

---

## References

---

- Abed, F.H. 2002. Comments taken from May 2002 interview with S.M. Rahman.
- Alamgir, D. A. H. 1999. *Microfinancial Services in Bangladesh: Review of Innovations and Trends*. Dhaka: Credit and Development Forum.
- Asian Development Bank (ADB). 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Rural Livelihood Project*. Manila: ADB.
- . 2000a. *Finance for the Poor: Microfinance Development Strategy*. Manila: ADB.
- . 2000b. *Role of Central Banks in Microfinance: Bangladesh Country Study*. Manila: ADB.
- . 2001a. Quarterly Economic Update Bangladesh. December. Bangladesh Resident Mission. Dhaka: ADB.
- . 2001b. Bangladesh Country Strategy and Program Update 2002-2004. Bangladesh Resident Mission. Dhaka: ADB.
- . 2002. TMSS Case Study. Prepared for the ADB Bangladesh Country Workshop on Commercialization of Microfinance held 2 – 4 April 2002 at the BRAC Centre for Development Management in Rajendrapur, Gazipur, Bangladesh. ADB, Manila (Unpublished document).
- Berenbach, S., and C. Churchill. 1997. *Regulation and Supervision of Microfinance Institutions: Experience from Latin America, Asia, and Africa*. The Microfinance Network (MFN) Occasional Paper No. 1. Washington, D.C.: MFN.
- Carpenter, J. 1997. Bangladesh. In *Regulation and Supervision of Microfinance Institutions*. The Microfinance Network (MFN) Occasional Paper No. 2, edited by Craig Churchill. Washington, D.C.: MFN.
- CGAP. 1996. *Regulation and Supervision of Microfinance Institutions: Stabilising a New Financial Market*. Focus Note No. 4. Washington DC: Consultative Group to Assist the Poorest.
- Choudhury, S.H. 2002. Comments taken from May 2002 interview with S. Charitonenko and S.M. Rahman.
- Christen, R.P. 2000. *Commercialization and Mission Drift: The Transformation of Microfinance in Latin America*. Occasional Paper No. 5, Washington, D.C.: Consultative Group to Assist the Poorest.
- Cracknell, D. 2000. Microfinance Regulation in Bangladesh – A Long Path to Progress. *Small Enterprise Development* 11(4). London: ITDG Publishing.
- Credit and Development Forum (CDF). 2001a. CDF Statistics (June 2001 draft). Dhaka: CDF.
- . 2001b. CDF Statistics, Vol. 11, December 2000. Dhaka: CDF.
- Fleisig, H. 1996. Secured Transactions: The Power of Collateral. *Finance and Development* 33(2): 44–46.
- Goetz, A.M., and R. Sen Gupta. 1996. Who Takes The Credit? Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh. *World Development* 24(1): 45–63.
- Goodwin-Groen, R. 1998. *The Role of Commercial Banks in Microfinance*. Brisbane: Foundation for Development Cooperation.

- Grameen Bank. 2000. Annual Report 2000. Dhaka: Grameen Bank.
- Hashemi, S. 1997. Those Left Behind: A Note on Targeting the Hardcore Poor. In *Who Needs Credit? Poverty and Finance in Bangladesh*, edited by G.D. Wood and I. Sharif. Dhaka: University Press Limited (Zed Books, UK, 1997).
- Hulme, D., and P. Mosely. 1996. Finance for the Poor or the Poorest? Financial Innovation, Poverty and Vulnerability. In *Who Needs Credit? Poverty and Finance in Bangladesh*, edited by G.D. Wood and I. Sharif. Dhaka: University Press Limited (Zed Books, UK, 1997).
- Internationale Projekt Consult GmbH. 2002. *Our Conceptual Approach*. Available: <http://www.ipcgmbh.de/Company%20Profile/index.html>.
- Ledgerwood, J. 1999. *Microfinance Handbook: An Institutional and Financial Perspective*. Sustainable Banking with the Poor. Washington D.C.: World Bank.
- Lyman, T.R. 2000. *A Diagnostic Kit for Analyzing the Legal and Regulatory Environment for Microfinance in the Regional Study Report: The Legal and Regulatory Environment for Microfinance in Central and Eastern Europe and Central Asia*. Environmentally and Socially Sustainable Development Sector, Europe and Central Asia Region. Washington D.C.: World Bank.
- Marcus, R., B. Porter, and C. Harper. 1999. *Money Matters. Understanding Microfinance*. Save the Children Working Paper No. 19. London: Save the Children.
- Matin, I., D. Hulme, and S. Rutherford. 1999. *Financial Services for the Poor and Poorest: Deepening Understanding to Improve Provision*. Finance and Development Research Programme Working Paper Series, Paper No. 9, Institute for Development Policy and Management (IDPM), University of Manchester. Manchester: IDPM.
- McGuire, P.B., J.D. Conroy, and G.B. Thapa. 1998. *Getting the Framework Right: Policy and Regulation for Microfinance in Asia*. Brisbane: Foundation for Development Cooperation.
- Meyer, R.L. 2001. The Demand for Flexible Microfinance Products: Lessons from Bangladesh. *Journal of International Development* 14(3). In press.
- MicroBanking Bulletin. 1997. The Microfinance Bulletin: Financial Performance of Organizations that Provide Banking Services to the Poor. *MicroBanking Bulletin* 1(1). Boulder, Colorado: Microfinance Program at the Economics Institute.
- Morduch, J. 1998. *The Grameen Bank: A Financial Reckoning*. Stanford, California: Stanford University Press.
- Mosley, P., and D. Hulme. 1998. Microenterprise Finance: Is There a Conflict Between Growth and Poverty Alleviation. *World Development* 26(5): 783–790.
- Otero, M., and E. Rhyne, eds. 1994. *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*. West Hartford, Connecticut: Kumarian Press.
- PKSF (Palli Karma-Sahayak Foundation). 2000. Annual Report for FY 1999-2000. Dhaka: PKSF.
- Poyo, J., and R. Young. 1999. *Commercialization of Microfinance: A Framework for Latin America*. USAID Microenterprise Best Practices Project. Washington, D.C.: Development Alternatives, Inc. (DAI).
- Rahman, S.M. 2000a. *Microfinance in Bangladesh*. Colombo: Initiative in Research and Education (INASIA).

- \_\_\_\_\_. 2000b. Regulating Microfinance NGOs in Bangladesh. *Small Enterprise Development* 11(4). London: ITDG Publishing.
- Rosenberg, R. 1998. *Independent Review of United National Capital Development Fund (UNCDF) Microfinance Activities*. New York: UNCDF.
- Silva, A. 2000. *Investing for Profit in Micro and Small Business: the PROFUND Experience*. Office of Development Studies, Bureau for Development Policy, United Nations Development Programme. Available: <http://www.undp.org/ods/areas/area-3/area-mm/Silva5fin.doc>.
- Sinha, S. 1999. Introducing Rating and Guarantee Services for Microfinance in Bangladesh. Report for the Swiss Agency for Development and Cooperation, Dhaka.
- United Nations Development Programme. 2001. *Human Development Indicators*. New York: Oxford University Press.
- United States Agency for International Development (USAID). 2002. Bangladesh: Current Conditions. USAID. Available: [http://www.usaid.gov/bd/Economic\\_Growth.html](http://www.usaid.gov/bd/Economic_Growth.html)
- Von Pischke, J.D. 1988. *The Financial Systems Approach to Development Finance and Reflections on its Implementation*. Baltimore, Maryland: Johns Hopkins University Press.
- Women's World Banking. 2001. Delta Life Insurance: Bangladesh. Women's World Banking. Available: [http://www.swwb.org/English/1000/address/gnbi/add\\_gnbi\\_delta.htm](http://www.swwb.org/English/1000/address/gnbi/add_gnbi_delta.htm)
- \_\_\_\_\_. 2002. Status and Future of Microfinance in Bangladesh. Consensus Building Seminar, 3 March 2002. Dhaka, Bangladesh.
- Wood, G.D., and I. Sharif, eds. 1997. *Who Needs Credit? Poverty and Finance in Bangladesh*. Dhaka: University Press Limited (Zed Books, UK, 1997).
- World Bank. 1999a. *The World Bank and Microenterprise Finance: From Concept to Practice*. Operations Evaluation Department, Washington, D.C.: World Bank.
- \_\_\_\_\_. 1999b. News Release No. 99/2063/SAS. New Study Confirms Benefits of Bangladesh's Microcredit Programs: Microfinance Alone is Not a Panacea for Poverty Reduction or Reaching Poor Women. Available: <http://www.worldbank.org/html/extdr/extme/2063.htm>.
- \_\_\_\_\_. 2000. Project Appraisal Document on a Proposed IDA Credit in the Amount of SDR118.30 Million (US\$151 Million Equivalent) to the People's Republic of Bangladesh for the Second Poverty Alleviation Project (Microfinance II). Finance and Private Sector, South Asia Region. World Bank, Washington, D.C.
- \_\_\_\_\_. 2001. Bangladesh at a Glance. World Bank. Available: [http://216.239.39.100/search?q=cache:RaIHMorx6ZkC:worldbank.org/data/countrydata/aag/bgd\\_aag.pdf+World+Bank,+Bangladesh,+Country+at+a+Glance&hl=en](http://216.239.39.100/search?q=cache:RaIHMorx6ZkC:worldbank.org/data/countrydata/aag/bgd_aag.pdf+World+Bank,+Bangladesh,+Country+at+a+Glance&hl=en).
- \_\_\_\_\_. 2002. Bangladesh: Rejuvenating Agricultural Extension through Partnership. World Bank. Available: <http://wbln1018.worldbank.org/sar/sa.nsf/a22044d0c4877a3e852567de0052e0fa/671a9cba3d2493bd85256880006048cd?OpenDocument>
- Wright, G.A.N. 2000. *Microfinance Systems : Designing Quality Financial Services for the Poor*. Dhaka : University Press Limited.

- Wright, G.A.N., R.P. Christen, and I. Matin. 2001. *ASA's Culture, Competition and Choice: Introducing Savings Services into a Microcredit Institution*. Available: <http://www.ids.ac.uk/cgap/static/2182.htm>
- Yaron, J., P.B. McDonald Jr., and G.L. Piprek. 1997. *Rural Finance: Issues, Design, and Best Practices*. Environmentally and Socially Sustainable Development Studies and Monographs Series 14. Washington D.C.: World Bank.

---

## ENDNOTES

---

- 1 An MFI is defined herein as a single organization (for example, a nongovernment organization providing microfinance) or a unit whose primary business is microfinance within a diversified institution (for example, a microfinance unit within a commercial bank).
- 2 Carpenter 1997, p.17.
- 3 Similar to Christen's (2000, p.5) use of the term *mission drift* in this report refers to the shift in MFI focus from the poor or poorest to relatively higher-income clients.
- 4 Mosley and Hulme 1998.
- 5 Women's World Banking 2002, p.6.
- 6 The financial systems approach to microfinance considers microfinance as part of a country's general financial services market, focuses on the development of sustainable financial institutions, and recognizes that microfinance clients are willing to pay the full cost of these services, if they are designed and delivered consistent with their specific needs (Von Pischke 1988; Otero and Rhyne 1994).
- 7 These districts include Bogra, Brahmanbaria, Gazipur, Manikigonj, Narayanganj, Tangail, (and Savar township within Dhaka District).
- 8 Similar to Christen's (2000, p.5) use of the term, *mission drift* in this study refers to the shift in MFI focus from the poor or poorest to relatively higher-income clients.
- 9 See for example, Poyo and Young 1999; Christen 2000.
- 10 "*Formal institutions* are defined as those that are subject not only to general laws and regulations, but also to banking regulation and supervision. *Semi-formal institutions* are those that are formal in the sense of being registered entities subject to all relevant general laws, including commercial laws, but informal insofar as they are, with few exceptions, not under banking regulation and supervision. *Informal providers* (generally not referred to as institutions), are those to which neither special banking law nor general commercial law applies and whose operations are such that disputes arising from contact with them, often cannot be settled by recourse to the legal system" (Ledgerwood 1999, p.12–13).
- 11 Internationale Projekt Consult GmbH 2002.
- 12 Fleisig 1996, p.45; Lyman 2000, p.39–41.
- 13 World Bank 2001, p.1.
- 14 The HDI measures a country's achievements in terms of life expectancy, educational attainment, and adjusted real income (UNDP 2001, p.3).
- 15 ADB 2001b, p.3.
- 16 FY2001 national accounts data are now under revision (ADB 2001a, p.1)
- 17 ADB 2001a, p.4.
- 18 ADB 2000b, p.18.
- 19 ADB 2000b, p.4.
- 20 ADB 2001a, p.5.

- 21 ADB 2001b, p.1
- 22 ADB 2001b, p.2. The MFA is a system of quotas that limits the importation to Bangladesh of many types of garments and textiles. These quotas are due to be removed on 1 January 2005 and this is expected to place the viability of some 1,500 factories in doubt because of their inability to compete with the quality or low cost of garment and textile exports from countries such as the Republic of China and India. Manufacturing of ready-made garments provides employment for more than 1.5 million people, many of whom are women, and generate nearly 80% of the export earnings of the country. Phase-out of the MFA implies a potentially significant economic loss of employment and income for mainly poor industry workers unless preventative measures are taken in the near future to boost the cost efficiency and quality of the Bangladeshi garment and textile industries.
- 23 USAID 2002.
- 24 World Bank 2002.
- 25 Bangladesh has a two-tier banking system comprising: i) Bangladesh Bank, fulfilling the functions of a central bank; and ii) 4 nationalized commercial banks (Agrani Bank, Janata Bank, Rupali Bank, and Sonali Bank), 5 public sector specialized banks, 25 private banks (domestically incorporated); 4 Islamic banks (domestically incorporated), and branches of 12 foreign banks. The nonbank financial institutions comprise 4 public development finance institutions, 8 private sector leasing companies, 2 government-controlled and 32 private insurance companies, several cooperative institutions, and 2 investment companies (ADB 1998, p.5).
- 26 Rahman 2000a, p.16.
- 27 McGuire, Conroy, and Thapa 1998.
- 28 Yaron, Benjamin, and Piprek 1997, p.142.
- 29 ADB 2000b, p.6.
- 30 ADB 2000b, p.6.
- 31 ADB 1998, p.7.
- 32 Women's World Banking 2002, p.4.
- 33 Credit and Development Forum 2001b, p.ii.
- 34 Only the government microcredit programs with outstanding loan information available in the CDF Statistics are included in Table 2.2.
- 35 Women's World Banking 2002, p.2.
- 36 In the context of Bangladesh, being "poor" means being unable to afford the basic dietary requirement of 2,122 calories per day. More than half of the rural poor consume less than 1,805 per day (referred to as "hard-core" poor); they belong primarily to wage labor households and have little or no cultivated land (less than 0.2 hectares).
- 37 The government estimate is from the "Preliminary Report" of a population census of the Bangladesh Bureau of Statistics, August 2001.
- 38 The numerical basis of this calculation is that there are 8.82 poor households served

- (90% of the 9.8 million active borrowers) or about 70% of the 12.2 million poor households.
- 39 Wright et al. 2001, p.34.
- 40 World Bank 1999, p.1.
- 41 ADB 2000b, p.13.
- 42 Women's World Banking 2002, p.1.
- 43 The "missing middle" refers to those clients who are too (asset) rich to qualify for most microcredit offered yet too poor to qualify for traditional commercial bank credit.
- 44 Rahman 2000a, p.16.
- 45 Meyer 2001, p.20.
- 46 OSS is calculated by dividing operating income by the sum of operational expenses (loan losses, and personnel and administrative expenses).
- 47 FSS is calculated by dividing operating income by operating expenses adjusted for inflation and subsidies.
- 48 Grameen Bank 2000, p.43, 53, 65.
- 49 Morduch 1998, as cited in ADB 2000b, p.8.
- 50 RLF is the common term used in Bangladesh to refer to the total amount of funds that MFIs have from which to make loans.
- 51 Goodwin-Groen 1998; Sinha 1999, as cited in ADB 2000b, p.11.
- 52 Carpenter 1997, p.17.
- 53 Carpenter 1997, p.22.
- 54 TMSS Case Study (ADB 2002, p.14.)
- 55 Grameen maintains, however, exceptionally liberal (nonstandard) provisioning and write-off policies. Provisioning of 100% is made for overdue loans of more than two years and loans are only written off once they are four years past due (*Source*: Annual Reports of the Grameen Bank).
- 56 Credit and Development Forum 2001b, p.168.
- 57 Carpenter 1997, p.17.
- 58 ADB 1998.
- 59 Fleisig 1996.
- 60 Women's World Banking 2002, p.6.
- 61 ADB 2000b, p.18.
- 62 The NGOs and cooperatives are registered under six different Acts. Most are registered under the Societies Registration Act, 1860, which is administered by the Department of Social Welfare. Others are registered under any of the following: (i) as voluntary social welfare agencies (under the Registration and Control Ordinance, 1961); (ii) as nonprofit companies limited by guarantee and licensed under Section 28 of the Companies Act, 1984); (iii) as trusts under the Trust Act, 1882, or the Charitable and

Religious Trust Act, 1920; or as (iv) cooperatives under the Cooperative Societies Ordinance, 1984 (ordinance No. 1 of 1985). In the case of MFIs receiving foreign grants, the NGO Affairs Bureau, established under the Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978, has to be informed and clearance given to receive the funds.

- 63 McGuire, Conroy, and Thapa 1998.
- 64 ADB 1998, p.21.
- 65 PKSF 2000, p.7.
- 66 ADB 1997, p.21.
- 67 Cited by Rosenberg 1998.
- 68 MicroBanking Bulletin 1997.
- 69 World Bank 1999, p.19.
- 70 As mentioned at the beginning of this report, *mission drift* refers to the shift in MFI focus from the poor or poorest to relatively higher-income clients (Christen 2000, p.5).
- 71 “Bankable” clients are those having effective demand for microcredit with the opportunity to invest such funds profitably.
- 72 Hashemi 1997.
- 73 Wright 2000, as cited by Meyer 2001, p.4.
- 74 Cited by Zaman, in Wood and Sharif 1997, p.253.
- 75 Meyer 2001, p.4.
- 76 Mosley and Hulme 1998.
- 77 ADB 2000b, p.10.
- 78 Hulme and Mosley 1996.
- 79 Goetz and Sen Gupta 1996.
- 80 Marcus, Porter, and Harper 1999, p.27–29.
- 81 New loan size may be a more effective summary statistic than average loan size of the target audience of an MFI. While average loan size will increase with borrower exposure to MFI lending, new loan size will not. However, data constraints have necessitated consideration of average outstanding loan sizes only.
- 82 Alamgir 1999.
- 83 Cracknell 2000, p.49.
- 84 Abbey, E.M. 2002. E-mail correspondence with the authors, 4–5 April 2002.
- 85 ADB 2000b, p.23.
- 86 Rahman 2000b, p.55.
- 87 Lyman 2000, p.4–6.
- 88 Women’s World Banking 2002, p.6.