

**Microfinance Lateral Learning Programme
(MLLP)
Learning Through Exposure Visit**

INAFI Bangladesh National Exposure Visit Reflection Report

On

**Reaching the Hardcore Poor through Microfinance
Date: May 29 -June 02, 2005**

**Participated by Representatives of MOs of
INAFI Bangladesh**



Table of Contents

	Page Number
1. Concept Paper on National Exposure Visit	
Reaching the Hardcore Poor through Microfinance.....	2
1.1 Introduction.....	2
1.2 Background.....	2
1.3 Objectives of the Exposure Visit.....	2
1.4 The concept, the means, and the process.....	2
1.5 Things to consider.....	3
1.6 Deliverables.....	3
2. Reflection Report of National Exposure Visit on Reaching the Hardcore Poor through Microfinance.....	4
2.1 Microfinance Lateral Learning Programme (MLLP).....	4
2.2 Exposure Visit.....	4
2.3 INAFI Bangladesh National Exposure Visit: May 29 -June 02, 2005.....	4
2.4 Objectives of Exposure Visit.....	5
3. Selections of NGOs for Exposure Visit.....	6
3.1 BRAC.....	6
3.2 TMSS.....	6
3.3 BURO Tangail.....	6
4. Methodology	
The exposure visits of the Microfinance Learning Programme adopted the following methodologies.....	7
5. Exposure Visit.....	7
6. Reflection of Participants.....	7
6.1 BRAC.....	7
6.2 Thengamara Mohila Sabuj Sangha(TMSS).....	8
6.3 BURO Tangail.....	9
7. Way forward and Concluding Remarks.....	11
8. Annexure-1	
Participant List	12

Concept Paper on National Exposure visit

Reaching the Hardcore Poor through Microfinance

Introduction: Microfinance products and services for the hardcore poor are presently receiving wide attention in the run-up to the UN Year of Microcredit 2005. As a pioneer of microcredit, Bangladesh has got wide attention for microfinance products and services for the hardcore poor. Many Microfinance Institutions as well as NGOs have developed large-scale operations by offering a few highly standardized products for the hardcore poor. In offering such loans to the hardcore poor, they made the loan terms and conditions flexible, streamlined loan administration, simplified decision-making for field staff, reduced the information required from clients, and held down operating costs. Although some MFIs and NGOs are offering microfinance products and services for the hardcore poor, but the number is very insignificant and yet a large portion of the hardcore poor are still untapped by the MFIs and the NGOs in Bangladesh. An exposure visit on hardcore poor program can unpack some issues why a large portion of the hardcore poor are still untapped by the MFIs and NGOs, what discourages MFIs and NGOs not offering microfinance products for the hardcore poor and also minimize the gap between concept of hardcore poor program and real operations of hardcore poor program.

Background: INAFI Bangladesh's MLLP (Microfinance Lateral Learning Program) is a program for experimental learning, a mix of a process of both theoretical and practical exposure that provides learning opportunities for its MOs to learn the lacks, gaps and mismatches of microfinance sector, its niches, its approaches and strategies its products and mechanisms and its opportunities and constraints etc. INAFI ASIA had arranged a similar MLLP exposure visit in February 2004 to learn microfinance programs of BRAC, ASA and Buro Tangail, to learn about their organisational status in terms of HID/OD concept, about how they managing their MF programs, their different MF products and services etc, how far they been successful or what has been the bottlenecks of MF program operation in Bangladesh. The success of the last year's exposure visit encourages INAFI Bangladesh to organize an MLLP exposure visit this year again to know how some of the Bangladeshi MFIs and NGOs (BRAC, TMSS and Buro Tangail) addressing the needs of the hardcore poor, and were trying to fill the lacks, gaps and mismatches of hardcore poor programming.

Objectives of the Exposure Visit

- Refurbishing INAFI Bangladesh's policy response in developing hardcore poor microfinance program.
- Making INAFI Bangladesh's MLLP client responsive and to suit it to its MOs.
- Making avenues for experience sharing among microfinance practitioners in Bangladesh as well as in Asia in developing hardcore poor-focused program development.
- Share visit findings with member organisations and participants from other MOs from INAFIs to outline priorities for INAFI Bangladesh in thinking about and developing continual microfinance initiatives.

The concept, the means, and the process: INAFI Bangladesh has invited eight of its MOs (BRAC, PBK, Buro Tangail, TMSS, SHAKTI Foundation, Padakhep, UDDIPAN and ASA) and two MOs as waiting participants (IIRD and Proshika); and participants from MOS of other INAFIs to study the inputs, throughputs and outputs of BRAC, TMSS and Buro Tangail's hardcore poor programs, through the exposure visits. The process of the study would follow desk briefing of their programs by the field-managers of host organisations, actual field visit and interaction with the hardcore poor, and sharing of lessons learnt. This is the basic template of the issue under study. This template will be used by the "lateral learners" to compare their desired actions with what is going on with these three organisations and their hardcore programs under study. The participants of the exposure visit program can bring out their lacks, if any, that which is not with them – promulgation and raising of consciousness need to be done, gaps, again, if any, that which is not sufficient in them- enhancements and stepping up of efforts need to be done and the eventual mismatches that is incompatible- changes, alterations need to be done with their program or organisational approaches.

This type of analysis, that is proposed, is a method itself to know the existing status and shortcomings of an organisation, if any. Thus, modus operandi of the programs studied through the desk (literature)

presentation, and in the field would fall into one of those three categories mentioned above and work on making recommendations for action is greatly facilitated. Any policy, program or project being studied may have its strong as well as weak points. The analysis proposed helps the participants in identifying and differentiating between these points. They can identify the particular flow of inputs, throughputs and outputs through the programs under study. They can identify the particular flow of inputs, throughputs and outputs through the programs under study. They can compare the situation where their needs are compared to their existing situation in terms of attaining HID/OD status or resource mobilization. This comparison will highlight what need to be done. Corrective and/or new action needed to be taken to remove the lacks, gaps and mismatches will help them identify the actors, preconditions and operations to be carried out.

1. Actors or who is to do it? The identification of participating actors is to make best use of the available institutional and professional resources, keeping the overlaps and intrusions to a minimum. Direct role players and indirect/supportive actors have to be identified and distinguished.
2. Preconditions, or what preconditions need to be satisfied before any pro poor program can be taken? These preconditions would apply to both operations that have to be carried out and actors who are to carry them out.
3. Operations, or How can it be done? A clear set of actions and sub-actions need to be detailed out in overcoming lacks, closing gaps and undoing mismatches. Temporal variations in the operations, if any, also need to be specified.

Things to consider: 1) the flow of Inputs that is introduced/inducted into their program for its initiation. What are the inputs that are necessary when they will commence a hardcore poor-focused program? There are two types of inputs: one from within, and the other from outside. Characteristics of the inputs that have to be examined can include, type and quality, quality of required inputs, supplier or provider, cost factors etc. 2) the flow of Throughputs that is transformed by a process to a form that makes their program functional within their organisational system. What is the process of transformation of the input components to a usable form? In the throughput process, the components are converted or modified from a non-usable state to a usable state, e.g. a group of poor organised to form a separate savings and credit association. 3) The flow of Outputs that is produced by the program in an intermediate or final form. What are outputs of the program? Qualitative and quantitative attributes if the product that has been output has to be studied. The output maybe a final-form product used external to the organisational system, or an intermediate-form product used internally at a particular stage in the process, e.g. credit supplied to the separate association.

Deliverables:

1. MLLP Exposure Visit report
2. Reflections of the participating organisations

Reflection Report of National Exposure Visit On Reaching the Hardcore Poor through Microfinance

1. Microfinance Lateral Learning Programme (MLLP)

The Microfinance Learning Program (MLLP) of INAFI Bangladesh is an inimitable initiative that gathers practitioners under one umbrella to impart knowledge about development issues, including diversified microfinance, in a theoretical and practical way. MLLP provides opportunities for experiential learning, a process that facilitates the unique blending of theoretical learning with practical exposure. It involves participants in classroom orientations focused on the overall microfinance sector, its niches, its approaches and strategies, its products and delivery mechanisms, and its opportunities and constraints. Field visits to notable MFIs are followed by post field visit reflections and crystallization of learning through interaction with senior MFI officials.

MLLP is always client responsive, and is designed exclusively to suit the needs and expectations of program participants. The duration of the programme varies, and may extend from 5 to 10 days. If requested, short-term technical training can also be included in addition to orientation, field exposures, and reflection sessions.

The MLLP consists of exposure visits to member organisations packaged with formal and informal learning techniques, interactive sessions, presentation of organisation profiles, and specific case studies. Special interactive sessions can be designed with selected leaders, managers, clients and field staff of the microfinance institutions, thus ensuring that program elements are tailored to the specific needs and interests of participants. Moreover, after field visit a feedback session also organises to get reflection from participants about the microfinance programme of the visited organisation.

2. Exposure Visit

INAFI Bangladesh considers exposure visits a powerful and proven tool of capacity development. It is an ideal way to learn about diversified microfinance in both theory and practice. Field visits provide an interactive learning environment that allows participants to review strategic planning issues, as well as operational issues related to governance and management of the visited institutions. Considering these multi-dimensional benefits, INAFI Bangladesh has therefore designated exposure visits as the centrepiece of its Microfinance for Learning Programme (MLLP).

2.1 INAFI Bangladesh National Exposure Visit: May 29 -June 02, 2005

The International Network of Alternative Financial Institutions (INAFI) is an International network of Practitioners' Institutions (NGOs and MFIs) dedicated to human, social, and economic development through the provision of financial services for low-income people by creating effective and efficient alternative financial institutions through capacity building, knowledge based research, thematic seminar and workshop, exposure visit and training. INAFI is working in three regions: Africa, Latin America and Asia. INAFI Asia is a network of fifty-four NGO/ MFI practitioners in seven member countries, including Afghanistan, Bangladesh, India, Nepal, Pakistan, Philippines and Sri Lanka. Country chapter offices exist in Bangladesh, India, Nepal, and Philippines. INAFI Bangladesh is the national chapter of INAFI Asia and arm of INAFI International Foundation.

INAFI Bangladesh is a network of fifteen practitioner NGO/MFIs of diversified approach and methodology. INAFI Bangladesh included exposure visit event in its workplan as one of the main activities of 2005. The Member organisations of INAFI Bangladesh also vary in size and delivery mechanism. On one hand there are member organisation giants like BRAC and ASA with strong client base, on the other there are medium and small NGOs and MFIs which do not have strong client base. Similarly, INAFI Bangladesh's member activities range from unisectoral product provision to

multisector service providers, from direct financial intermediaries, to NGO promoters who create a linkage between the formal financial institutions and people's organisations.

The large and giant NGOs/MFIs always enjoy comparative advantage to offer diversified and flexible microfinance products. Although small and medium NGOs/MFIs do not have comparative advantage like the giant organisations, but even though some of them are offering diversified and flexible microfinance products to the poor specially to the hardcore poor. From this perspective, INAFI Bangladesh organised a national exposure visit on 'Reaching the Hardcore Poor through Microfinance' for the participants of its eight Member Organisations. Three organisations BRAC, TMSS and BURO Tangail that are offering credit programme for the hardcore poor were visited. The programme was scheduled from May 29-June 02, 2005. INAFI Bangladesh national exposure program has brought all participants from different Member Organisations together and created a broader as well as a very specific learning environment.

2.1 Objectives of Exposure Visit

- ❑ To refurbish INAFI Bangladesh's policy response in developing hardcore poor microfinance program.
- ❑ To make INAFI Bangladesh's MLLP client responsive and to suit it to its MOs.
- ❑ To make avenues for experience sharing among microfinance practitioners in Bangladesh in developing hardcore poor-focused program development.
- ❑ To share visit findings with member organisations and participants from other MOs from INAFI's to outline priorities for INAFI Bangladesh in thinking about and developing continual microfinance initiatives.
- ❑ To provide information and knowledge about the visited institutions with respect to overall institutional set-up, and specifically relating to field management systems of hardcore poor programme, locations, and service delivery points, and location of offices and how they are staffed and managed.
- ❑ To know and learn about delegation of authority, including location of financial authority regarding member selection, loan approval, and concomitant decision-making to operate Microfinance programme for hardcore poor.
- ❑ To be acquainted with the different products and services offered by the organisations for hardcore poor, whether there is any grant component for hardcore poor and how they manage it, how they fit with the needs of the client, and organisation strategies towards developing diversified product for hardcore poor and piloting it.
- ❑ To share the visited institutions strategies for expansion, scaling-up and mainstreaming hardcore poor programme.
- ❑ To learn how to select the target client, methodology enables planning for business growth and cross analysing the status of deepening outreach.
- ❑ To highlight the challenges that microfinance institutions face as competition for both clients and human resources intensifies to operate microfinance programme for hardcore poor.
- ❑ To learn about the tools and techniques to mobilize funding for the institution especially for hardcore poor Microfinance programme.
- ❑ To learn how the visited organisations have been able to develop their human resources and change the mindsets of their staff in favour of hardcore poor microfinance, and develop their related social and technical competence.

3. Selections of NGOs for Exposure Visit

Three organisations BRAC, TMSS and BURO Tangail that are offering credit programme for the hardcore poor were visited. These organisations were chosen for their specific uniqueness and contribution to the sector. BRAC is one of the largest Non-Governmental Development Organisations in the world, and follows a holistic and comprehensive approach to development, including a large microfinance programme. TMSS is a medium sized NGO managed and governed by women and it is focusing to develop socioeconomic condition of the rural poor, ultra poor and ultra hardcore poor women through implementation of grassroot decision and utilization of local resources. BURO Tangail is a growing, medium sized microfinance institution that is governed and managed according to the principle of commercialism. It is client focused, with flexible and varied savings and loan products.

BRAC: Participants were exposed to BRAC's development interventions with a particular focus on its strategies to address the needs of the hard-core poor through a new initiative, "Challenging the Frontiers of Poverty Reduction - Targeting the Ultra Poor (CFPR-TUP)." The programme is designed to offer the potential of a broad-based and multidimensional attack on poverty. The agenda is about pushing down its interventions by developing new instruments relevant to the livelihoods strategies of the ultra poor households. Five major components of TUP are: enterprise development training, asset transfer, social development, essential health care and action research. BRAC plans to cover 70,000 ultra poor households under CFPR-TUP from 2002 to 2006. In the first year, 5,000 ultra poor households have been covered in three northern districts of Kurigram, Rangpur and Nilphamari. Participatory rural appraisal, social mapping, wealth ranking, questionnaire and individual verification were the methods used for selection of the ultra poor. After identifying them another survey was carried out to determine which household wanted which enterprise.

TMSS: Thengamara Mohila Sabuj Sangha(TMSS) has been launched the 'Financial Services for the Poorest (FSP)' project jointly by the World Bank and the PKSF. It is a three years project started from July 2002 with the objectives to create working scope of poorest, diversify loan and clients, develop capacity of ultra poor, piloting the experiment with different delivery models to address the needs of the hardcore poor, and devise a model credit programme for the poorest which can be replicated. The clients are selected through PRA approach in particular area. The target clients are mostly landless, unemployed or earning less than one Dollar a day, assetless, divorced or separated women, disabled or elderly people, former sex workers, beggars, and daily labours. The main features of FSP programme are no mandatory weekly savings, easier savings withdraw system, simple procedures for reviewing and approving loan application, and quick disbursement. The loan size varies from Tk. 500 to Tk. 5000 depending on various loan phases. Up to April 2005 TMSS has covered 3244 poorest clients of Sariakandi upazilla of Bogra.

BURO Tangail: Participants were exposed to new generation microfinance institutions with diversified loans, savings and other products. BURO Tangail selects hardcore poor clients through some criteria i.e. owning less than 10 decimals of land, annual income equal to or less than Tk.6,000, and having assets less than Tk. 12,000. The target clients are women depending on seasonal wage employment, domestic workers or beggars, widow, and women with disabled husband. As of December 2004 BURO Tangail has covered 1842 clients through its hardcore poor credit programme. Along with credit programme BURO Tangail also offers training and other non-financial services for the hardcore poor.

4. Methodology

The exposure visits of the Microfinance Learning Programme adopted the following methodologies:

- ❑ Brief presentation by INAFI Bangladesh on the objectives and purpose of the exposure visit.
- ❑ Classroom presentation by senior management of the visited institutions focusing on their mission, strategies, interventions, focus areas, overall management, microfinance products and services, field management system of hardcore poor microfinance, and internal control and scaling-up strategies for hardcore poor credit programme.
- ❑ Briefing at the field level on the programmes and projects visited by the participants.
- ❑ Practical learning through observation and interactive discussion.
- ❑ Reflections shared with the management of the visited institutions.
- ❑ Reports submitted by the participants in the prescribed format developed by INAFI Bangladesh.

5. Exposure Visit

Exposure visit was scheduled from May 29-June 02, 2005. Ten participants from seven Member Organisations of INAFI Bangladesh were participated in the exposure visit. Md. Rashed Al Hasan, Programme Officer and Mr. Ruhul Quddus Shanti, Executive Assistant of INAFI Bangladesh facilitated the exposure visit by participating in the visit. The participants were provided with an introductory session about the exposure visits. Mr. Atiqun Nabi, Executive Director, INAFI Asia and Bangladesh, Ms. Mahbuba Haque, Programme Officer, INAFI Asia and Md. Rashed Al Hasan, Programme Officer, INAFI Bangladesh briefed participants about the objectives of exposure visit and reflections question format.

6. Reflections of Participants

All of the participants who took part in the exposure visits appreciated INAFI Bangladesh for organizing such a fruitful exposure visit. The reflection reports were prepared in order to elucidate the value of the exposure visits for each visited organisation. The reflections are reported according to the institution visited.

BRAC

It appears from the reflections questions that the participants viewed the visited institutions through the prism of their own perceptions. BRAC was recognised as a holistic and multifaceted development organisation with the objective of poverty alleviation and empowerment of the poor. Besides, BRAC was also identified as a multidisciplinary organisation, with microfinance comprising only one component of its many development interventions. Its microfinance programme offers financial intermediation along with both financial and non-financial services.

BRAC started Challenging the Frontiers of Poverty Reduction: Targeting the Ultra-Poor (CFPR-TUP) programme in 15 districts in 2001. CFPR-TUP programme is designed in such a way that will create an avenue for the absolute poorest, or the Ultra Poor, graduate to the mainstream microfinance programme through a broad-based and multidimensional attack on poverty. The programme strives to “push down” its interventions by developing new instruments relevant to the livelihood strategies of the ultra poor households. There are five major components of TUP. These are enterprise development training, asset transfer, social development, essential health care and action research. This programme is planned to reach 70,000 ultra poor households over five years. The programme participants are women from ultra poor households.

The BRAC field visit was followed by a briefing session on CFPR-TUP programme at the regional office as well as area office. Moreover, a feedback session was organised at regional office after the field visit to express the participants views. The field visit of BRAC programme was primarily geared towards its new intervention to address the varied needs of the hard-core poor. The participants were visit the regional office of BRAC in Rangpur to understand how its regional offices coordinate the programmes implemented by area offices. The discussion was very lively, as visitors learned that

BRAC maintains a uniform management structure with a limited hierarchy between the grassroots offices and head office. Regional offices maintain a liaison and linkage between the head office and field offices.

Participants visited Jalkar Area office and Gangachora VO office. The CFPR-TUP programme is a very specialized programme developed to address the various needs of this group. The participants were interested about the client selection procedures of BRAC's CFPR-TUP programme. BRAC uses social mapping and wealth ranking method of PRA method to select the target clients. The CFPR-TUP is a subsidised programme. The programme includes a number of interventions, such as asset transfer to create opportunities for income and employment. The asset transfer is a grant, and therefore the most expensive component of the programme. The hard-core poor who receive an asset transfer grant are also provided with a subsistence allowance until the gestation period when the asset starts generating income. Need-based skills are imparted to these groups through training, intensive technical assistance, and follow-up. BRAC offers a number of social development interventions such as health care, awareness building, formation of community support groups, and advocacy and campaigning to create a wider circle of support to help these most disadvantaged groups. BRAC targets to cater these hardcore poor clients for two years to make them prepare for mainstream Microfinance. Sometimes the clients become upscale to join in mainstream Microfinance before the targeted period.

The participants were impressed to observe the commitment of BRAC staff at the grassroots level and also the clients satisfaction. As the CFPR-TUP programme is designed by addressing the needs of the hardcore poor, so the clients satisfaction of the programme is up to the mark. The visitors also observed that in order to improve the programme, the selection of the ultra-poor needs a thorough methodology to ensure enlistment of the right and proper clients and some clients are still untapped by the programme. But BRAC is also striving to tap these ultra poor people who are not included in the programme. It is evident that staff motivation and creation of a new mind set are considered important conditions to implement this kind of ultra-poor focused intervention. Formation of village support groups, and advocacy and campaigning to inform decision makers and leaders of society are new dimensions of the programme. All the participants raised the one concern that this programme is expensive and requires a huge investment to graduate the ultra poor out of the poverty trap and into a sustained income. So without grant fund from donor it is very difficult to implement this type of programme. The participants noted that there is no strategic operational plan on how to link this group with the mainstream economy and mainstream microfinance. The participants also provided some recommendations like without providing grant for two years BRAC can provide interest free loan and collect loan installment after a certain period when the clients become upscale, provide more technical assistance to the poor people.

The participants expressed that the learning from BRAC's CFPR-TUP programme would open a new avenue for them as well as their organisation to implement this type of programme for hardcore poor. Moreover, the participants considered the clients selection procedures of CFPR-TUP programme as an effective method. This can also be replicable to their organisation for selecting hardcore poor clients. Finally, everyone thanked BRAC for undertaking this kind of programme, particularly its attempts to inform policy advocacy aimed at different stakeholders regarding the specific needs of this client group.

Thengamara Mohila Sabuj Sangha(TMSS)

The participants viewed the 'Financial Services for the Poorest (FSP)' programme of TMSS as little diversified traditional Microcredit programme. TMSS is considered as holistic approach development organisation with different programmes for the hardcore poor. Thengamara Mohila Sabuj Sangha(TMSS) has been implementing the 'Financial Services for the Poorest (FSP)' project jointly by the World Bank and the PKSF from July 2002 with the objectives to create working scope of poorest, diversify loan and clients, develop capacity of ultra poor, piloting the experiment with different delivery models to address the needs of the hardcore poor, and devise a model credit programme for the poorest which can be replicated. The clients are selected through PRA approach

in particular area. Upto April 2005 TMSS has covered 3244 clients of 61 vilages of 10 unions of Sariakandi upazilla of Bogra district.

The participants were briefed about the 'Financial Services for the Poorest (FSP)' programme and also all support programmes of TMSS before the field visit. The participants visited two groups and talked with the clients. Moreover, the participants also individually interviewed the clients who have taken the highest and lowest loan. The target clients of FSP programme of TMSS are mostly landless or owning less than 0.3 decimals land, income less than a dollar per day, homeless people, poor women headed household, disabled and elderly people over 50 years of age, former sex workers, domestic help or beggars, and seasonal or daily labourers.

The FSP programme of TMSS is diversified than the traditional Microfinance programme. The main features of FSP programme are:

- ❑ No mandatory weekly savings deposit
- ❑ Flexible savings withdrawal system
- ❑ Prompt review for approving loan application.
- ❑ Quick disbursement
- ❑ Awareness and IGA training
- ❑ Flexible loan sizes i.e. loan range varies from Tk. 500 to Tk. 5000
- ❑ Provides support services i.e. health, family planning, education, and sanitation from other programmes.

The participants appreciated flexible loan sizes and savings system for hardcore poor. Besides, they also praised for integrating the support service programmes with FSP programme. But except from this diversification the participants didn't found more diversified features in FSP programme. After the field visits two feedback sessions were organised both at Branch and Head office level. In the feedback session the participants raised some issues i.e. as the FSP is a subsidized programme, so whether it can be sustainable; if the project phase out whether TMSS will continue this type of credit programme for hardcore poor; whether TMSS has any plan to mainstream this programme; after up scaling of clients, whether TMSS incorporate them in mainstream programme. TMSS explained some of the issues i.e. the FSP is a subsidised programme and they are also concern about its sustainability, if the project phase out then TMSS will continue it.

Although the FSP programme of TMSS is little bit diversified but the participants identified this programme as like as traditional Microfinance programme. Even though they praised the client selection procedures and integrated and support programmes for the hardcore poor. The participants expressed their gratitude to TMSS for undertaking this type of programme.

BURO Tangail

BURO Tangail (BT) is an independent, sustainable, cost-effective microfinance institution that provides diverse, appropriate and market responsive quality financial and business development services at competitive prices to very poor, poor and vulnerable non-poor customers. BT's core programmes include flexible financial services, domestic resource mobilization, institutional capacity building, and human resource development. In essence BT offers financial intermediation with minimal social intermediation and business development service support. BT is known to many of us for its flexible financial services, of which the most important are different types of savings and loan products. BT offers specific loan products, including general credit, supplementary microcredit, and business credit. It also provides seasonal credit. BT's introduction of flexible savings products is a major innovation in the microfinance sector. Its various savings programmes offer voluntary general savings, contractual savings, and time deposits. BT offers a disaster preparedness and management programme to teach clients how to confront natural calamities. In addition, it created an emergency credit fund to provide extra monetary assistance during disasters.

BT is experimenting with financial services for the hardcore poor named 'Improved Living Standard of the Poorest of the Poor(ILSPP)' since March 2002 with a view to improve the living standard of the hardcore poor, bring the poorest of the poor gradually in the mainstream of national development

process, transform the current professions of the hardcore poor into economically productive ones and improve the socio-economic status of the children in those families. The target clients of BT are the people owning less than 10 decimals of land, annual income equal to or less than Tk.6, 000, having assets less than Tk.12, 000, and age between 18-60 years. BT is implementing ILSPP programme in Tangail Sadar Upazilla. As of December 2004 BT covered total clients 1842 through this project. The clients of this project are housewife, widows, separated and divorced women, abandoned women, rickshaw puller, and beggar. As of December 2004 the portfolio of loan of ILSPP project was Tk. 3.89 million and portfolio of savings was Tk. 1.47 million.

BT always strives to offer demand driven products to its hardcore poor clients. In this regard they developed the product mix of the project to address the needs and demands of the poorest. The product mix include:

- ❑ General credit
- ❑ Loan range Tk. 500-3,000, repayable in 46 weeks at 12.5% interest rate.
- ❑ General savings usually Tk. 2 and no upper limit. Provides 4.5% interest on savings.
- ❑ Different types of contractual savings.
- ❑ Provides awareness training
- ❑ Interest free distribution of tube well / sanitary latrine
- ❑ Medical facilities.

The participants were briefed at the head office level before the field visit. Moreover, a feedback session was organised after the field visit. The participants visited two groups and also individually interviewed the clients who have taken the highest and lowest loan. The participants praised the flexible savings options for hardcore poor. Due to flexible savings programme the clients can deposit any amount of savings and also withdraw the savings any time. The clients are also satisfied for this flexible savings system. The Participants considered BT a professional Microfinance Institution (MFI), and one that is committed to serving customers efficiently with tailor-made products that suit the needs of a variety of client groups. Besides, BT has identified some additional critical needs of the the hardcore poor such as housing, education, health, and skill development. The participants raised some following issues:

- ❑ The client selection process of BT for hardcore poor programme should be more target oriented, because the participants found some non-target clients were included in the hardcore poor programme.
- ❑ How the hardcore poor programme can be financially and operationally sustainable.
- ❑ Whether BT has undertaken any strategy to mainstream this hardcore poor programme.

In the feedback session BT also tried to resolve the issues that were raised by the participants. BT has a policy of constant monitoring and supervision both at the field level and in the head office. So in this way they are trying to reduce inclusion of non-target clients. Although the hardcore poor programme of BT is a subsidized programe, but BT is striving to make this programme financially and operationally viable. BT is planning to include the hardcore poor in to its mainstream microfinance programme after two years nursing to upscale and prepared them for mainstream microfinance programme. Finally, the participants expressed their gratitude to BT for implementing flexible savings and credit programme for the hardcore poor. The participants also addressed that the flexible savings programme of BT can also be replicable to their own organisations.

7. Way forward and concluding Remarks

INAFI Bangladesh has organised this exposure visit with some objectives. Among these objectives some important objectives are to refurbish INAFI Bangladesh's policy response in developing hardcore poor microfinance programme, acquaint the participants about client targeting, how different client responsive products offered for hardcore poor, operational strategies as well as challenge faced by organisations who are offering hardcore poor programme. As like as the participants some issues also raised to INAFI Bangladesh from the experience of this exposure visit. The issues are:

- ❑ What should be the client selection procedures, so that the adverse selection can be minimized and ensured inclusion of target clients?
- ❑ Whether the products offered to the hardcore poor are client responsive and demand driven and how to address the needs of the poor?
- ❑ How to upscale the hardcore poor to include them in mainstream microfinance programme?
- ❑ How MFIs can deepening the outreach of hardcore poor clients?
- ❑ How the hardcore poor microfinance programme can make financially and operationally viable?
- ❑ As socially responsible organisations, whether the MFIs feel to offer subsidized programme for hardcore poor from their own fund?
- ❑ What are donors view to provide grant fund/soft loan for hardcore poor microfinance programme?
- ❑ What role should government, donors, NGOs and socially responsible investors can play to ensure social safety nets for the hardcore poor?

INAFI Bangladesh believes that by addressing the above issues we can go forward to reach the hardcore poor through microfinance and other support services and ensure social safety nets for the hardcore poor.

Annexure-1**Participant List**

SL No.	Name of Organisations	Name of Participants	Address and Contact Number
1	PBK	Mr. Shahidul Islam Programme Manager	Tel: 9132389(Office) Mobile: 0171-625720 pbk@dhaka.net
2	PBK	Mr. Solaiman Siddique Senior Manager	Tel: 9132389(Office) Mobile: 0171625721 pbk@dhaka.net
3	BURO Tangail	Mr. Arif Khan Assistant Programme Officer	Bogra Sub Zone, Bogra Tel: 8858264/8857876 Mobile: 0171-272841 Email: burot@bdmail.net
4	TMSS	Mr. Zahedur Rahman Deputy Director (IA)	P.O Box: 66, Gokul, Bogra Tel:051-73975/73975Ext-160(Res) Mobile:0171876690 Email: tmssia@yahoo.com
5	SHAKTI Foundation	Mr. Goutom Kumar Sarkar Coordinator, Field Management	Tel: 9661222/8616388(office) 8153362(Home) Mobile:0189241419 Email: gk-sarker@sfdw.org
6	SHAKTI Foundation	Mr. Joyonta Kumar Bakal Junior Manager, Internal Audit	Tel: 9661222/8616388(office) 8619621(Home) Mobile: 0172634996 Email: audit@sfdw.org
7	Padakhep	Mr. Rukunujjaman (Japan) Asst. Programme Manager	Tel: 8151124-Ext: 172(office) Mobile: 0171854107 Email: padakhep@bdonline.com
8	UDDIPAN	Mr. Md. Abdul Fazal Regional Coordinator	9/25, Sir Syed Road, Mohammadpur, Dhaka-1207 Tel:8115459 Mobile:0172649940 Email: udpn@agni.com
9	BRAC	Mr. Altaf Hossain Programme Organizer, In-charge Hatibandha, Lalmonirhat	BRAC, 75 Mohakhali, Dhaka - 1212 Phone: 9881265 Tel (Office): 0591 – 61855 Mobile: 0172 119 532 Email: internship@brac.net
10	BRAC	Mr. Shabbir Anwar Area Manager Chilmari, Krigram	BRAC, 75 Mohakhali, Dhaka - 1212 Phone: 9881265 Tel (Office): 0581 - 61758 Mobile: 0172 119 528 Email: internship@brac.net
11	INAFI Bangladesh	Md. Rashed Al Hasan Programme Officer	Navana shefali, Apt-2D, House#11.Road#14,Gulshan-1 Tel: 8853576, Email: inafi.bangladesh@inafiasia.net Mobile:0189295289
12	INAFI Bangladesh	Mr. Ruhul Quddus Shanti Executive Assistant	Navana shefali, Apt-2D, House#11.Road#14,Gulshan-1 Tel: 8853576, Email: inafi.bangladesh@inafiasia.net Mobile:0189441092