

Report On

Dialogue with the Training Service Providers on Building Capacity of the MFIs

**July 17, 2008, Thursday
Conference Room - 307, PKSF Bhaban**

Organized by:



Institute of Microfinance (InM)

This report has been prepared on the basis of the recorded deliberations of the participants attended in the dialogue organized by the Institute of Microfinance (InM). This report would be used for developing further action policy and formulating plan.

Comments and suggestions can be sent to the Executive Director at edinm@inm.org.bd or info@inm.org.bd

Acknowledgement

This report has been prepared based on the deliberations of the participants in the workshop titled “Dialogue with the Training Service Providers on Building Capacity of the MFIs” organized by the Institute of Microfinance (InM). This dialogue is believed to be the beginning of the route to accomplish the aim of the institute. InM is aimed to achieve its objective of rendering high quality training services with the help of professional training service providers, microfinance institutions, academicians and experts of the microfinance sector.

I am grateful to all training service providers, microfinance institutions and academicians who participated in the dialogue and made it so successful. I would like to deeply acknowledge the mindful presence and bold participation of all the participants in response to our request.

I look forward to a long term continuing collaboration with all the participants and institutions for building sustainable and vibrant microfinance sector in Bangladesh.

I would like to thank all InM staffs for their dedicated efforts and devotions in organizing the dialogue successfully. My special thanks are due to Suborna and Monir, the two Assistant Directors of the institute, who took pains in preparing this report.

Any suggestion from any individual or organization, in developing this institute and attaining the goals as set, will be highly appreciated.

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

Report on the “Dialogue with the Training Service Providers on Building Capacity of the MFIs”

Organized by Institute of Microfinance (InM)

Preamble

With the advancement of time and rapid growth of microfinance globally, specialized and skilled human resources have become an essential factor to operate this industry with robustness. As the birthplace of microfinance, Bangladesh feels this urgency in its pulse since the country has been in demand of skilled human resources. To reduce inefficiency and successful operation of microfinance institutions, training and education therefore is now-a-days considered as a pivotal factor. Though some non-organized training efforts were put forward by microfinance institutions individually, the lack of uniformity and coordination has kept it far behind the ultimate destination.

To minimize this widening skill gap, Institute of Microfinance (InM), Bangladesh has planned to provide high quality training support to the MFIs for their sustainable development and pledges to disseminate this training service through the leading training providers. InM intends to essentially act as a facilitator for building capacity of microfinance institution jointly with the training service providers. To begin with an integrated training program, InM organized a workshop titled “Dialogue with the Training Service Providers on Building Capacity of the MFIs” on July 17, 2008 at the PKSF auditorium. The dialogue with the existing training service providers in the microfinance industry and academicians had been set to provide policy recommendation and action plan to begin with an excellent training program. This report presents an excerpt of the dialogue for designing further action plan.

1.0 Objectives of the Dialogue

InM organized the dialogue with four basic objectives:

- To assess the extent to which Training Service Providers can support the institution in its training programs.
- To learn about the physical facilities that each Training Provider can offer.
- To discuss about modalities for collaboration with Training Providers.
- To discuss about the possible supports that Training Providers may seek from InM.

2.0 Methodology

The dialogue was an interactive session with critical analysis of the issue. The dialogue started with a presentation on the objective and the role of InM in initiating and delivering high quality training programs. In the dialogue there were 50 participants from around 45 institutions. The basic method of conducting the dialogue was interactive discussion on every issue raised. Hence, an opinion based consensus on different issues was intended to achieve that would be used in formulating future action on commencing successful and internationally acclaimed training programs. The recorded dialogues and discussions have been used in this technical note as input. The list of the representatives of participating Training Service Providers is annexed with this report (Annex-1).

3.0 Facilities Available in Participating Training Providers:

According to the profile submitted by 33 training service providers it has been found that there are some common facilities like – different types of boards, multimedia/over-head projectors etc., and about 50 percent of them have AC facilities. Around 25 percent of the training service providers have sound system with recording facilities, camera, CD/DVD player, Television and very few of them have generator facilities about 85 percent of the training providers have residential training facilities while 79 percent of the total have residential room facilities separately for women.

4.0 Programs Offered by Training Providers

Participants are specialized in their respective key training area. But commonly they offer - Micro Credit Management, Office Management, Accounting Management, Leadership Development, Training of Trainers, Project Proposal, Small Entrepreneurs Development, Organizational Management, Planning & Development, Environment Management, Risk Management, Business & Resource Management, Market Management, Capital Management, Monitoring & Evaluation, and Development Project Planning & Management. Participants also have concentration on both microfinance and micro-enterprise.

5.0 Critical Issues Discussed in the Dialogue:

Professor M A Baqui Khalily, Executive Director of the Institute of Microfinance (InM) inaugurated the dialogue with a presentation. In the presentation, Professor Khalily clearly outlined the objectives and plan of InM for launching structured training programs for capacity building of the microfinance institutions. The participants appreciated and thanked the Institute of Microfinance (InM) for organizing this event and taking initiative to introduce standardized training programs. In the dialogue all participants commonly agreed on the microfinance institutions' need of standardized training programs and that InM can play a pivotal role in attaining the goal. The participants expect InM to play the leadership role in organizing standardized training programs. In the discussion, they identified some major problems faced by the training providers and microfinance institutions. The participants emphasized that for initiating effective training programs under the leadership of InM, it should address those problems carefully. The next discussion points out the major problems noted by the participants.

- **Lack of Skilled Manpower:** The participants argued that for limited supply of skilled manpower in microfinance sector, relatively larger institutions take away skilled employees from smaller organizations. On the other hand, skilled employees trained on the job and also externally seek better opportunities in

larger institutions at higher salary. The participants thought that continuous training programs and academic degree in microfinance will increase the supply of skilled manpower in the microfinance sector.

- **Lack of Refreshers' Training:** The participants argued that some training institutions feel the lack of flow of refreshers in the training programs as new trainers and so initiatives should be taken to ensure the participation of the refreshers who will assist and buttress the training programs.
- **No Link between Trainers' Career and their Performance:** The participants also stated that there is lack of performance analysis of training providers. Though it is important to build up inter-link between training and career of the trainers, no such organized effort has been seen yet in the industry.
- **Lack of Proper Teaching Method:** The participants criticized that available traditional lecture based training was on some very traditional area is really quite inadequate to make the industry efficient. Therefore most of the trainees cannot use their training skill in the practical cases properly and the purpose of training becomes futile.
- **Unavailability Dynamic Course Design:** Participants stated that most of the training programs available now are static and therefore many other important training areas over time are overlooked.
- **Lack of Standard Training Modules:** Available training modules largely vary in their quality which in turn distorts the scope for standardized evaluation of trainees.

Participants commonly agreed on the matter that a single standardized quality control, monitoring and certification authority is very important that will ensure the quality of the whole nation wide training programs. In this reference, to their viewpoint, InM can be the institution to be given with this responsibility.

Thus, along with multifarious problems during the whole interactive dialogue, many aspects of training services were discussed. The participants repeatedly focused some major critical issues which must be addressed by the Institute of Microfinance (InM) in introducing organized training programs. Based on participants discussion, the next discussion details on those critical issues.

- **Certified Trainers' Pool:**

The emergence of high quality and uniformly certified trainers was considered as a critical issue by the dialogue participants. The participants argued that it is indispensable to create a strong and efficient common pool of trainers with uniform certification, and ensuring quality of these trainers. The participants pointed that the number of high quality trainers is not enough in Bangladesh and MFIs do not get the available expert trainers in need due to communication and information gap. Therefore microfinance institutions if needed would be able to hire training expertise from this pool for any training activities in or outside the organization. The participants thought that inclusion of Trainers in the pool should be a continuous process where the certification authority would provide training to trainers and certify accordingly through out the whole year.

- **Uniform Training Materials:**

The issue pointed on preparing standardized and uniform training modules and text for both national and international participants while maintaining good governance and transparency. Participants opined that, they are in crying need of high quality training materials. As training modules are generally focused on individual organization, therefore, training modules are not standardized. For international standard training, training modules must be comprehensive with clear understanding of the issues. The uniformity of training modules is emphasized because if everywhere same manual is taught, decision in evaluating employees becomes easier. Participants stated that materials must be

“Modules should be standardized, of high quality applicable for both national and international participants”

- Md. Shah Alam

Senior Faculty Member (Training), BRAC

assessed by expert in corresponding areas for the highest possible quality and lecture materials should also be included in the training modules.

• **Quality of Training Programs:**

Uniform certification of the training programs and maintaining quality of training programs are necessary that would be accepted in and outside Bangladesh. The participants criticized the available training programs as they are not need based. The participants argued that it must be ensured that training programs are practical, applied and moral development oriented, based on Training Need Assessments (TNA). Moreover, they thought that in order to improve the quality, participants emphasized on the case based and practical example oriented training programs since trainees can acquire the better knowledge if training involves hand on practice. Therefore, lectures in the training programs must go beyond the traditional approach according to the experts attended the dialogue.

“Need and training programs should be inter-linked and integrated. Practically we found that training was not highly correlated with need.”

- **Dr. Hosne Ara Begum**
Executive Director, TMSS

• **Training Cost Sharing:**

The issue of providing training free of cost was discussed at length in the meeting. The participants argued against any cost-free training programs as this creates the problem of moral hazard. They argued that if cost of training is fully subsidized then there are some possibilities of selecting wrong employees for training by the MFIs as everyone wants to grab the opportunity and on the other hand, trainees do not pay much emphasize on the training program. Therefore, all participants strongly voted that all training programs should be on cost sharing basis even though this sharing may be at a very minimal level.

“Moral hazard problem is obvious if the training program is free. Let the cost of training be shared at a small portion.”

- **Mr. Tapan Kumar Karmakar**
Director (Director, Finance), RDRS

- **Academic Programs on Microfinance:**

The microfinance industry needs skilled human resources with specialized knowledge on microfinance issues. This industry is now approaching to be more formal gradually which is evident from the recent establishment of Microcredit Regulatory Authority (MRA). Therefore, for the organic development of this industry in this current graduation process, skilled manpower is essential. In reference to that, the participants in the dialogue have argued that in addition to the short term courses, long term efforts should also be taken. As long term approach, academic degree courses (Diploma or Higher Diploma) on microfinance issues for freshers and refreshers should be introduced to fill the knowledge gap. Through offering these programs, along with the practitioners, fresh graduates also can be given the scope to acquire specialized education who intend to build their career in the microfinance industry

“A Diploma course as a long term measure should be introduced to develop sustainable skilled human resources for this sector.”

- **Mr. Dewan Alamgir**
Training Expert and
Managing Director, ERS

- **Training Courses Based on Dynamic Needs:**

As the whole microfinance industry is expanding, participants argued that training course should be beyond the traditional areas that are available now in Bangladesh to meet the changing behavior of the microfinance industry; training course should be selected to make people skilled to keep pace with the change. Therefore, participants consented on identifying up to date, innovative and latest issues to be included as the training courses. For example, microfinance practitioners in different times have faced employees involved in mismanagement of funds. Therefore, a course on *Development of Ethics* can be introduced. Many others of the participants mentioned some very important training areas such as Customer Behavior and Relationship Management, Value Chain Developments, Communication Style etc.

“We offer dynamic need based course and there are many new courses that must be introduced to meet the dynamic need of the industry.”

- **Mr. Mosleh Uddin Sadeque**
CEO, Institutional Development Services
Linkages (IDSL)

6.0 Role of the Institute of Microfinance (InM) in Training: Expectations of the Participants

As an emerging national institution, participants expect InM to take the leadership in developing skilled manpower for the microfinance industry. Under the leadership of InM, training service providers and microfinance institutions would devote their efforts to build an efficient human resources pool for the microfinance sector. Therefore, to come up with the leadership role, the following actions are expected from InM by the training service providers and microfinance institutions.

- InM jointly with the training service providers or microfinance institutions should organize training programs.
- InM, as an emerging national institution for microfinance sector, should arrange TOT and create a trainers' pool.
- InM should certify trainers and these certified trainers will be used by all MFIs in their training programs.
- InM should develop and certify standardized training modules and text materials for use of the microfinance institutions.
- The institute would review the training modules regularly in order to incorporate dynamic changes that take place in the microfinance sector
- InM should conduct regularly Training Needs Assessment (TNA) and develop training programs based the results of TNA.
- The institute should introduce academic degree programs of long duration on microfinance along with short term courses for one to three months.
- InM should establish strong monitoring cell to maintain the quality of the training programs.
- InM should introduce standardized grading system on the results of the training programs that would facilitate the uniform evaluation of trainees.
- The institute should organize refreshers' training course that would ensure the feedback of the training programs.

7.0 Operational Strategies Identified (Based on the Deliberations in the Workshop)

	Short Term (Next 6 Months)	Long Term (Above 6 Months)
Institute of Microfinance (InM)	<ul style="list-style-type: none"> • InM will form a Committee of Experts (CoE) for evaluating the CVs of the training service providers and selecting the trainers. • The CoE will form a Trainers' Pool engaging the efficient trainers to disseminate standard training service. • Standardized training module developed by the CoE and consultants would be vetted by InM after evaluating the modules. • InM would invite local and international expert academicians and practitioners to conduct Training of Trainers (TOT). • InM would arrange TOT for the selected trainers' pool. • Trainers would be vetted by InM that is to be recognized nationally and internationally. • Standardized grading system will be introduced for trainees. • Classes and Modules in training programs should go beyond the traditional lecture style, and should be blended more with practical experiences. 	<ul style="list-style-type: none"> • InM jointly with the Training Service Providers (TSPs) will organize training programs for capacity building of the MFIs. • The institute will regularly conduct homogenous training need assessment (TNA) and suggest the consultants to develop module for the targeting groups. • The institute will organize the refresher' training to understand the feedback of the training program. • The institute will introduce the diploma courses on microfinance in order to develop skilled manpower in the long run. • Changing Certification on the results of continuous training in each level of career should be introduced such that these results would influence progress in the service career. • InM will form a strong research and monitoring cell that would develop dynamic training programs and ensure the quality of those. • InM would create a network platform of microfinance institutions and training service providers to maintain the uniformity of the training programs. This network would exchange information on how the trained humane resources are performing in the practical field. • InM jointly with TSPs will conduct survey on the effectiveness of the trained personnel based on the performance in their job.
Training Service Providers (TSP)	<ul style="list-style-type: none"> • Training Service Providers (TSP) will send their trainers' CV and the relevant information on training to the Institute. • TSPs will adopt the standardized training module developed by the CoE at InM. • TSPs will commence the training programs in due time jointly with of InM. 	<ul style="list-style-type: none"> • TSPs will closely work with InM with the vision to contribute for developing high quality human resources in the microfinance sector of Bangladesh. • During the training TSPs will conduct trainers' evaluation and trainees' feedback about the training program.

8.0 Conclusion

The dialogue ended with common understanding on three basic issues: Building High Quality Common Resource Pool, Developing Uniform Modules and Uniform text/materials. Participants in the dialogue expect all these actions to be initiated and performed by the Institute of Microfinance (InM). The whole discussion of the dialogue created an excellent interactive learning environment for the Institute of Microfinance (InM). InM thanked all participants for their invaluable opinions, comments and suggestions. Contributions of all participants are acknowledged. Based on the mentioned consensus and expected role of InM, InM will formulate further action plan and policy to arrange internationally acclaimed and universally accepted training programs.

Annexure -1: List of Participants in the Dialogue

Sl. No.	Name of Participant	Name of Organization
1	Mr. Md. Mir Kashem	BARD
2	Mr. Md. Shah Alam	BRAC
3	Mrs. Shamsun Nahar	Palli Sree
4	Mr. Md. Samiul Haque	SDC
5	Mr. M.A Rashid	DAM
6	Mrs. Sharmin Ajahar	COAST Trust
7	Mr. Sanat K. Bhowmik	COAST Trust
8	Mr. Md. Robiul Islam	DESHA
9	Mrs. Nahid Sultana	ACD
10	Mrs. Devaki Saha	BBTA
11	Mr. Md. Wahiduzzaman	JCF
12	Mrs. Delwara Khatun	Practical Action
13	Mr. Ferdous Rahman	TMSS
14	Mrs. Foyzoon Nahar	TMSS
15	Dr. Hosne –Ara Begum	TMSS
16	Mr. Jakir Hossain	TMSS
17	Mr. M. Farid Uddin	CDF
18	Mr. Md. Abdul Hye Mridha	CDF
19	Mr. M.A.Ahad	CDF
20	Mr. Jagodish Ray	PROSHIKA
21	Mr. A.K. S. Reza	PROSHIKA
22	Mr. Md. Kamal Uddin	PMUK
23	Dr. M. Sadiqul Islam	D.U
24	Dr. Towfiq A. Chowdhury	BIBM
25	Mr. Abul Kalam Azad	R.R.F
26	Mr. Akkas Uddin Sarker	POPI
27	Mr. Md. Nurunnobi	GBK
28	Mrs. Fahmida Jahan	PBK
29	Mr. Md. Dewan Bakt Sr.	Srizony Bangladesh
30	Mr. Md. Moazzam Ali Shaim	IDSL
31	Dr. Mosleh Uddin Sadeque	IDSL
32	Mr. Md. Azmal Hossain	UDDIPAN
33	Mr. Md. Arifur Rahman	YPSA
34	Mr. Md. Golam Ahia	BKF
35	Mr. A.S.M Mashi-Ur-Rahman	MIDAS
36	Mrs. Rehana Parvin	Shapla Ful
37	Mr. Nazmun Chowdhury	PPD
38	Mr. Md. Anwar Hossain	Manab Mukti Sangstha
39	Mr. Md. Alauddin Khan	NDP
40	Mrs. Benozir Ahmed	NGOF
41	Mr. Tapan Kumar Karmoker	RDRS
42	Mr. Murshed Iqbal	MDC
43	Mr. Md. Jahangir Nobil	MDC

Sl. No.	Name of Participant	Name of Organization
44	Mr. Md. Nazrul Islam Khan	RDA
45	Mr. Johir Rayhan	WAVE Foundation
46	Mr. S.H Kobir	BDS
47	Begum Selina Sharif	PKSF
48	Mr. Mirza S.I Khaled	Sangkalpo Trust
49	Mr. Dewan Alamgir	ERS
50	Dr. Sujit Saha	BIBM