

Welcome to PROSPER Newsletter

Welcome to the inaugural edition of the PROSPER Newsletter. We intend to publish this Newsletter once every 4 months to keep the PROSPER clients and the wider stakeholders better informed of activities of the programme. Please feel free to submit suggestions, news, articles and stories from the field with photographs. We welcome ideas on how this newsletter could be informative, yet serve as a subtle, informal and interesting piece of reading material. We also welcome suggestions on a possible name for the Newsletter. We have been struggling with it!

From PROSPER-PFU, we wish you all a PROSPEROUS and happy New Year, 2009!



Dr. Amanullah (Mak) Khan
Editor and International Team Leader, PROSPER-PFU

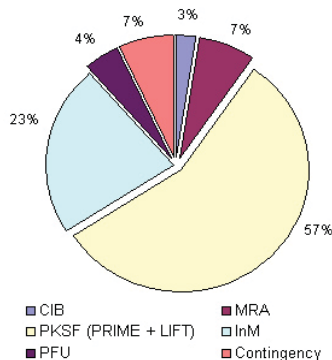
About PROSPER

The PROSPER programme (July 2007- June 2014) is built on the fundamental premise that the microfinance sector in Bangladesh has the potential to offer greater access to diversified financial services for the poor, and micro and small enterprises. The programme derives its strength from significant success achieved in the microfinance sector in Bangladesh and is focused on key gaps and priorities identified by national strategy for accelerated poverty reduction 'Unlocking the Potential (October 2005)'. The Department for International Development (DFID) UK funds this £40 million programme, leaving room for other donors to contribute to the programme based on further needs.



The programme has three components: *First*, delivery of innovative and sustainable financial services, especially for the extreme poor, and micro and small enterprises. The Palli Karma Sahayak Foundation (PKSF) is contributing to this goal through its two key interventions, called Programmed Initiatives for Monga Eradication (PRIME) and Learning and Innovation Fund to Test New Ideas (LIFT); *secondly*, capacity development for an effective Microcredit Regulatory Authority (MRA); and *thirdly*, support to knowledge management area through improvement in the supply, demand and outcomes of training, consultancy, research, and development services. The Institute of Microfinance (InM) is PROSPER's knowledge management partner. Besides, PROSPER also assists in the upgrading and capacity development of the Credit Information Bureau (CIB), Bangladesh Bank.

Development Funds Allocated to Implementing Partners



PROSPER is a 'focused' programme, with around two thirds of funds going to beneficiaries through financial intermediaries and around one third for 'enabling' work on regulation and capacity building. The aims of the programme, which are linked to the Poverty Reduction Strategy Paper (PRSP) of the Government of Bangladesh, are:

- increase in access to financial services for 20% of those in the target groups of extreme poor people, and micro and small enterprises: estimated to improve incomes for 10 million people;
- introduction of flexible financial and support services to help eliminate monga; and
- legal protection of savings for 15 million poor households through implementation of new microcredit regulation.

The Bangladesh Bank coordinates the overall programme through a policy forum, the Programme Steering Committee (PSC) which is chaired by the Governor of the Bangladesh Bank. The Managing Director of PKSF chairs the operational forum, the Programme Coordination Committee (PCC). The regular programme finance, administration and coordination responsibilities are undertaken by the PROSPER Programme Finance and Administrative Unit (PFU).

Message from the Governor, Bangladesh Bank



I am very pleased to know that PROSPER – PFU is going to publish a newsletter on PROSPER related activities. PROSPER, funded by DFID, is a big programme in the area of building sustainable microfinance sector in Bangladesh and promoting diversified financial services to the poor. PROSPER is also providing assistance for the institutional development of two new institutions, namely the Microcredit Regulatory Authority (MRA) & the Institute of Microfinance (InM). With a common vision, three main implementing partners (MRA, InM and PKSF) are working with different missions but to a common goal of developing the microfinance sector of the country. The newsletter will create an environment within the implementing partners in achieving their objectives, disseminating knowledge, information and announcing various events.

I wish all the success of the PROSPER newsletter.

Dr. Salehuddin Ahmed
Governor
Bangladesh Bank
& Chair

PROSPER Steering Committee (PSC)

Message from the Country Representative, DFID



I am delighted to contribute to this, the first PROSPER newsletter. Bangladesh is a global front-runner in terms of providing credit facilities that allow people a real chance to make their own way out of poverty. The PROSPER programme provides a great opportunity to further expand these services to the base of the financial sector in innovative ways, protect the rights of poor microfinance clients, and embed the professionalism and knowledge already present in this country.

May I congratulate all those organisations involved with PROSPER for their successes up to now, and wish them a productive year ahead.

Chris Austin
Country Representative
DFID

Key Facts of 2007 & 2008

- 116,000 Monga affected people were involved in Cash For Work activities conducted in 23 upazilas in 5 Monga affected districts
- Number of PRIME group membership reached upto 200,300
- Emergency loan disbursed among 11,431 members
- Flexible loan disbursed among 155,000 members
- 20 innovative projects supported under the LIFT programme
- Skill development training provided to 7,948 PRIME members
- The final draft of the 'Microcredit Regulatory Act, 2006' submitted for Government approval
- 376 MFIs received License from MRA
- 370 MFIs received training on new regulatory requirements and MIS
- 8 national seminars organised by InM on microfinance related issues
- 5 researches on different microfinance issues undertaken by InM



Message from the Managing Director, PKSF



I am pleased to know that the PROSPER Programme will publish a periodic Newsletter from January, 2009. I believe that this publication will help disseminate knowledge and information about the various activities under PROSPER, including PKSF's Learning and Innovation Fund to Test New Ideas (LIFT) and Programmed Initiatives for Monga Eradication (PRIME). I hope this Newsletter would provide an opportunity for PKSF and other stakeholders of PROSPER to project their activities, experiences and best practices to a wide audience.

I appreciate the initiative and wish that this publication achieves its goal.

Dr. Quazi Mesbahuddin Ahmed
Managing Director,
Palli Karma-Sahayak Foundation (PKSF) &
Chair, PROSPER Coordination Committee (PCC)

Message from the Executive Vice-Chairman, MRA



It gives me an immense pleasure to know that PROSPER-PFU is publishing PROSPER Newsletter. MRA welcomes the PROSPER- PFU team for taking such an initiative.

To bring Non-government Microfinance Institutions (NGO-MFIs) under a regulatory framework, the government of Bangladesh enacted "Microcredit Regulatory Authority Act, 2006" on 16 July 2006 effective 27 August 2006. Under this act , government established Microcredit Regulatory Authority (MRA) which is empowered and responsible for monitoring and supervising the Microcredit activities of the NGO-MFIs. The core operational area of MRA is to monitor and supervise the activities of Microcredit programs of the NGO-MFIs. DFID, through its PROSPER program, is providing financial assistance for different activities of MRA for its development and capacity building.

I hope that this Newsletter will help the implementing partners in achieving their goals and disseminating information. MRA will extend its hands of cooperation regarding the newsletter.

I wish all the success of the PROSPER Newsletter.

Khandakar Muzharul Haque
Executive Vice-Chairman,
Microcredit Regulatory Authority (MRA)

Story from the Field

"I really conquered..."

Begum was a poor housewife of Dararpur village of Rangpur district. Just two years back life was hard for her family as they had to struggle to afford three meals a day even in the best of times. As Begum says, *"at that time my children used to cry for food, as a mother it was very difficult to bear. But what could we do! Neither my husband nor I could earn sufficient money to feed them."* To bring her family out of this grinding poverty, Begum was desperately seeking a better source of income.

Her search led her to the PRIME initiative implemented by PKSF through funding from DFID under the PROSPER Programme. PRIME is working in five northern districts for monga eradication and generating wage employment and self-employment opportunities throughout the year.

Begum had come to know from the Field Officer of Padakhep Manabik Unnayan Kendra, one of the partner organizations of PRIME that she could avail a flexible loan for investing in diverse income generating activities. The counseling and skills training Begum received equipped her to utilize the loan funds in the best possible way so as to maximize the return on her investment. She inter cropped ginger and egg-plant in an abandoned land near by her homestead and earned Tk.30,000. She earned a further Tk.3,000 from three months cycle of beef fattening. Her success in these ventures made her confident and encouraged her to undertake more intensive farm activities. She planted 100 high yielding variety banana plants in their 9 decimal uncultivated land; leased a pond and invested 8,000 taka for fish cultivation; and cultivated maize for cattle feed.



In her statement to the PRIME officials, Begum had to say this: *"We don't have any misery now; my husband and I look after farm activities. We eat three meals a day. We are happy!"*

Key Initiatives by PROSPER partners

Palli Karma Sahayak Foundation (PKSF) : PKSF has been implementing the hard core pro-poor programme called Programmed Initiatives for Monga Eradication (PRIME) since 2001. Under PROSPER funding, PRIME expanded to cover 80,000 Monga households in the first year. Further scaling up of financial and other support services to Monga affected households is in progress through a variety of flexible savings, loans and insurance services along with non financial services for PKSF partners.

PKSF (LIFT): PKSF has launched Learning and Innovation Fund to Test New Ideas (LIFT) to trigger innovation in the micro financial service sector, gain experience from pilot implementation, and finally expand viable enterprises through broad based implementation. LIFT funds up to Taka 5 million (US\$70,000) to NGOs and others to design and deliver new innovative interventions.

Microcredit Regulatory Authority (MRA): Following Parliament's approval of the bill for the establishment of the Microcredit Regulatory Authority (MRA), MRA prepared its strategy and business plan, drafted the Microcredit Regulation and established the supervisory and licensing processes through an effective IT system. So far 376 licences have been granted to MFIs. PROSPER support will cover assistance to design the Deposit Insurance Fund. Training of auditors is also part of MRA's capacity building initiatives for effective regulation.

Institute of Microfinance (InM): Following its establishment in August 2006, InM has been receiving support from PROSPER to develop the capabilities of microfinance institutions and other stakeholders for an efficient and sustainable microfinance sector in Bangladesh. Joint research collaboration with PKSF and other partners of PROSPER, as well as targeted research initiatives through utilization of visiting expatriate Bangladeshi and local researchers are underway. Collaboration with regional and international institutions is also being developed for training and research.

Credit Information Bureau (CIB): With technical support from IFC, DFID is helping to upgrade automate the CIB. This will equip the CIB with resources necessary to be consistent with international standards and meet the demands of the financial sector. Support from PROSPER will significantly reduce transaction costs and processing time for banks to process loan applications and increase the incentives for borrowers to maintain good credit record.

Message from the Executive Director, InM



Institute of Microfinance (InM), as a partner of PROSPER, welcomes publication of the PROSPER Newsletter on regular basis. This will indeed contribute to effective dissemination of information regarding activities of the partners. InM, as a research and training institute, is committed to generating new findings through research, and contributing to capacity building of the microfinance sector.

InM intends to emerge as a Centre of Excellence. We deeply appreciate support of DFID through its PROSPER program. Such support will hasten the pace of achieving excellence.

Professor M A Baqui Khalily
Executive Director
Institute of Microfinance (InM)

Upcoming events and announcements:

- Institute of Microfinance (InM) is searching for National & International Experts for short term research activities.
- PROSPER program will launch their official website in January 2009.

