

Donor's Role in Assisting Microfinance -JBIC's Experience in South Asia-



Kazushi Hashimoto

Director-General

Sector Strategy Development Department

Japan Bank for International Cooperation
(JBIC)

The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank Institute (ADBI), the Asian Development Bank (ADB), or its Board of Directors, or the governments they represent. ADBI does not guarantee the accuracy of the data included in this paper and **accepts no responsibility for any consequences of their use**. Terminology used may not necessarily be consistent with ADB official terms.

Assistance to the Grameen Bank

Dr. Muhammad
Yunus



【Findings】

- High repayment rate--99%
- Strong financial self-sufficiency
- Continuous impacts

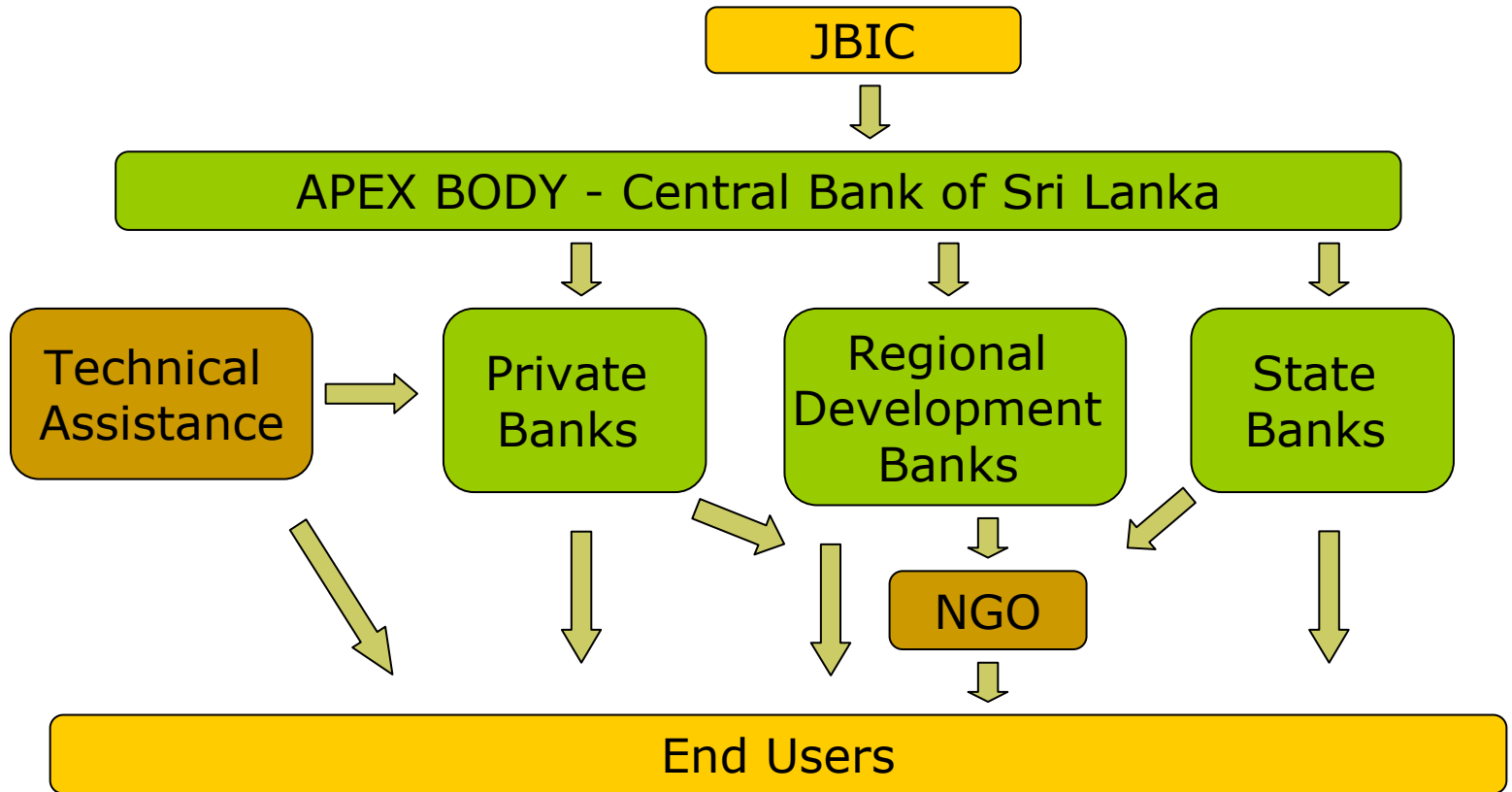
We received from OECF some \$25 million for housing loans. Today, some 600,000 houses have been built with housing loans given to the Grameen borrowers. That money didn't disappear. It continues to come back and continues to create more houses.

From Dr. Yunus's speech at Public Symposium on *Japan's Human Security Contributions through the United Nations and Other International Organizations* at UN House, Organized by: Japan Center for International and exchange Sponsored by United Nations Foundation (Oct 27 2006)

Poverty Alleviation Micro Finance Project (PAMP)

- Loan Amount: US\$ 12million
- Loan Agreement: August 1999 (~December 2006)
- The Project:
 - Provide unsecured loans in small amounts to poor borrowers to start their own business and engage in income-generating activities such as manufacturing, commercial/service industries, agriculture, livestock or other enterprises.
 - Provide training for end-users and field officers
- Executing agency: Central Bank of Sri Lanka

Implementing Mechanism



JBIC's Experience in Microfinance Project in Sri Lanka

ORIGINAL PLAN

- Participating MFIs
 - Banks=50%
 - NGOs=50%

- Targeted Activities
 - Agriculture Oriented Activities



ACTUAL IMPLEMENTATION

- Participating MFIs
 - Banks=90%
 - NGOs=10%

- Targeted Activities
 - Profitable Non-Agriculture Activities

Donor's Role in Assisting Microfinance (CGAP)

□ **MICRO LEVEL**

- Retail financial service providers, not donors and investors, should drive key strategic and operational decisions
- Price loans at commercial or near-commercial rates

□ **MESO LEVEL**

- Funding/creating apex lending institutions requires financial and operational analysis of the apex and potential fund recipients
- Technical assistance for organizational and institutional development
- Fill human resource gaps through training programs, T/A ect.
- Promote transparency

□ **MACRO LEVEL**

- Support improvements in the legal framework
- Help governments adjust the regulatory and supervisory framework

Thank you very much.

