

INAFI INDIA Workshop On Microfinance and Asset Building

Bhubaneshwar, Orissa August 26-27, 2003

Executive Summary

INAFI INDIA, the country chapter of the International Network of Alternative Financial Institutions (a global network of microfinance practitioners) has been advocating alternative perspective of providing microfinance services through enabling models - promoting people institutions / organisations such as SHGs and the likes for microfinance intervention for poverty reduction. The microfinance has captured centrality in economic development strategy for providing financial services to the poor. As a part of this strategy for, the microfinance has proved its effectiveness as a tool to promote sustainable livelihoods through asset / skill building. Keeping this in view , INAFI INDIA has taken up asset building for poor as a major network programme.

Micro credit initiatives revolve around providing working capital loan for vending and training activities with short tenor and high rate of interest. Although micro credit operations are around for more than a decade, the credit dispensation has not made considerable dent in poverty reduction. Asset creation was rarely attempted because of high investment and not so high return on assets. Microfinance for asset creation has emerged as best practice to address poverty. Different approaches are required in urban, rural and tribal contexts. Urban areas provide ample opportunities for trading and services and the intervention simply requires credit access and control. Whereas in rural and tribal areas, microfinance has to build up natural resources – land, water for agriculture, livestock and non-farm activities. Productive assets would release poor from existing exploitative livelihood system. Also in rural context, the access and control of loan become central to the objective of microfinance to build assets. Equally important is the build up of financial assets through savings and social security systems. Insurance products through savings serve as a hedge against calamities and emergencies. Further human resource development including skill building has also emerged as an important part of asset building strategy through microfinance.

Asset building would eventually lead to build income security systems on a sustainable basis to eradicate poverty.

Purpose

Against the above backdrop and importance of asset building for poverty reduction, INAFI INDIA has set out to explore the contours of the asset building for the clients of its member organizations. The workshop had focused on the following issues.

Understanding the context of the members and the scope for asset building

Experience sharing by members

Building conceptual understanding and clarity

Evolving framework for building database for asset build up.

Physical and financial asset build up.

Duration: Two days

- First day : Workshop
- Second day : Field visit to the PREM locations to see the asset creation both and non-farm activities
- Resource person : Mr G G Sohani, Exe. Vice President,
BAIF Development Research Foundation, Pune has made the lead presentation
- Mr Jinnah, DGM, NABARD, Bhubaneswar,

Recommendations:

The workshop came out with suggestions and recommendations on the following:

- Asset building calls for innovative approaches in different context and there is a need to study the impact of microfinance on asset building in various context to capture the experiential learnings.
- Study on the diverse products design for asset building shall be taken up by the national secretariat
- Such a study should capture separately asset build up in rural, tribal and urban context
- Exploring the possibility of networking for market linkages
- Building up baseline data to take stock of the inventory of the assets and the graduation of process is another important requisite. The national secretariat to come out with the framework for baseline data.
- Framework for action plan to carry forward these asset building programmes in the INAFI INDIA network shall be prepared by the national secretariat

Participation: All Chief Executives of the INAFI INDIA member organisations

INAFI INDIA Network members who have participated in the workshop

DHAN FOUNDATION, Madurai, Tamil Nadu

BAIF Development Research Foundation, Pune, Maharashtra

South Indian Federation of Fishermen Societies, Trivandrum, Kerala

People's Rural Education Movement, Orissa

Manavodaya, Lucknow, Uttar Pradesh,

Grameen Development Services, Lucknow, Uttar Pradesh,

Kutch Mahila Vikas Sangathan, Bhuj, Gujarat,

Society for Elimination of Rural Poverty (SERP), Hyderabad, Andhra Pradesh

MYRADA, Bangalore, Karnataka,

Integrated Village Development Project, Krishnagiri, Tamil Nadu

People's Education Development Organisation, Dungarpur, Rajasthan