

Microfinance in South Asia Today and Tomorrow

A conference to be held at the Taj Palace Hotel in

New Delhi, India

December 5–7, 2005

Background and Goals

The World Bank and CGAP have collaborated on a South Asia regional project as part of the International Year of Microcredit. The project focuses on key issues that are common to the microfinance sectors in most countries in South Asia, including post tsunami microfinance, scaling up and deepening outreach, improving transparency, and improving the policy environment. Various activities have taken place throughout the region during 2005 and the project will culminate in the “Microfinance in South Asia Today and Tomorrow” Conference. The goals of the conference are:

- To highlight and promote ideas and initiatives that will take microfinance to the next level in South Asia – scaling up and deepening outreach, building strong sustainable national microfinance sectors, improving the policy and regulatory environment, and working towards inclusive financial sectors that serve the poor.
- To help build stronger regional linkages between important stakeholders in the South Asian countries so that more regional learning takes place in the future.

Event associates, cosponsors and Participants

Since the conference is being held in India, Sa-Dhan is working in close collaboration with the World Bank and CGAP to organize the conference. In addition, other event associates from the region include MISFA from Afghanistan, PKSf from Bangladesh, the MMA from Maldives, CMF from Nepal, PPAF from Pakistan, and NDB from Sri Lanka. Co-sponsors for the conference include DFID, SDC, USAID and SIDBI.

Two hundred fifty participants from all eight countries in the region as well as from other countries will attend the conference. They will represent policy making and regulatory bodies, the commercial financial sector and the microfinance sector.

Monday, December 5th

1230 -1345 Lunch followed by registration

1400 -1500 Opening Session

Welcome:	Stephen Rasmussen, Lead Specialist, World Bank
Presiding:	Praful Patel, Vice President South Asia, World Bank
Guest Speaker:	Waheedullah Shahrani, the Honorable Deputy Minister, Ministry of Finance, Afghanistan
Keynote address:	Ela Bhatt, Chairperson, Sa-Dhan

1500 – 1530 Tea

1530 – 1730 Session 1

Microfinance in Post Disaster Situations

Session Chair: H. M. Gunasekara, Ministry of Finance (Sri Lanka)

Objective: To develop a more concrete understanding of the appropriate role of microfinance in post disaster situations, especially in post-tsunami reconstruction. While microfinance has often been a key aspect of the strategy to rebuild the livelihoods of poor people affected by natural calamities, well intentioned donors and governments have often set unrealistic disbursement targets, mix grants and loans and impose subsidized interest rates that may adversely affect the microfinance sector in the long run. This session will use experience in Sri Lanka, Aceh in Indonesia and Pakistan to describe a clearer and more effective pathway for microfinance in post disaster situations.

Syed Hashemi , CGAP

Post Disaster Microfinance: Good intentions and bitter consequences

What are some of the immediate pressures that donors and governments create for microfinance and what are some of the cautionary messages from global experience?
What has been the response of the Indonesian government, donors, and international NGOs in Aceh? What are the challenges facing the sector?

Dirk Steinwand, GTZ

Post Tsunami Microfinance in Sri Lanka

How has the tsunami exposed some of the endemic problems of the microfinance sector in Sri Lanka? What needs to be done to build a strong, sustainable sector?

Stephen Rasmussen, World Bank

Pakistan: Microfinance after the earthquake.

Vijayalakshmi Das, Friends of Women's World Banking (India)

India: Post tsunami microfinance

Reception followed by dinner hosted by SIDBI

Welcome: N. Balasubramanian, SIDBI (India)

Tuesday, December 6th

0900 – 1030 Session 2

Deepening Outreach: Serving the Very Poor

Session Chair: Shankar Man Shreshta, Rural Microfinance Development Center (Nepal)

Objective: To discuss strategies for deepening the outreach of microfinance institutions to the very poor, highlight the advances made in Bangladesh in this area, and to share information on initiatives from outside the region to promote services to the poorest.

Syed Hashemi, CGAP

Serving the Poorest – International Experience

What is the international experience of delivering financial and non-financial services to the poorest? How can these clients be graduated into mainstream microfinance programs?

Imran Matin, BRAC (Bangladesh)

Creating a Ladder for the Poorest: The BRAC Experience

How BRAC has innovated a successful model to provide livelihood support to the poorest, and graduate them into sustainable microfinance operations.

Martin Greeley, IDS, University of Sussex

Assessing Social Performance: Towards a Double Bottom Line

What is the importance of measuring social performance? What are new techniques being used in the industry to assess social performance? Which initiatives show promise?

Discussant

Vijayalakshmi Das, Friends of Women's World Banking (India)

1030 – 1100 Tea

1100 – 1245 Session 3

Achieving Scale with Business Partnerships

Session Chair: Nimal Fernando, Asian Development Bank

Objective: To highlight international and regional examples of approaches by which banks can scale up microfinance activity, including through partnerships and innovative operational techniques.

Gautam Ivatury, CGAP

Using Technology to Leverage Postal and Retail Networks for Microfinance

What is the international experience in using non-bank infrastructure to extend access to financial services to the poor? A report from Brazil, South Africa, and other countries that use post offices, retail outlets and lottery houses to deliver financial services.

Mamerto Tangonan, GXchange (Philippines)

The Mobile Phone Revolution: Opportunities to Scale Up Microfinance

How one mobile phone operator in the Philippines (Globe Telecom) is revolutionizing the delivery of financial and non-financial services using its network and partnerships with banks and MFIs.

Vijay Athreye, TATA AIG (India)

Innovative Distribution Models for Micro-Insurance

How can leading insurance companies use partnerships with MFIs and individual agents to distribute micro-insurance policies across rural South Asia.

Discussant

Sukhwinder Singh Arora, DFID

1245 – 1400 Lunch

1400 – 1530 Session 4

Scaling up SHGs and MFIs

Session Chair: Amitabh Verma, Ministry of Finance (India)

Objective: The SHG movement and MFIs are the main models of microfinance in South Asia. What constraints must be solved for these models to experience continued rapid growth?

Robert Christen, Boulder Institute

The Potential of the SHG Financial System and Ensuring Its Viability

What is the potential represented by the SHG system to scale up microfinance services, especially the potential represented by federating SHGs. How to overcome the major hurdles that banks face in maintaining high-quality SHG groups and loan portfolios; what are the critical functions that may not be receiving adequate attention and where can efficiencies be realized to keep costs low?

Niraj Verma, World Bank

Solving the MFI Financing Constraint – A Comparative Analysis of South Asian Countries

Looking ahead, what are the critical financing needs of MFIs? What should be the role for national and international financiers, including national level apex institutions when it comes to MFI financing? How can financing institutions use debt, equity and other instruments including quasi equity to help grow MFIs and foster links to capital markets and to private sector equity investors? What is the potential for equity and quasi-equity instruments in particular to help scale up promising MFIs?

Amjad Arbab, MISFA (Afghanistan)

Facing the Challenge of Scaling Up Microfinance in Afghanistan

What has been the experience of MFIs operating in Afghanistan and what lessons can be shared? What lessons can be learned for MFIs expanding into unserved areas elsewhere in the region?

Discussants

S. Vishwanatha Prasad, Bellwether Microfinance Fund (India)

Fakhruddin Ahmad, PKSF (Bangladesh)

1530 – 1600 Tea

1600 – 1730 Session 5

Summary: Looking Forward

Session Chair: Daw Tenzin, Royal Monetary Authority (Bhutan)

Sanjay Sinha, EDA Rural Systems (India)

Microfinance in South Asia – A Common Heritage and Common Challenges

One part of the regional Year of Microcredit project is to write a summary paper about what can be learned from more than 30 years of experience with microfinance in South Asia. This presentation will provide highlights from that project.

Priya Basu, World Bank

Measuring Access to Finance for the Poor

Presentation on the international project to develop core indicators to measure access to finance for the poor.

Wrap-up session with a panel discussion facilitated by Priya Basu about scaling up strategies, constraints, roles for government, banks, etc. in the region. Panel members:

- The MFI perspective – Vijay Mahajan, BASIX (India)
- The commercial bank perspective – Brahmanand Hegde, ICICI Bank
- The apex perspective - Mosharraf Hossain Khan, PKSF (Bangladesh)

Wednesday, December 7th

0900 – 1230 Session 6 (Tea in between)

Microfinance Infrastructure: Transparency

Session Chair: Simon Bell, World Bank

Objectives: To bring clarity about the present state of transparency and financial performance in South Asia, and use South Asian examples to demonstrate the importance of transparency to sector growth and development.

Situation in South Asia

Blaine Stephens and others, The MIX

Transparency and Financial Performance in South Asia with Comparisons to International Experience

Presentation of the data collected from South Asian countries in 2005, including an overview of the state of transparency in each country and general financial performance highlights of MFIs. Comparisons will be made to international experience.

Importance to sector growth and development

Panel discussion facilitated by Stephen Rasmussen (World Bank). Panelists will be given an opportunity to contribute their views on specific questions and other questions will be taken from the audience.

- MFIs: Sitaram Rao, SKS (India) and Inshan Ali Nawaz, FMFB (Pakistan)
- Investor: Moumita Sen Sarma, ABN AMRO Bank (India)
- Raters: Sanjay Sinha, M-CRIL (India) and Krishnan Sitaraman, CRISIL (India)
- Network: Syed Mohsin Ahmed, PMN (Pakistan)
- Regulator/Policy Maker: W. A. Wijewardena, Central Bank (Sri Lanka)

1230 – 1345 Lunch

1345 -1645 Session 7 (Tea in between)

Microfinance Policy: Facilitating Environment

Session Chair: Ibrahim Naeem, Maldives Monetary Authority (Maldives)

Background and objectives: Two South Asian countries already have specialized microfinance banking laws (Nepal and Pakistan), another is in the process of considering a proposed new law for microfinance (Bangladesh), and two more countries are carefully examining options for next steps (India and Afghanistan). In light of this situation, this session has three objectives. The first is to consider the effect of special regulation on the goal of expanding outreach and broadening the diversity of services offered to poor people, the second is to consider the value or necessity of creating new specialized institutional forms such as microfinance banks, and the third is to consider how regulation might facilitate bank / MFI linkages and expand investor confidence in the sector.

Representative from India

Regulation in India – What are the Expectations?

Fakhruddin Ahmad, PKSF (Bangladesh)

The Proposed Microfinance Regulation in Bangladesh and What Impact it Might Have

Robert Christen, Boulder Institute

Regulation Perspectives - Issues to be considered

This presentation will draw on international experience to present important issues that should be taken into account when considering regulation of microfinance and its relationship to building up strong, scaled up microfinance sectors.

Panel discussion facilitated by Mathew Titus (Sa-Dhan, India). Panelists will be given an opportunity to contribute their views on specific questions and questions will also be taken from the audience.

- Microfinance bank: Prakash Raj Sharma, Nirdhan Uthan Bank (Nepal).
- Regulators: Mr. C. S. Murthy (Reserve Bank of India), Saleemullah (State Bank of Pakistan)
- Other MFIs: Mosharraf Hossain, BURO Tangail (Bangladesh) and A.L. Somaratne, NDB Bank (Sri Lanka)

Closing Session 1645 - 1730

Chief Guest: N. Balasubramanian, Chairman and Managing Director, SIDBI
 (India)

Closing Remarks: World Bank Representative