TRAINING MILESTONES 2008-13

01 Comprehensive TNA for Microfinance Sector

10 Standard Training Modules for Microfinance Practitioners

199 InM – Certified Trainers are engaged in conducting field level training

24 Training Service Providers (TSPs) to organize training across the country

03 International Training collaborations

14,000 practitioners (approx.) received training in Microfinance and on relevant fields

TRAINING HIGHLIGHTS 2013

Inauguration of InM Training Center, Dhaka

Feasibility Study for Certificate/ Diploma Courses in Microfinance

New Approaches of InM Training

Dialogue with Top MFIs

Direct Training Programs Conducted by InM

Signing Agreement with WanXinHe Credit Guarantee Co. Ltd, China

Training of Trainers (ToT)



NEW APPROACHES OF InM TRAINING

Envisioning to emerge as a center for capacity development of the microfinance sector, InM has adopted new approaches in offering training activities.

Emerging as a training center for the sector

The institute will take leadership in training and capacity building programs in the field of microfinance and allied areas of poverty reduction. InM will step into providing training directly and establishing mechanisms to ensure ongoing innovation through need assessment, module development and imparting training and academic programs that will cater to the vibrant need of the sector.

Developing mid- term and long term academic programs (Certificate/ Diploma)

InM will uniquely position itself in designing and offering outcome- oriented and technology-enhanced certificate and or diploma programs. InM will materialize this program through innovative delivery methods, campus,

off- campus or distant learning, to the target learners. The institute will transform its human and capital resources to support a dynamic learning environment for the proposed programs.

Developing the new generation of practitioners for microfinance industry

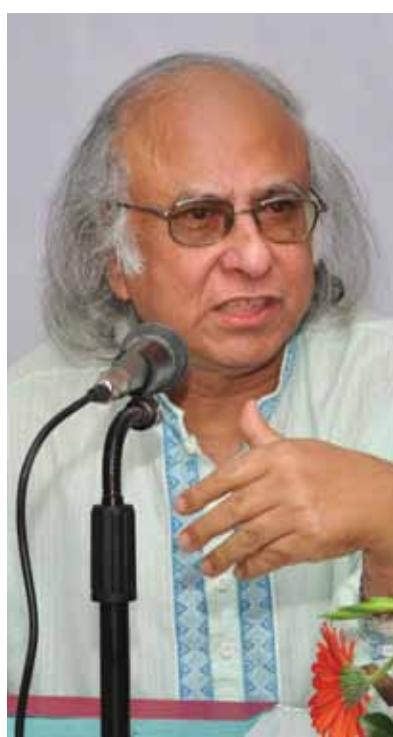
The institute will foster the next generation of practitioners, who may be termed as Development Bankers", to build a proficient and specialized career in the microfinance industry with a view to complimenting the sector to transform in more professional way. InM will adapt high impact programs and launch new niche for professional programs to deliver it to new- learners at home and abroad. The institute will create a strong national and international network, strategic alliances and or partnership with microcredit specialists and esteemed institutions to create opportunities for future practitioners and give the institute a leading edge.

INAUGURATION OF InM TRAINING CENTER, DHAKA



Institute of Microfinance (InM) started its journey in its own training center in Monsurabbd, Dhaka in as six- storied building. Honorable Chairman of InM, Dr. Qazi Kholiuzzaman Ahmad inaugurated the training Center on 22 November 2013.

Mr. Khondkar Ibrahim Khaled, Former Chairman, Bangladesh Krishi Bank, Dr. Jashim Uddin, DMD, PKSF and Mr. Khandakar Muzharul Haque, EVC, MRA were the special guests at the inauguration ceremony. Distinguished guests from PKSF, MRA, MFIs and other stakeholders were also present in the ceremony. Initiatives undertaken were highly appreciated by all. They hoped, the centre will help InM to realize its vision to meet the training demand of the sector.



InM TRAINING CENTER IN BRIEF

The six-storied InM Training Center at Mansurabad, Dhaka is equipped with various modern facilities and is in a position to organize three residential/non-residential training events simultaneously.

The Center is committed to assisting participants of different stakeholders of Microfinance and development sector in enhancing their skills and capacity building through learning and sharing in a participatory way.



CONFERENCE ROOM AND CLASSROOMS



Conference Room



Training Room-1



Training Room-2

Facilities:

- 01 Conference room (Capacity: 50 participants)
- 02 Training Classrooms (Capacity: 25 participants each)
- Digital Multimedia with projection system
- Equipped with modern Furniture and Fixtures
- Air Conditioned class room environment
- Flexibility to arrange Classroom in required Learning Styles;
- Technologically Advanced Equipment;
- Free Wi-Fi Zone
- Lobby for Participants' Interface;
- Coffee Corner
- Workstation for Facilitators, etc.



Group Discussion Room



Lobby

DORMITORIES



Well-furnished Accommodation



Comfortable leaving room with LED TV

Dormitories come with the following amenities:

- 24 double bedrooms
- 02 single bedrooms
- Air Conditioned rooms
- Strong Security System
- 24-hour lift and generator service;
- LED Television with local and cable channels
- Free Wi-Fi
- Complimentary bottled water
- Daily newspaper
- 24 hours housekeeping facilities.

FOOD AND BEVERAGE FACILITIES

- Coffee lounge;
- Buffet service facility and
- Full-service dining



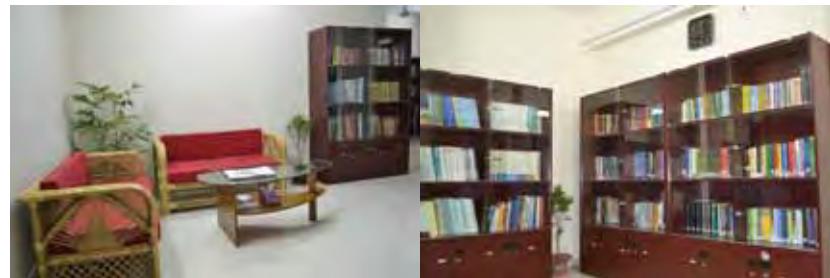
Dining Facilities

OTHER SUPPORT SERVICES

- A dedicated Reception Desk and Information Corner;
- Prayer Room;
- Parenting Corner;
- Emergency Doctor's Service on call;
- Room for Indoor Games;
- Learning Resources Display Center etc.



Reception



Reading Corner

MAIDEN TRAINING PROGRAM AT InM TRAINING CENTER, DHAKA



InM has already started training implementation from its own premise. The institute organized its maiden training course in its own training center on "Microenterprise Management and Lending" from 26 November 2013 jointly with PKSF for capacity building of POs. A total of 22 participants from TMSS, JCF and SSS, three top level MFIs of the country, joined the course.

Professor M. A. Baqui Khalily, Executive Director of InM inaugurated the training program.

Facilitators and sector experts, from InM and PKSF, who are skilled in the respective sessions conducted the training sessions. Mr. Md. Abdul Karim, Managing Director of PKSF was the Chief Guest of the closing session &

certificate awarding ceremony where Prof. Khalily, ED, InM chaired the session.

It is hoped that the demonstration of participant's skills and learning from the training will essentially enhance their skill and will help to contribute to the sector as well.

DIRECT TRAINING PROGRAMS CONDUCTED BY InM

TRAINING FOR MRA LICENSED MFIs



Training on “Governance & Regulatory Issues of MFIs” was on board from January 2013, which was specially designed for MRA for its licensed MFIs. The course was aimed at providing a framework of governance structures of MFIs and enhancing capacity of the Executive Directors, CEOs, and Chairpersons of the MFIs on various aspects of governance system to facilitate implementation of good governance in the microfinance sector. InM

organized 27 batches of training through which 624 executive heads of licensed MFIs were trained.

TRAINING FOR PKSF POs



New product launching methods, project management and supervision activities, etc. During the period, InM trained 240 participants of Partner Organizations of PKSF.

InM started to offer training courses for Partner Organizations of PKSF from April 2013 on three different modules, titled “Microenterprise Management & Lending”, “Advanced Microfinance & Institutional Development” and “Financial Product Design & Diversification”. These training courses were focused on techniques and means of field level microfinance operations with the in-depth discussion on marketing aspect of microenterprise products, financial aspect of microenterprise business,

ToT on “MICROENTERPRISE MANAGEMENT AND LENDING”

InM jointly organized a ToT on “Microenterprise Management & Lending” with PKSF from 03- March 07, 2013 at PKSF Training Room. A total of 20 participants/ trainers from InM and TSPs joined the course.

Dr. Jashim Uddin, Deputy Managing Director, PKSF, inaugurated the ToT. Facilitators from PKSF, having experience on line, conducted the ToT. Mr. Md. Abdul Matin, Manager (Training), PKSF acted as the course coordinator.

TRAINING OF TRAINERS (ToT) PROGRAMS

ToT ON “IMPROVING PARTICIPATORY MANAGERIAL SKILLS AND MANAGEMENT STYLE”



During July 14-18, 2013, InM organized the ToT on “Improving Participatory Managerial Skills and Management Style” at NGO Forum to develop master trainers to strengthen the institutional capacity of the MFIs. A total of 19 participants from IDF, UDDIPAN, RRF, ASPADA Unnayan Foundation, NGO Forum for Public Health, DSK, Padakhep, PMK, RDF, ASHRAI and WAVE Foundation joined the course. Sector experts and professionals from PKSF and InM facilitated the training. It is hoped that participants will be able to describe interpersonal and necessary skills required for effective management & leadership at their own organizational level and will be able to facilitate training programs at field level.

ONSET OF FEASIBILITY STUDY FOR CERTIFICATE/ DIPLOMA COURSES ON MICROFINANCE

InM initiated a feasibility study on July 2013 through Bangladesh Institute of Bank Management (BIBM) to evaluate the potential of introducing Diploma and/ or short-term Certificate courses on microfinance and vis-à-vis develop the curriculum based on the study. It is

expected that the mentioned courses will meet long felt demand of the sector for professional courses for the present and next generation microfinance practitioners.

DEVELOPING CERTIFICATE / DIPLOMA PROGRAM

DIALOGUE WITH TOP MFIs REGARDING CERTIFICATE / DIPLOMA PROGRAM



InM has organized a dialogue with MFIs on 12 September 2013, primarily aimed at addressing critical issues of research, areas and expectations from training. In addition, the various constraints that the MFIs are facing in recent years and the policy recommendation to mitigate these problems and how

the Institute of Microfinance can play the role through policy advocacy were also discussed in the dialogue. The event was chaired by Professor M. A. Baqui Khalil, ED, InM. Executive Directors from Top 30 MFIs, academicians, researchers and training experts were present in the dialogue as participants.

In this dialogue, participants came to a consensus that the sector, which is dealing with public deposit mobilization, is lacking qualified leaders and managers.

In this regard, apart from regular training courses, professional programs like Diploma/ Certificate courses that are in plan to be offered by InM will signify sector potential and meet the capacity building demand. Moreover, next generation of practitioners/ graduates will be attracted to step in to the sector.

To make job market lucrative and control employee dropout rate, offering good working environment, smart packages, image building of MFIs are also vital vis-à-vis professional programs, participants noted.

SIGNING AGREEMENT WITH WANXINHE CREDIT GUARANTEE COMPANY LTD., CHINA



As part of international collaboration, a team led by Professor Dr. A. K. M. Nurun Nabi, Member of Board comprising Professor M. A. Baqui

Khalily, ED, InM, Mr. Md. Fazlul Kader, DMD, PKSF, Dr. Md. Mosleh Uddin Sadeque, Director (Training &

Operations), InM, visited China on March 2013.

An agreement has been signed between Institute of Microfinance (InM) and Lang Fang City WanXinHe Credit Guarantee Co. Ltd. (WanXinHe) on March 31, 2013 in Beijing. Professor Khalily, and Mr. Yonghai Ren, Director of Board and President, WanXinHe, China signed the Joint Service Agreement on behalf of the respective parties. Dr. Nabi, Dr. Sadeque, Mr. Kader and Mr. Lee Sueh, Director (Public Relations), WanXinHe also witnessed the signing of the agreement.



According to this Agreement, InM will extend its technical expertise to offer training services in China and later PKSF will be also involved to provide Operational Support.

It is expected that through this cooperation both the countries will be benefitted on the mutually agreed issues directed towards poverty reduction.



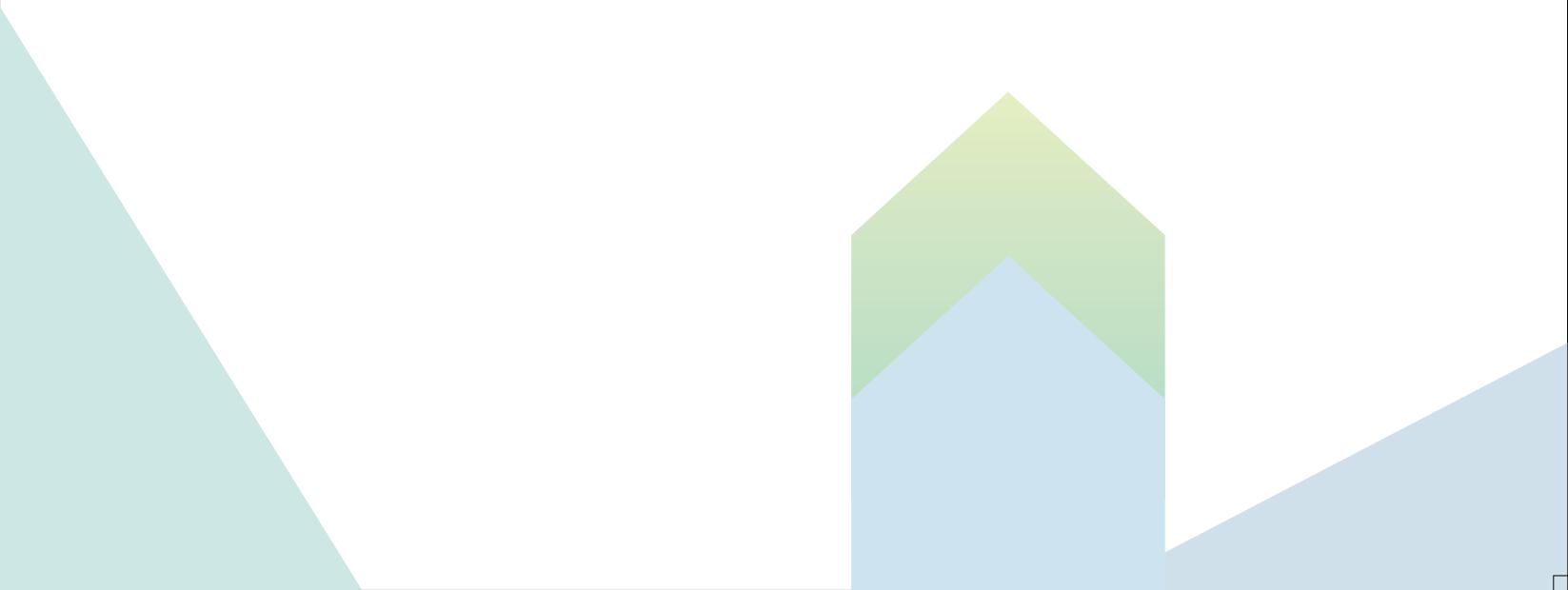
INTERNATIONAL NETWORKING IN 2013



INTERNATIONAL NETWORKING

Over the year, initiatives have been taken for networking with IFTDO (International Federation of Training & Development Organizations) and Frankfurt School of Finance & Management are under process.

It is expected that such initiatives will assist InM to emerge as a hub of excellence in training through international recognition.



ADMINISTRATION AND FINANCE

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InM has a strong team at each of Administration and Finance divisions to cater the administrative and financial support to the management and the activities associated with the functional divisions – research, training and knowledge management. The Administration Division provides HR and support services to the functional divisions of the Institute. It ensures coordination among the divisions, top management and Finance & Accounts Division regarding compliance issues.

InM has an efficient Finance and Accounts (F & A) 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 the expenditures of the Institute. The 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 the regular auditing of the financial documents of all programs and branches, and reports to the ED.

The F & A 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 which provides considerable time to audit the expenditures of the Institute's operational activities and overall financial management.

MR. K. M. TAREK FCA JOINS InM AS THE HEAD OF FINANCE AND ADMINISTRATION



Mr. K. M. Tarek has joined Institute of Microfinance (InM) as the Head of Finance & Administration on May 30, 2013. He has 15 years of professional experience in corporate business sector and development sector.

He is a Fellow Member (FCA) of the Institute of Chartered Accountants of Bangladesh.

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