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MONTHLY NEWSLETTER

This document contains the latest news and publications from SAMN member countries

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Bangladesh

World Bank Supporting Bangladesh to Provide WASH Facilities in Rural Areas

Following a market-driven approach, the project will help build a more hygienic model, offset pit latrines for safe sanitation, and large and small piped water schemes for clean water.

The World Bank and the government of Bangladesh today signed a \$200 million financing agreement to help 3.6 million people access hygienic sanitation facilities and about 600,000 people access clean water in rural areas.

The Rural Water, Sanitation, Hygiene (WASH) for Human Capital Development project will help improve water and sanitation services in rural areas in 78 Upazilas, covering Sylhet, Chottogram, Rangpur, and Mymensingh divisions. Following a market-driven approach, the project will help build a more hygienic model, offset pit latrines for safe sanitation; and large and small piped water schemes for clean water.

It will provide microcredits to both the households and entrepreneurs for water and sanitation facilities. About 309,000 of the poorest households will receive fully subsidized toilets. Besides the household water connections, it will construct around 3,000 community piped water schemes.

"Safe water, sanitation, and hygiene practices are key for ensuring better health and building human capital," said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan. "The project will help prevent diseases and protect citizens from COVID 19 and other infectious diseases by increasing access to quality water and sanitation services at home and public spaces as well as by promoting hand-washing behaviour."

The project will install about 312 public toilets and 2,514 hand-washing stations at crowded public places, such as markets and bus stations. About 1,280 community clinics will have new or renovated facilities, both for patients and medical purposes. The project, in a quick and timely manner, will also help address urgent water and sanitation needs arising from COVID 19 pandemic.

Read more at: <https://www.devdiscourse.com/article/business/1442269-world-bank-supporting-bangladesh-to-provide-wash-facilities-in-rural-areas>

India

Microfinance firm Satya MicroCapital secures fresh funding from Japan's impact investor Gojo & Company

Credit and Finance for MSMEs: The latest investment takes the total fundraising by the company, which has provided microloans to over 4.5 lakh micro women entrepreneurs across 21 states in the country, to Rs 260 crore.

Microfinance startup Satya MicroCapital has raised a fresh round of equity capital. The company has now secured Rs 153.25 crore from existing backer Japan-based impact investor Gojo & Company Inc. around six months after it raised Rs 72.5 crore from Swiss impact fund BlueOrchard Finance. Gojo & Company had earlier backed Satya with Rs 105 crore round in May 2020. The latest investment takes the total fundraising by the company, which has provided microloans to over 4.5 lakhs micro women entrepreneurs across 21 states in the country, to Rs 260 crore. "The infusion we have got so far is one of the most significant investments received by any microfinance institution during such difficult times in the industry," Vivek Tiwari, MD, CEO & CIO, Satya MicroCapital told Financial Express Online.

Read more at: <https://www.financialexpress.com/industry/sme/msme-fin-satya-microcapital-raises-rs-153-crore-from-existing-investor-gojo-company/2186950/>

NBFCs seek relaxations to new rules proposed by RBI

Non-banking finance companies (NBFCs) have asked for the same benefits as banks while the central bank looks to harmonize regulations for all lending institutions. These lenders have also sought relaxations to new norms for NBFCs proposed by the Reserve Bank of India (RBI) last month in a discussion paper.

In a letter to RBI on the paper, the industry body for NBFCs, Finance Industry Development Council (FIDC), said that there is a need for uniformity in regulation since these companies perform the same credit function as banks.

Read more at: <https://www.livemint.com/industry/banking/nbfc-see-relaxations-to-new-rules-proposed-by-rbi-11613324804734.html>

Small businesses post-Covid recovery: Why banks alone cannot empower MSMEs to survive and thrive

As India focuses on post-Covid-19 recovery, the revival of MSMEs is clearly understood to be key in wider employment generation and for distribution of the benefits to the economy. The lack of working capital so far has constrained many of the shuttered, marginally functioning, and surviving MSMEs from returning to their full economic potential. Therefore, when the Reserve Bank of India called out for financial institutions to adopt cash-flow-based lending, the industry applauded the dynamism that the government wants to bring in addressing capital requirements of MSMEs, which incidentally comprise 95 per cent of all businesses in India. It would not be wrong to say that ever since 'cash flow-based lending' has literally been 'trending' when it comes to any discussion on MSME.

However, the uncertainty of lending in an already muted business segment has already replaced the earlier cheer as financial institutions, be it banks or NBFCs, get to action the policy push. Several operational and

technological constraints come in the way. For starters, MSMEs tend to be treated as one generic pool based on their turnover, which is not appropriate to determine access to working capital.

Read more at: <https://www.financialexpress.com/industry/sme/cafesme/msme-fin-small-businesses-post-covid-recovery-why-banks-along-cannot-empower-msmes-to-survive-and-thrive/2199508/>

Digital payment ecosystem gets support worth ₹1,500 crore

The Union budget has earmarked ₹1,500 crore for a scheme to incentivize digital payments, which took off significantly in India following the coronavirus pandemic. UPI transactions witnessed a continuous rise, clocking close to 2.3 billion transactions in January, up from 2.23 billion in December. "There has been a manifold increase in digital payments in the recent past. To give a further boost to digital transactions, I earmark ₹1,500 crore for a proposed scheme that will provide financial incentive to promote digital modes of payment," finance minister Nirmala Sitharaman said in her budget speech.

Read more at: <https://www.livemint.com/budget/news/fm-earmarks-rs-1500-corporus-to-incentivise-digital-payments-11612168194923.html>

Govt to work with RBI for execution of bank privatization plan: Nirmala Sitharaman

inance Minister Nirmala Sitharaman on Sunday said the government will work with the Reserve Bank for execution of the bank privatisation plan announced in the budget. Speaking to reporters in the financial capital, Sitharaman also said that the government has no plan to form any bank investment company to house the government stakes in banks.

In the union budget presented last week, Sitharaman had announced the privatisation of two banks as part of its disinvestment plan. Bank unions.

Read more at: <https://economictimes.indiatimes.com/news/economy/policy/govt-to-work-with-rbi-for-execution-of-bank-privatisation-plan-sitharaman/articleshow/80734931.cms?from=mdr>

Pakistan

Digital transformation of Pakistan

Accurate, real-time, and consolidated data leads to beneficial decisions which is key to good governance and primary objective of a country's public sector. Information Technology has acted as a key enabler in the digital transformation of all areas of a country's economy, but this global digital revolution has faced greater obstacles in the public sector as opposed to private organisations. Public sector digital transformation can be hindered by the extremely large amount of unconsolidated data, several complicated processes existing in digitally unconnected departments, resistance to status-quo from stakeholders, lack of Information & Communication Technology (ICT) infrastructure, high cost, and low ICT literacy.

A similar situation has been witnessed in the case of the digital transformation of Pakistan's public sector organisations. The country's public sector has embarked on the journey of digitalisation since the last decade, but the transformation has not been smooth. In Pakistan, modern technology adoption hardly exists in public sector organisations. This anxiety causes the non-techsavvy people to start resisting its adaption and implementation. The fear stems from people feeling that their power will be replaced with technology. The success of public sector digitalisation mainly depends on handling the issues of stakeholder awareness and the adoption anxiety. This can be accomplished through the development of public and private sector partnerships to implement this digital transformation.

Read more at: <https://nation.com.pk/25-Feb-2021/digital-transformation-of-pakistan>

Scatec and Nizam Energy Close Financing for Solar Plant in Pakistan

FMO agreed to provide half of the debt quantum under a credit facility of \$39m. Three local commercial lenders will provide the remaining half under credit facilities of an aggregated \$42m (PKR6.7bn).

Renewable developer Scatec and local partner Nizam Energy have secured a \$100m financial closure for a solar project in Pakistan.

The closure comes after the Dutch development bank FMO, Faysal Bank, Bank of Punjab, and PAK Kuwait Investment signed credit agreements for the non-recourse debt financing agreement.

The credit facilities will cover up to 75% of the total cost of the 150MW Sukkur project. Scatec and Nizam Energy intend to start construction within the first half of this year.

Scatec CEO Raymond Carlsen said: "We are proud to complete the financing of our first project in Pakistan together with our partners.

Read more at: <https://www.power-technology.com/news/scatec-nizam-energy-close-financing-solar-project-sukkur-pakistan/>

SMEs to improve productivity with digitization on eOffice

The Small and Medium Enterprises (SMEs) constitute nearly 90% of all the enterprises in Pakistan; They employ 80% of the non-agricultural labor force; and their share in the annual GDP is approximately 40%. However, unlike large enterprises in the formal sector, a small and medium enterprise is constrained by financial and other resources. This inherent characteristic of an SME makes it imperative that there should be a mechanism through which it may get

support in different functions of business including technical upgradation, marketing, financial and human resource training & development.

Realizing the constraints faced by the SMEs, DataSync and TechSaeen are collaborating to help the small and medium enterprises in the country to improve workers productivity by using its finest office management solution eOfficeTM. This is a great opportunity for SMEs to test drive eOfficeTM & digitize their operations. This collaborative effort entitles the SMEs/Customers of TechSaeen to use eOfficeTM with premium support for six months at no cost. This highly scalable system is extremely user friendly and secure & offers a seamless integration of different processes and departments. eOfficeTM is a great tool to migrate operations into a paperless environment trimming 89% of the operations overhead & improve staff efficiency by 90%.

Read more at: <https://theazb.com/smes-to-improve-productivity-with-digitalization-on-eoffice/>

Pakistani fintech PayPro receives over Rs7 million in funding from USAID

PayPro, a fintech startup that focuses on business to business (B2B) and business to consumer (B2C) payments, on Thursday announced that it had received a grant amounting to Rs7.4 million from USAID Small and Medium Enterprise Activity (SMEA).

According to a press release from PayPro, the grant is intended to help digitise micro, small and medium-sized enterprises (MSMEs) that want to start the process of digital payments.

The fintech that was launched in 2019 has "processed approximately 70,000 transactions valued at more than one billion in throughput till date, with more than 430 merchants accepting payments through its services and a market accessibility of 25+ financial institutions".

Read more at: <https://www.dawn.com/news/1608058>

SBP Launches Three Groups for Investment Abroad

The State Bank of Pakistan (SBP) on Wednesday introduced three new categories of foreign investments under its revised policy governing equity investment abroad.

Banks have been authorised to allow remittances under the newly introduced categories, the SBP said, adding that it has "modernised the foreign exchange manual to facilitate startups, fintechs and exports".

The central bank said the new categories were introduced after approval of the federal government. "The new policy for equity investment abroad will attract foreign direct investment (FDI) through the establishment of holding companies by Pakistani fintechs and startups; support exports by facilitating exporters to establish subsidiaries or branch offices outside Pakistan; and, allow resident Pakistanis to acquire equity," said a circular issued by the SBP

Read more at: <https://www.dawn.com/news/1606694/sbp-launches-three-groups-for-investment-abroad>

Sri Lanka

SDB Bank Set to Boost SMEs and Women Entrepreneurship Nationwide

The United States International Development Finance Corporation (DFC) has approved a USD 40 Million (Rs. 7.5 Billion) term loan facility to SDB bank in a bid to promote financial inclusion, resulting in more support to SMEs, particularly female-owned Small and Medium Enterprises.

This comes as part of the financing recently approved by the DFC board to advance development in emerging markets of African, Middle Eastern, Eastern European, Indo-pacific, and Latin American regions.

United States International Development Finance Corporation (DFC) is a U.S. Development Bank specializing in providing financial support to private sector partners in developing markets. Promoting financial support to SMEs and women entrepreneurs in these markets is a key focus area for the bank. SDB bank was selected for the loan primarily due to its innovative business model that takes a progressive approach to development, with an emphasis on financial empowerment and SME development. In fact, 40% of the loan facility is reserved exclusively for women with the remaining 60% being allocated to SMEs in general. The bank's commitment to these forward-looking policies is evident in their specialized products for female-owned SMEs which include Uththamavi, a special investment scheme for women and a general SME loan offering.

The investment loan approval granted by DFC comes at a critical time and is the first in over 7 years. The loan also comes with a series of other value additions including a Capacity Development Programme, which gives bank employees access to modern technology and know-how. This invaluable resource is then passed on to the customer, which enables them to grow their enterprise, as their hard work is directed by strategic thinking and professional business insight.

Read more at: <https://island.lk/sdb-bank-set-to-boost-smes-and-women-entrepreneurship-nationwide/>

Updates from Members

AFGHANISTAN

AMA: Legal Literacy for Women in Afghanistan and Pakistan

The project, financed by a regional capacity development technical assistance, is designed to reduce gender-based violence and promote gender equality, by changing the ways gender-based crimes are being regarded and prosecuted.

ADB provided customized training for prosecutors and judges in Afghanistan and Pakistan to help strengthen the capacity of investigating, prosecuting, and decision-making bodies, and equip women with adequate knowledge of their rights to access social and legal justice.

The project also organized positive community outreaches through interactive plays, puppet shows, and truck arts to promote the legal rights of women and girls. One of the project impacts was also assisting participating countries in fulfilling their obligations under the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).

To Access the Video: <https://www.adb.org/news/videos/legal-literacy-women-afghanistan-and-pakistan>

BANGLADESH

CDF: BRAC wins ICMAB Best Corporate Award

The Institute of Cost & Management Accountants of Bangladesh (ICMAB) has awarded BRAC the first position in the ICMAB Best Corporate Award-2019.

BRAC, the number one NGO in the world, has secured Gold Award under NGO Category in the competition.

Tipu Munshi MP, Hon'ble Minister, Ministry of Commerce, Government of People's Republic of Bangladesh handed over the award to Ashit Baran Das, Associate Director (Finance & Accounts) of BRAC at a ceremony organized at Radisson Blu Dhaka Water Garden in Dhaka on Thursday, February 25, 2021.

Professor Shibli Rubayat-UI-Islam, Chairman, Bangladesh Securities and Exchange Commission (BSEC), Dr. Md Jafar Uddin, Secretary, Ministry of Commerce, Government of People's Republic of Bangladesh, Sheikh Fazle Fahim, President, The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), A.K.M. Delwar Hussain FCMA, President, South Asian Federation of Accountants (SAFA) were also present as the special guests in the event.

BRAC received many awards in the field of financial transparency in different times including Institute of Chartered Accountants of Bangladesh (ICAB) National Award under the category of NGOs, Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award in the NGO category, and prestigious South Asian Federation of Accountants (SAFA) award for best presented annual report in the non-governmental organisation category.



INDIA

MFIN: News

- **Microfinance Institutions Network (MFIN) welcomed the Reserve Bank's decision to come out with a consultative document to harmonise regulatory framework for micro financiers.** RBI Governor Shaktikanta Das said the central bank will come out with a consultative document, harmonising the regulatory frameworks applicable to various regulated lenders NBFC - MFIs, banks, small finance banks (SFB) and NBFC - investment and credit companies - in the microfinance space. The central bank will come out with the document in March this year. "This is a very important move as it will augur well for the sector as a whole and further safeguard the interests of the customers. MFIN looks forward to working closely with the RBI on this important initiative," MFIN CEO and director Alok Misra said in a release.

Read Full Story: [Business Standard](#)

- **Business Standard (Banking Annual Magazine) SFB Round Table:** Rural, urban India show little difference, say experts. At Business Standard Unlock BFSI 2.0, some of the best minds from the SFB sector discuss the consequences of the lockdown, the urban- rural divide, capital-raising plans, and the way forward for Small Finance Banks. The panellist included Mr. Sanjay Aggarwal – MD & CEO, AU SFB, Mr. Nitin Chugh – MD & CEO, Ujjivan SFB, Mr. Baskar Babu – MD & CEO, Suryoday SFB, Mr. P N Vasudevan – MD & CEO, Equitas SFB, Mr. Ajay Kanwal – MD & CEO, Jana SFB & Dr. Alok Misra – CEO & Director, MFIN.

Read Full Story: https://www.business-standard.com/article/finance/bs-sfb-round-table-rural-urban-india-show-little-difference-say-experts-121021300105_1.html

- MFIN launches a series of **Skilling & Upskilling Workshops in Assam**. Microfinance institutions join to benefit 1800 households through these multi-locations, free workshops.
- MFIN sets-up the first Kolhapur District **Customer Grievance Redressal Cell** for customers of NBFC-MFIs in Maharashtra.

MFIN: Microfinance Sector Development

- **Information Sharing Platform:** The beta testing phase of *“Impetus Platform”* for the small and medium MFIs has been initiated. Data from five MFIN Members (Adi Chitragupta, Centrum Microcredit, Mitrata Inclusive Financial Services, MPower Microfinance and MSM Microfinance) will be used for finalizing the dashboards and conducting the User Acceptability Test (UAT) followed by a system audit prior being rolled out to all small and medium members (NBFC-MFIs)
- **Online Data Hub:** The Secretariat has received EOIs from eleven IT firms for development of the proposed “Online Datahub”. EOIs are being evaluated and a summary will be presented to a sub-group of Credit Bureau Task Force which is guiding the Secretariat in this initiative for deciding the next steps.
- The pilot for **Digital Document Execution (DDE)** with National e-Governance Services Ltd (NeSL) has been initiated with four members (Arohan Financial Services, Fusion Microfinance, Samasta Microfinance and Svatantra Microfin). The system integration is underway post which documents would be executed digitally across selected 1-2 branches of each member.

MFIN: Microfinance Sector Advocacy:

- A detailed response was sent to RBI on “Discussion Paper on Revised Regulatory Framework for NBFCs – A Scale - Based Approach”.
- A note was drafted and shared with Indian Banking Association (IBA) on its idea of creation of Specialized Development Board for MFI for addressing the emerging needs of the industry. This was done by IBA basis the suggestion made by the Governor RBI in his meeting with Chief Executives of Public Sector Banks on 22nd December 2020, to explore the possibility of setting up a Board for MFIs.

MFIN: Capacity Building:

- **Employee Bureau:** MFIN organized a webinar on Employee Bureau with Equifax on 26th Feb 2021. The webinar focused on timely/accurate submission issues, safeguards for tagging negative information, promptly correcting the information, employee awareness, and dispute mechanism. Additionally, the SRO team presented an overview of the Employee Bureau in several state chapter meetings to create awareness. The webinar was attended by 60 participants.

- **Webinar on Customer Grievance Redressal Mechanism (CGRM):** MFIN organized a webinar on CGRM on 5th Feb 2021 for CGRM Heads/officials leading and overseeing the CGRM mechanism of member NBFC-MFIs. The webinar focused on customer protection and CGRM in micro-credit, including relevant regulatory and industry standards. More than 60 participants attended the webinar.
- **Law & Order Workshop:** A National Level Law & Order Capacity Building Workshop was organized on 24th February 2021 which was attended by 250 participants from member institutions, associates, and senior functionaries of state associations. Mr. J. S. Gangwar - ADGP, Special Branch, Bihar Police, and Advocate Md. Aslam - Desai & Diwanji law firm addressed the house and interacted with delegates on law-and-order issues faced by them during work.
- **In the background of Pandemic and subsequent lockdowns, MFIN organized State Level Consultation Meetings** for state heads of member institutions across different departments of Risk, Operations, Audit, HR & CSR. These consultations provided important insights into developments in the ecosystem that impact the field and bring on special interventions undertaken by microfinance institutions in challenging times. The meetings held in February included states: Delhi – Haryana, Maharashtra, Bihar, Odisha, Tamil Nadu, West Bengal & Punjab-Himachal Pradesh -Jammu & Kashmir.

MFIN: Governance:

- **Enforcement Committee (EC)** meeting was held on 23rd Feb 2021 to discuss the issues related to submission of data to CICs, Employee Bureau, breach of multiple lending norms and hostile behaviour of customers and community towards employees. EC recommended the SRO to support members in improving employee engagement practices and develop a Code for Fair Treatment of Employees.
- **Self-regulatory Organisation Committee (SROC)** meeting was held on 25th Feb 2021 to deliberate on strengthening the monitoring function by leveraging fraud reporting data, rating reports, customer surveys and employee grievances. SROC also suggested SRO to support members in improving their reporting and integrity of IT systems.
- **RBI conducted a meeting with the SROs** on 16th Feb 2021 to discuss the overall business trends within the sector, the emerging situation in Assam, challenges due to current account circular, liquidity position, pricing challenges and customer grievances on coercive recovery practices and employee behavior.

MFIN: Communication Collaterals:

- **International Women's Day:** As an ode to women on International Women's Day 2021, an internal short video was developed capturing the indomitable spirit of women.

The film can be accessed through: <https://youtu.be/pn0tAAGQscY>

Nepal

CMF: Training sessions for MFI staff:

Centre for Microfinance Nepal held two sessions of the Field Operation training in which 72 branch managers and loan officers of Manakamana Smart Microfinance Institution participated. The training was held between 13th – 18th February 2021 at Butwal. Similarly, two sessions of Improving Managerial Performance Training were also held, where 37 branch managers of Chhimek Microfinance Institution were present. This training session was held between 19th – 24th February 2021 at Dhulikhel.



Field Operation Training at Manakamana Smart MFI

CMF: Strategic Plan Development:

CMF has developed a business plan for Kisan Bahuudeshiya Sahakari Sanstha Ltd., an energetic multipurpose cooperative in Nepal operating within cooperative, microfinance and agriculture space. CMF team reviewed the existing policies, business plan and practices and held a meeting with the management team of the institute and visited their branch and the members in February to better understand the operations. The social performance management agendas have also been incorporated in the updated business plan.

CMF: Process Mapping of Housing Loan Product:

CMF research team conducted a mapping study on “Housing Loan Product” for Forward Laghubitta Bittiya Sanstha Ltd. during the month of February 2021. To review and map the product related policies, documents, and applications the team visited various departments, branches and clients of the MFI. The report entails the detail findings in the section

'as is' map, whereas the gaps observed, and recommendations are entailed in the section 'could be' map to improve efficiency of the product.

CMF: Governance and Management

Mr. Ganesh Singh Bista has been appointed as the new Chief Executive Officer of CMF Nepal with effect from 16th December 2020. Mr. Bista has an MBA degree and received Entrepreneurial Leaders Program (ELP) by Portland State University School of Business Administration, USA. He has more than 20 years of professional experience in financial inclusion sector. He has extensive work experience with I/NGOs and private sector including work for almost Nine years as Program Manager and he also served as Financial Inclusion Advisor for Iraq as an Expatriate position at Mercy Corps. His areas of expertise are Financial Inclusion, Financial Literacy, Livelihood and Market System Development, Strategic Leadership, Organizational Capacity Development, Planning, Finance and Administration.

PAKISTAN

PMN: Webinar on Debt Relief During the Global Health Crisis

Pakistan Microfinance Network (PMN) conducted a webinar on “Debt Relief During the Global Health Crisis” on 9th February 2021. This Webinar was attended by the leading players from the Microfinance Industry, Dr. Rashid Bajwa CEO- National Rural Support Program (NRSP), Mr. Alok Misra CEO- Microfinance India (MFIN), Mr. Allan Robert I. Sicut ED – MCPI, Ms. Elisabeth Rhyne - Independent Consultant, Mr. Eric Duflos, Senior Financial Sector Specialist - CGAP, Syed Mohsin Ahmed CEO-Pakistan Microfinance Network (PMN) and from the regulators there was Mr. Aqeel Ahmed Zeeshan Additional Director Securities & Exchange Commission of Pakistan (SECP).

A Presentation was given by Ms. Elisabeth Rhyne, Independent Consultant and by Mr. Eric Duflos, Senior Financial Sector Specialist, CGAP in which they shared findings of their study “Debt Relief in the Pandemic: Lessons from India, Peru, and Uganda”. This study recorded the effects of the COVID-19 pandemic from three countries i.e. India, Peru and Uganda, the kind of policies that were adopted and what relief was given to the poor. The widespread use of debt moratoria in response to the COVID-19 health and economic emergencies has succeeded in stabilizing financial systems and given borrowers all over the world immediate, if temporary, relief. Financial regulators in at least 115 countries in March and April 2020 issued special permission for financial services providers (FSPs) to provide moratoria and other debt restructuring, unleashing an extraordinary effort to reprocess millions and millions of loans. In many countries, this restructuring involved major portions of their loan portfolios, and in some countries, efforts focused on loans to small enterprises and low-income borrowers. As poverty rates and food insecurity rose worldwide, the moratoria have helped millions of people, especially the more vulnerable, better manage their shrinking resources.

In Brief the study examines how the debt moratoria unfolded in three countries - India, Peru and Uganda - to better understand the impact on consumers, especially low-income borrowers, and the tradeoffs regulators and FSPs made between achieving financial stability and meeting consumers' needs. It builds on CGAP's preliminary assessment of risks to borrowers to provide recommendations for regulators and FSPs on managing credit in emergencies in a way that gives consideration to balancing the needs of low-income and vulnerable customers.

PMN: Munsalik - An Initiative to Digitize The Microfinance Industry

A celebration ceremony was held at SAFCO Support Foundation (SSF) head office in Hyderabad, during this the first loan was disbursed to a borrower using an Easypaisa agent device with biometric verification. SSF is the first MFI which is fully integrated with Munsalik's middleware that provides connectivity with the DFS players such as Easypaisa, UBL Omni and Jazzcash.

The ceremony was addressed by Mr. Suleman G. Abro - CEO SSF, Mr. Sajjad Ali Shah - Managing Director SSF and Syed Mohsin Ahmed – CEO PMN, representative from Telenor Bank was also present at the occasion.

SRI LANKA

LMFPA: Organizes Virtual Training to Build Capacities of the Members

Building the capacities of the staff of member organizations was a tough challenge for the LMFPA during the year 2020 with the spread of COVID 19 pandemic. In fact, all training workshops of LMFPA came to a complete standstill when the government announced an island wide lockdown in March 2020 and the priority shifted towards assisting member organizations to recover from the pandemic.

With the restrictions imposed on public gatherings, the LMFPA sought to conduct its capacity building programme through online meeting platforms in 2021. Therefore, LMFPA's first virtual training programme was held on 24th February 2021 on "Managing Lending Risks under the new normal". The training was conducted by Mr. Priyantha Dematagoda, CEO of Sewa Community Credit and Vice President of LMFPA.

In the programme, Mr. Priyantha Dematagoda expounded on the importance of identifying credit risks and adopting sound practices for managing them such as having a Credit Risk review system, proper and systematic collection/recovery/follow up procedure and the persistence of follow up microfinance clients. There is a danger of declining sales and closure of certain small-scale businesses such as those in the tourism industry, however on the other hand there are opportunities for growth in other industries such as healthcare, online-trading, and telecommunications. Prior to the pandemic, challenges faced by MFIs were collection, recovery, supervision, and monitoring. Under the new normal environment additional challenges have emerged for an MFI in the form of restrictions on meeting clients for credit appraisals, organizing center meetings, conducting home visits for recoveries and managing teams remotely and more importantly understanding risks and viability in businesses, within the supply chains. This forces the MFIs to think creatively to ensure its sustainability.

A total of 33 participants took part in the programme which was very promising start for the LMFPA training calendar after a long hiatus. Similar programmes are now being designed according to the need's analysis received from the membership and the LMFPA intends to organize them soon in partnership with the technical service providing institutions in the membership.



Mr. Priyantha Dematagoda, CEO of Sewa Community Credit and Vice President of LMFA

In-Focus

Asian Development Bank and World Bank join forces for a resilient recovery in South Asia

Zahida Bibi feared for her family's survival when she lost her job as a housekeeper in Islamabad during the COVID-19 outbreak. Zahida's four children depend on her income – and so does her husband, a cancer patient.

Pakistan's Ehsaas Emergency Cash Program provided Zahida with a fast, digital lifeline she could access through a mobile phone. "This program is a ray of hope for poor families," she said.

The Ehsaas program is a great example of how safety net systems, enhanced through digital connectivity, can reach the poorest and the most vulnerable in times of crisis. Those in need use a text message and their national identification number to apply for Ehsaas help. Biometrics verify an applicant's identity before payments are issued. The system is data-driven, automated, and politically neutral.

As a response to COVID-19, the World Bank Group and the Asian Development Bank are coordinating more than \$15.4 billion in wide-ranging lending programs in South Asia. One of the priority areas of support has been providing technical expertise to enhance the digital infrastructures delivering safety net programs.

Robust platforms with reliable data not only help countries distribute pandemic assistance now, but will also help them manage responses to natural disasters and climate change impacts in the future. Data collected can also provide valuable insights to guide future planning.

Read Full Story: <https://www.adb.org/news/features/asian-development-bank-world-bank-join-forces-resilient-recovery-south-asia>

Emerging Tech-Based Financing Models in Affordable Housing

828 million people around the world live in slums, and this number does not include people from rural areas who live in substandard houses. Lack of access to housing finance contributes greatly to this housing gap. Low-income families whose livelihoods come from the informal economy often lack the income proof and credit history required to be eligible for a mortgage loan. As a result, they are denied the improved health, education and sense of security, including the ability to practice social distancing, that come from adequate housing.

The gap between demand and supply of affordable housing finance products is huge, estimated at \$16 trillion by McKinsey & Company. This presents a sizeable business and social impact opportunity for financial service providers (FSPs) to develop new products and services that enable housing finance for low-income families. Though in the past many traditional FSPs have lacked the tools to adequately identify, assess and monitor borrowers in the informal sector, this is beginning to change.

A fast-evolving financial ecosystem offers potential for affordable housing finance

The financial ecosystem is evolving rapidly with the advent of tech-enabled and branchless banking models. Digital platforms and digital banks are getting active in the housing finance space. MFIs and housing finance companies are increasingly using digital field applications and credit scoring platforms to improve customer experience, reach out to new customer segments, enhance operational efficiency and offer additional products. Banks are getting into the agency model by appointing organizations such as MFIs, NGOs and cooperatives as distribution points for offering a suite of their products.

Read Full Story: <https://www.findevgateway.org/blog/2021/02/emerging-tech-based-financing-models-affordable-housing>

Driving Change Through Financial Inclusion

As a young bodybuilder, Sharad Savang dreamed of winning the coveted national title of ‘Mr. India’. Already a local champion in his 20s, he was ready for the daily rigor and sweat required to achieve his goal. Unfortunately, he had to set aside his dreams for his family.

Starting at age 16, Savang began working in a wholesale fabric market in his hometown Indore, the largest city in Madhya Pradesh state. He stacked huge piles of cloth bundles on his pushcart to walk 4-5 kilometers daily and deliver them to the respective vendors. Despite the backbreaking work, he earned just INR 150-300 (\$2-4) per day.

Now in his early 30s, Savang recalls, “In 2016, a friend suggested I buy a vehicle for my deliveries. He introduced me to AU (then Au Financiers) and I received a loan of INR 200,000 to buy a three-wheeler.” In two years, Savang repaid his loan while increasing his daily earnings to INR 1,000-1,500. The additional income was a huge relief and enabled him to send his children to school. Moreover, Savang managed to start a modest neighborhood gym to keep his passion alive.

Savang’s endearing story is not the only one. Many of the 700,000 customers of AU, now AU Bank, have similar stories—of fulfilled dreams and fresh beginnings. Around 95 percent of their borrowers are low-income and perceived as higher risk by lending institutions. In 2019-20, around 33 percent of the bank’s borrowers had no credit history.

While AU focuses on lending to commercial vehicle operators and micro, small, and medium enterprises (MSMEs), 60 percent of their business is in low-income states, including Rajasthan, Madhya Pradesh, and Chhattisgarh. Promoting female entrepreneurship is a priority for the bank and in 2019-20, around 24 percent of AU’s borrowers were women.



Sharad Savang with his vehicle financed by AU Bank

Read Full Story:

https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/au-bank-financial-inclusion

Beyond Access and Usage: Financial Services for Livelihoods

When CGAP transitioned to its current five-year strategy back in 2018, we placed at the very top of our theory of change a vision statement for our work and in 2020 added an emphasis on women: “A world where poor people, especially women, are empowered to capture opportunities and build resilience through financial services.” In other words, we explicitly moved beyond the access and usage paradigm of financial inclusion, toward a framework that focuses on ensuring financial services meet the varied needs of poor people.

This shift is not trivial. Focusing on outcomes like capturing opportunities and building resilience potentially leads to different approaches than signing people up for accounts. It requires us to understand what poor people need and then define the best solutions -- whether publicly or privately provided, digital or analogue -- to help them meet their needs, and to constantly reassess whether those solutions are working. But “opportunities” and “resilience” are fairly abstract concepts. To better focus our work, we decided to define three areas where we believe new learning about digitally enabled financial services could play a meaningful role in improving the lives of the poor: the ability to generate income, gain access to essential services and protect basic standards of living. Although COVID-19 took us on a partial detour from this transition, we were able to make significant progress in 2020 toward defining our approach in the first of these areas: income generation.

While developing our current strategy, we analyzed issues like the changing nature of work, migration and the many dislocations that technology was creating in our lives. Time and again, our discussions took us back to livelihoods and microfinance — areas that CGAP has focused less on over the years. I can remember feeling some discomfort with this. It seemed to many of us that we were returning to old territory, where we had already done so much work. But eventually it became clear that not only have financial services changed dramatically in the last 30 years, so have the ways people earn a living. Globalization, demographic trends, climate change, technology — all of these factors are changing people’s livelihoods. And if there is one thing that is central to people’s needs, it is the ability to earn a stable income.

Read Full Story: <https://www.cgap.org/blog/beyond-access-and-usage-financial-services-livelihoods>

About SAMN

The South Asian Micro-Entrepreneurs Network (SAMN) is a regional microfinance industry association working to enhance financial inclusion among low-income population in South Asia. SAMN achieves this by improving knowledge, business environment and capital flows for the microfinance industry. SAMN, through its members, who national networks from the countries of the region, is the representative and collective voice of the industry reaching more than 50 million low-income customers in the region.

SAMN was established in late 2008 with a vision to improve quality and scale of financial services among low-income population in the countries of South Asia. The early foundation of SAMN was laid by ACTED, a French INGO along with a number of regional and global microfinance stakeholders.

Today, SAMN membership consists of the leading national networks in six countries of the region representing over thousand microfinance providers and other industry players. The current SAMN members, each represented by Executive Head on the Board of Directors, are:

- **In Afghanistan:** Afghanistan Microfinance Association (AMA)
- **In Bangladesh:** Credit and Development Forum (CDF)
- **In India:** Microfinance Institutions Network (MFIN)
- **In Nepal:** Centre for Microfinance (CMF)
- **In Pakistan:** Pakistan Microfinance Network (PMN)
- **In Sri Lanka:** Lanka Microfinance Practitioner's Association (LMFPA)

