

Fast-growing microfinance sector sinks roots in S'pore

■ BY JOANNA SEOW

SINGAPORE is now at the cutting edge of a fast-growing type of financing that offers loans to the poor in developing countries to help them start businesses.

The sector, known as microfinance, is set to receive a shot in the arm with the official opening of a regional office of the Foundation for Development Cooperation (FDC) here yesterday.

It houses the Banking With The Poor (BWTP) Network Secretariat, set up by the FDC, which aims to promote microfinance development in Asia.

Commercial banks are often reluctant to grant such loans, but microfinance has proved to be a successful model so far.

Speaking at the opening of the FDC at the Peranakan Museum, Institute of Policy Studies director Ong Keng Yong said the FDC was one of more than 70 international non-profit organisations now in Singapore. The Economic Development Board hopes at least 150 will have set up here by 2015.

Mr Jamie Bedson, FDC Singapore's Asia regional representative, said the office hoped to enter into partnerships with local organisations to undertake projects in developing countries in the region. "There is a lot of expertise here that we can export," he added.

Since the office began operations here last July, interest in the microfinance sector has been "phenomenal". But awareness still needs to be raised.

Microfinance returns are more substantial than people realise, which should be an incentive for investors to move into the industry, said Mr Bedson.

FDC chairman Bob Lyon said demand for microfinance had increased in the current financial crisis. "Microfinance will play a big role in helping sustain people during this crisis, as well as kick-start them coming out of the crisis."

The FDC was set up in Brisbane, Australia in 1990. Its activities in the region include disaster risk management training workshops for microfinance institutions that are part of its BWTP Network, and a meeting of the Asian countries' national microfinance organisations to be held here later this year.