



Regional Conference on

Microfinance in SAARC Countries: Sharing Lessons & Way Forward

# Conference Newsletter

## First Regional Conference on Microfinance in SAARC Countries kicks-off

RMDC News  
KATHMANDU, Nov 30

Finance Minister Surendra Pandey inaugurated the first SAARC regional conference on 'Microfinance in SAARC Countries: Sharing Lessons and Way Forward' on Tuesday in Kathmandu.

The two-day conference aims to share information and seek measures to deal with the challenges in microfinance sector in the region. The conference has been jointly organized by the Institute of Microfinance (InM) of Bangladesh and Rural Microfinance Development Centre Ltd (RMDC) of Nepal in cooperation with the SAARC Secretariat.

Addressing the inaugural session Finance Minister Pandey lauded the progress of Bangladesh in the microfinance sector and urged Nepalese to take advantage from the experience of Bangladesh. "Bangladesh is globally considered as a pioneer in the field of microfinance," Pandey said, "I urged Nepali delegates to take the maximum benefit from the Bangladesh's rich experience."

He said microfinance in Nepal has been a private sector domain with the expansion and diversification of the economy and adherence to the liberal economic policy.

"The government is preparing a Second Tier Institutions (STI) to regulate all sorts of Microfinance Institutions (MFIs) in Nepal," he said, adding that MFIs can play crucial role for the implementation of inclusive development on the back of widespread poverty, growing inequality across different geographic regions, communities and gender.

On the occasion he also called for effective utilization of remittance for the development of recipient countries. "I call upon this conference to find out modalities on how can we effectively channelize remittances to the overall development through microfinance," he added.

Delivering his remark on the occasion, Shankar Man Shrestha, CEO of RMDC, stressed on the fact that



microfinance, if used properly and effectively, can bring meaningful changes in the lives of poor and destitute, Region's economy can't move ahead without improving the lives of the millions of poor.

He said access to finance to poor people has increased manifold with the tremendous progress and achievements in the field of microfinance in the decade of 2000 across the SAARC region. Lauding the success of MFIs, Shrestha said, MFIs had been able to maintain very good recovery rate of over 98 percent and were on the way to achieving self-sufficiency in the next 2-3 years and financial sufficiency in 5-6 years.

However, he expressed concerns over the growing malpractices that have been bringing distortion in microfinance sector. "Against the back drops of many positive developments in microfinance, lately some MFIs are drifting away from their mission to serve the poor and the destitute," he said. "A tendency is found to have developed among MFIs to lend larger size loans to less poor or middle level clients."

The increasing trend of seeking more profit and unhealthy competition has become the threat to the sustainability of the MFIs," according to him. "MFIs are not going to the remote hilly areas due to high cost of operations. The trend has to be changed."

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# Glimpse of the First Day



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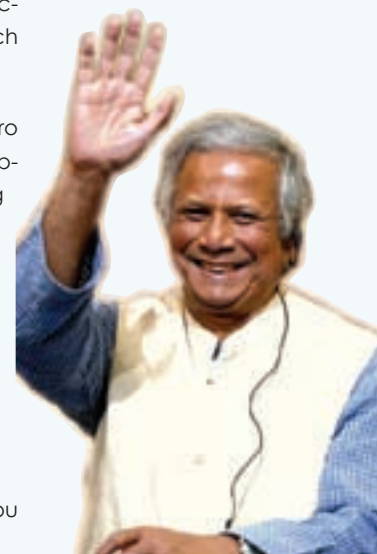
## Message from Nobel Laureate Prof. Mohammad Yunus

I would like to extend to my many good friends and colleagues in Nepal my best wishes for a successful "Microfinance in SAARC Countries: Sharing Lessons and Way Forward" Conference which is to be held from November 30-December 1, 2010 in Nepal.

Nepal is one of the countries that has forged ahead with nearly national level coverage of micro credit. It has established a successful wholesale fund for microfinance, RMDC, that has been helping the sector to grow. It is in the process of creating all the necessary institutions to build a strong and healthy microfinance sector.

Your conference is taking place at a time when we are witnessing a crisis in India, which has been largely caused by a wrong turn taken in some microcredit programs in India through commercialization with the objectives of "profiting" from the poor. As Nepal plans its next steps, it is important for us go back to the roots of microcredit, which was established as a way to get rid of loan sharks, and help the poor to work their way out of poverty. Nepal, I believe, is well equipped to face these challenges.

I am sorry that I could not be with you for this important and timely meeting, but wish all of you the best success.



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On the occasion, he read out the message for the conference from Nobel Peace laureate and, founder and managing director of Grameen Bank, Muhammad Yunus, the pioneer of microfinance.

Giving opening remarks Dr. Moslesh Uddin Sadeque, Interim Executive Director of the InM of Bangladesh, stressed on the need to forge collective effort among MFIs of SAARC region to overcome the challenges existing in the sector. "We have gathered here for common learning through our experiences and share innovative idea to deal with the challenges seen in the sector and seek practical point for departure," said Sadeque.

Stating the fact that SAARC region is the home to MFIs, he also urged the policy makers to facilitate the sector in reducing poverty in SAARC countries.

Dr. Yub Raj Khatiwada, Governor of Nepal Rastra Bank, the central bank of Nepal, stressed on the need to holistic mobilization of MFIs in micro-insurance targeting the poor people, in addition to the financial use of MFIs. "It is challenging and necessary that integrating programs of microfinance sector with government agencies for the repackaging of government initiated programs in crucial sectors such as education, health and infrastructure," said Khatiwada.

He also opined that growth of MFIs shouldn't be limited but they should be properly regulated through effective regulations for their sustainability. Lauding the proliferation of MFIs in the SAARC region, Khatiwada opined that replication of MFI programs should be customized and fine-tuned.

Delivering speech on the occasion, Dr. Sheel Kanta Sharma, Secretary General of SAARC, highlighted the growing role of MFIs to uplift the lives of poor people in the task of

alleviating poverty in the region. He also expressed readiness to extend cooperation from the SAARC secretariat for the development of MFIs in the region. SAARC Secretary General Sharma also released the report 'Microfinance in SAARC Countries'.

Concluding the opening session as the chair, Wahiduddin Mahmud, Chairman of InM, said over 20-30 million borrowers are taking advantage of microfinance in Bangladesh. "We are revolving over US\$3 billion annually in Bangladesh despite the fact that many people are still unaware of microfinance," said Mahmud. "MFIs have to concentrate their effort to serve the grass-root level people to bring the millions of poor out of the poverty line in the region."

The first day of the regional conference on Microfinance in SAARC countries: Sharing Lessons & Way Forward witnessed the four presentations from Afghanistan, Bangladesh, India and Maldives.

The four countries discussed on the regulatory framework, outreach and challenges in their respective countries.

The first session of Afghanistan was chaired by Dr Rashid Faruquee, visiting fellow, InM, Bangladesh and Mr Md Fazlul Haque, country head, BRAC, Afghanistan, and Dr Atonu Rabbani, assistant professor University of Dhaka, gave presentation on the state of microfinance in Afghanistan.

Similarly, the second paper was presented by Mr Dewan A A Alamgir, microfinance specialist, Bangladesh and the session was chaired by Dr Quazi Mesbahuddin Ahmed, MD, PKSF, Bangladesh.

The third paper was presented by Sanjaya Sinha, MD, M-CRIL and the session was chaired by Mr Mathew Titus, ED, Sa-Dhan, India, whereas Ms Aishant Abdul Gadir, deputy manager, MMA presented the paper of Maldives and chaired by Dr Hahrihar Dev Pant, executive chairman, Nirdhan Utthan Bank.

