



# Networking in microfinance

## Reasons for Networking

- exchange experience,
- build common performance standards,
- influence government policy,
- design & test products, services and methodologies [CMF-Annex.doc](#)



# Types/kinds of networks

- Practitioner's networks
- Support networks
- Research and development related networks
- Information networks



# Practitioners Networks

## CASHPOR

- established in 1991
- 22 Grameen replications in the Asia-Pacific region-Malaysia
- Capacity building through training, quarterly monitoring, technical assistance and information exchange.



# Practitioners Networks

Contd...

## Grameen Global Network

- global network of Grameen Bank replicators

## Microfinance network

- global association of leading microfinance practitioners.
- located at Washington, USA.



# Practitioners Networks

## Contd...

### SEEP network

- an association of 40 North American PDOs working with local NGOs
- supports research and training
- development and dissemination of practitioner-oriented publications
- microfinance, BDS, evaluation
- Office-New York.



# Practitioners Networks

## Contd...

### IRED

- promote economic empowerment of the marginalized communities
- through community/people's banks and small, micro and medium enterprises. promotes networking with other organizations
- seeks external markets for products
- based at Geneva, Switzerland



# Practitioners Networks

Contd...

## INGO Networks

- Opportunity international
- PLAN International
- Save the Children
- FFH



# Practitioners Networks

## Contd...

### World Council of Credit Unions (WOCCU)

- global confederation of Credit unions
- member based
- technical and financial support, communication exchange
- NEFSCUN is connected to the WOCCU through its association of Asian Confederation of Credit Unions (ACCU).



# Practitioners Networks

## Contd...

### Other networks in Asia regional level

- SANMFI (no more active)
- INAFI
- APRACA (???)



# Support institutions Network

## CGAP

- consortium of 29 bi and multilateral donor agencies
- technical tools and services,
- training
- strategic advice and technical assistance
- action research on innovations.
- Microfinance Gateway- source of documents, issues, links, events, and job opportunities.

# Support institutions Network

## Contd...

### Accion International

- provides financial and technical service MFIs covering over 2 million people in Latin America, Africa and the United States.

### Bellanet

- consortium of donor institutions based at IDRC, Canada
- supports on use of information and communication technologies

# Support institutions Network

## Contd...

### CALMEADOW

- founded in 1983 in Canada
- provides funds to MFIs, MF advocacy
- Conducts research, International consultancy

### PlaNNet Finance

- develop & professionalize MF sector by promoting Internet and new technology
- started thru donations of banks & private sponsors. But now high-tech companies, public & international institutions are supporting.



# Support institutions Network...

## United Nations Capital Development Fund

- founded to fund SE in the developing world
- fund generated voluntarily- member states, co-financing by governments, international organizations and the private sector.



## Microfinance Networks in Nepal

- Grameen Network Nepal
- Microfinance Association of Nepal (MIFAN)
- Nepalese Federation of Saving & Credit Union (NEFSCUN)



## Gramin Network Nepal

- established in April 1996
- membership-5 govt. Grameen, NUBL, CSD, WCS & NERUDO members
- Objective: effective mobilization of funds and capacity building
- not very active
- still reports are sent to WCS, present secretariat.



## MIFAN

- formed in 1998/99 as a member based network
- All the MFIs and Cooperatives.
- 78 members, 1,000 as annual fee.
- CECI supported initial but withdrew after CMF ??
- secretariat at DEPROSC head office.



# NEFSCUN

- federation of 414 SACOS, registered in 1993
- objectives: Capacity building and inter-lending
- support-CCO (initially), now-CCA
- entry fee Rs.1,000, Annual saving Rs 1,200 and Rs.5 per member fee
- interlending fund membership- 150 SACOS, Rs, 10,000 entry requirement
- joined ACCU in 1998.

# Why Networking did not function well ?

- networks did not had a plan for sustainability
- a marriage without required level of preparation-groundwork ?
- small and big MFIs together from various parts-difficult to hold meeting
- member's priority- outreach and OSS;less attention on capacity building and fund mobilization



## Why...

### Contd...

- Donor driven
- high liquidity in the market for loan fund  
–less priority for advocacy
- global pro-microfinance climate-no felt need for a workable network
- Financial contribution not made as promised (eg: 1000 Rs/year/member).



## Available options for networking

- Build on what has been accomplished
- Form a new network to suit the current need.

The revival of the existing networks may have less relevance as new issues have emerged in the microfinance industry.



## Network-Justifications

- Common microfinance standards- for self-regulation and ensure program quality
- Traditional products and services-in the changing scenario. design, test and develop products and services to better serve the clients.
- In addition to OSS and FSS, impact evaluation is a concern for MFIs having poverty reduction as the main mission.

# Network-Justifications

## Contd...

- Credit Information System is key as competition increases
- MF is a staff driven industry. How to satisfy frontline is a major issue for all
- Outreach deepening a challenge for MFI - hardly any defined road-map-combinely we can move.
- Advocacy for conducive macro-economic environment- not strict regulatory measures.



# Network-Justifications...

## Contd...

- issue of “client stagnation” .  
Government can be persuaded in a better way through a unified and organized networks.
- although loan fund is not a problem at the moment, it may be an issue in the post-conflict situation.



## Steps in forming Network...

- preparation and circulation of a Network concept paper.
- receive feedback and finalize the paper
- organize workshop to analyze previous network experience and elect an adhoc/transitional network authority.
- preparation of a framework for setting-up of a network (VMG, objectives, scope, activities, timeline) with the involvement of all stakeholder



# Steps...

## Contd...

- SWOT of the proposed network in a workshop, finalize the framework
- prepare bylaws, work procedures and systems
- prepare a business plan outlining how the Network will be operationally self-sustained over a period of time
- organize a workshop to elect the Network Steering Committee.

## Contd...

- hire a Network Coordinator and set-up an office
- prepare annual, quarterly and monthly activities timeline
- start implementation
- link the network with sub-regional, regional and international networks including theme-based networks.

**May take more than a year to undertake the above steps.**