

ISSUE # 85

MONTHLY NEWSLETTER

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

JUNE 2021

Afghanistan

IMF Executive Board Completed First Review Of The Extended Credit Facility Arrangement For Afghanistan

The IMF issued a press release following its Executive Board meeting on review of the performance and achievements of Afghanistan in relation to the economic reforms' arrangement "Public Credit Facility" and thereby approved of the performance of Afghanistan calling it successful. Through achieving this goal, now Afghanistan will receive USD 149 million aid of the IMF immediately.

Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair of the IMF, who was chairing this meeting, said that in spite of combating the security challenges, political conflicts, and problems resulting from the Covid19 pandemic, Afghanistan remained stable in achieving the goals previously set by the economic program of the IMF and has managed the said program well.

Mr. Furusawa, while praising the economic reforms, management of the covid19 pandemic recovery programs and the stability of financial and banking system, said the IMF expects that Afghanistan will continue on the same course and its monetary policies should still be executed based on the stability of domestic prices." He emphasized on further strengthening the regulatory and supervisory framework and deemed combating money laundering and terrorism financing crucial.

Read more at: <https://www.dab.gov.af/imf-executive-board-completed-first-review-extended-credit-facility-arrangement-afghanistan>

World Bank Vice President Visits Afghanistan, Emphasizes Continued Commitment

World Bank Vice President for the South Asia Region, Hartwig Schafer, today concluded a three-day visit to Afghanistan. Schafer emphasized the Bank's continued commitment to supporting COVID-19 recovery and progress toward a more resilient and peaceful future for the country.

Schafer met with H.E. President Mohammad Ashraf Ghani, Head of the High Council for National Reconciliation Dr. Abdullah Abdullah, Acting Finance Minister Mohammad Khalid Payenda, members of the cabinet, and international partners.

"Afghanistan needs continued international support to recover from COVID-19, protect hard-won development gains achieved in the last two decades, and move toward a more peaceful future," said Schafer. "The World Bank will continue to stand with Afghanistan and work with its partners to help the country achieve economic growth and self-reliance."

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/10/world-bank-vice-president-visits-afghanistan-emphasizes-continued-commitment>

Afghanistan Reconstruction Trust Fund Steering Committee Endorses New Four-Year Partnership and Financing Program

The Steering Committee of the Afghanistan Reconstruction Trust Fund (ARTF), a multi-donor trust fund administered by the World Bank, endorsed at its annual meeting today a new four-year partnership and financing program for Afghanistan.

Afghan government officials, ambassadors, and representatives from donor countries, and international organizations discussed how the ARTF will continue to support the Afghan government to advance its development agenda and respond to the negative impacts of COVID-19.

Co-chaired by H.E. Mohammad Khalid Payenda, Afghanistan's Acting Minister of Finance, and Hartwig Schafer, World Bank Vice President for the South Asia Region.

"The ARTF is the main forum for our dialogue with international partners on development and is the key contributor to Afghanistan's continuing efforts to bring development benefits to our people. ARTF is more important than ever in the current transition, and we very much welcome the international community's continued support," said Mohammad Khalid Payenda, Acting Minister of Finance, in his opening remarks, which focused on the role and importance of the ARTF.

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/09/afghanistan-reconstruction-trust-fund-steering-committee-endorses-new-four-year-partnership-and-financing-program>

Bangladesh

HSBC, LafargeHolcim Team Up for Payment Automation

The Hongkong and Shanghai Banking Corporation Limited (HSBC) has recently implemented host-to-host connectivity with LafargeHolcim Bangladesh Limited (LHBL) by integrating their enterprise resource planning (ERP) system with HSBC Connect. HSBC is able to integrate its electronic banking platform with different standard ERP systems, which is defined as host-to-host connectivity, said a press release.

This Bangladesh-based system integration, coupled with a wide range of payment products, will help LHBL disburse its commercial and statutory payments with more efficiency and less operational risk. LHBL was looking for streamlined end-to-end payment activities to reduce cost, potential manual errors and other operation risks. They also needed an efficient tool for easy payment reconciliation. Leveraging this host-to-host connectivity LHBL will now be able to initiate all kinds of local disbursements over an encrypted network..

Read more at: <https://www.dhakatribune.com/business/banks/2021/06/15/hsbc-lafargeholcim-team-up-for-payment-automation>

Access to Banks, Consistent Flow of Funds Key to Boost SMEs

The need to connect micro, small and medium enterprises (MSMEs) to banks for ensuring a steady flow of funds is imperative for the country's SME sector to truly flourish. Alongside, relevant policies, skills, and innovation in products may further help them to meet their existing challenges stemming from the ongoing Covid-19 pandemic.

Prof Masudur Rahman, chairperson of the SME Foundation told Dhaka Tribune about it in an interview on the eve of observation of International MSME Day on June 27. A number of workers in the country's MSMEs have lost their jobs, either temporarily or permanently, while another large number remain vulnerable with a sharp drop in sales due to the impact of Covid-19, Rahman stated. The ongoing pandemic had hit the SME sector the hardest, compared to all the other sectors.

Entrepreneurs suffered blow after blow as they missed crucial revenue from major festivals including Pohela Boishakh, the Eids, and Pujas, beginning from last year's March. Although things began to turn around for the better from the third quarter of 2020, a fresh wave from the beginning of this year put the MSMEs in dire straits again.

Read more at: <https://www.dhakatribune.com/business/economy/2021/06/27/access-to-banks-consistent-flow-of-funds-key-to-boost-smes>

Reform Private Sector to Realize Economic Potential of Bangladesh

Bangladesh needs to embark on a new round of reforms to strengthen and modernize the private sector for unleashing the country's potential to drive diversified, export-led growth and create jobs, according to a new World Bank Group report.

The Bangladesh Country Private Sector Diagnostic (CPSD) report, prepared by the International Finance Corporation (IFC) and the World Bank, says while Bangladesh has been one of the biggest development success stories in recent decades, it is now time to switch gears to meet ambitions to transform into an upper middle-income country in the next decade.

“Bangladesh had a positive GDP growth rate last year despite the adverse impact of the Covid-19 pandemic and it was the only country in South Asia which did not experience a recession,” said Salman F Rahman, Private Sector Industry and Investment adviser to the prime minister.

“We have prepared the Eighth Five Year Plan keeping all the challenges of the COVID-19 pandemic in mind,” he said, adding: “The CPSD recommendations are well aligned with the priorities of the government’s Eighth Five Year plan for setting a trajectory towards a prosperous Bangladesh by 2041.”

Read more at: <https://www.dhakatribune.com/business/2021/06/23/ifc-reform-private-sector-to-realize-economic-potential-of-bangladesh>

\$250 Million ADB Loan to Support Bangladesh Social Resilience Program

The Asian Development Bank (ADB) today approved a \$250 million policy-based loan to the Government of Bangladesh to help finance reforms aimed at improving the inclusiveness and responsiveness of the country’s social development and resilience program.

Bangladesh has made remarkable progress in reducing poverty over the past 2 decades. The poverty incidence declined from 48.9% in 2000 to 20.5% in 2019. However, while many people were lifted from extreme poverty, a considerable number continue to live at a subsistence level. The coronavirus disease (COVID-19) pandemic has significantly affected the socioeconomic situation of Bangladesh with the decline of the country’s gross domestic product to an estimated 5.2 % in fiscal year (FY) 2020 from 8.2% in FY 2019.

“Enhancing social protection support is critical to cushioning the effects of the pandemic,” said ADB Senior Social Sector Specialist for South Asia Hiroko Uchimura-Shiroishi. “ADB supports the government’s intention to leverage the COVID-19 pandemic as an opportunity to strengthen its social protection programs as an essential means of building the resilience of the poor and supporting an inclusive recovery.”

Read more at: <https://www.adb.org/news/250-million-adb-loan-support-bangladesh-social-resilience-program>

India

MSME Body CIMSME to RBI's Shaktikanta Das: Extend ECLGS 1.0 Repayment Period to 5 Years Post Moratorium

The government had last month extended the ECLGS 1.0 moratorium period -- wherein MSMEs had to repay only interest -- from one year to two years while the period for repayment of principal amount and interest was three years.

MSME body Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) in a letter the Reserve Bank of India Governor Shaktikanta Das has urged for extending the repayment period under the Emergency Credit Line Guarantee Scheme (ECLGS) 1.0 to five years from three years after the moratorium period. The government had last month extended the ECLGS 1.0 moratorium period — wherein MSMEs had to repay only interest — from one year to two years while the period for repayment of principal amount and interest was three years. Moreover, CIMSME also asked for allowing the extended repayment period to be applicable to all MSMEs who had availed credit under ECLGS 1.0 instead of restricting it to borrowers who are eligible for loan restructuring as per RBI guidelines dated May 5, 2021.

Read more at: <https://www.financialexpress.com/industry/sme/msme-body-cimsme-to-rbis-shaktikanta-das-extend-eclgs-1-0-repayment-period-to-5-years-post-moratorium/2267718/>

30-Day Overdues in Microfinance Loans May Double to Reach 14-16%: Crisil

The second wave of the pandemic and the subsequent curbs imposed by the authorities to stop the spread of the virus has had a negative impact on the collection efficiency of microfinance lenders and this, in turn, will result in a deterioration in the asset quality of such lenders.

According to rating agency Crisil, the 30 day-plus delinquency bucket or 30-plus portfolio at risk (PAR) in this segment may rise to 14-16 per cent this month from 6-7 per cent in March. Post demonetisation, in March 2017, this number had reached a peak of 11.7 per cent.

Collection efficiency of micro-finance institutions is expected to drop to 75-80 per cent in May, from 90-95 per cent in March. This is likely to create asset quality pressures as, unlike the last time when there was a blanket moratorium on repayments for six months, the Reserve Bank of India has not come out with any such dispensation this time, despite their cash flows being impacted.

Read more at: https://www.business-standard.com/article/finance/30-day-overdues-in-microfinance-loans-may-double-to-reach-14-16-crisil-121061100650_1.html

The Reserve Bank of India (RBI) releases Consultative Document on Regulation of Microfinance

In the Statement on Developmental and Regulatory Policies dated Feb. 5, 2021 released with the fifth Bi-monthly Monetary Policy Statement for 2020-21, the Reserve Bank of India had announced that a consultative document will be issued for harmonising the regulatory frameworks for various regulated lenders in the microfinance space. Accordingly, the Consultative Document on Regulation of Microfinance has been released today for feedback from all stakeholders.

The suggested framework in the Consultative Document is intended to be made applicable to the microfinance loans provided by all entities regulated by the Reserve Bank and is aimed at protecting the microfinance borrowers from over-indebtedness as well as enabling competitive forces to bring down the interest rates by empowering the borrowers to make an informed decision. The key proposals of the Consultative Document are enumerated below:

- A common definition of microfinance loans for all regulated entities.
- Capping the outflow on account of repayment of loan obligations of a household to a percentage of the household income.
- A Board approved policy for household income assessment.
- No pre-payment penalty; no requirement of collateral; and greater flexibility of repayment frequency for all microfinance loans.
- Alignment of pricing guidelines for NBFC-MFIs with guidelines for NBFCs.
- Introduction of a standard simplified fact sheet on pricing of microfinance loans for better transparency.
- Display of minimum, maximum and average interest rates charged on microfinance loans on the websites of regulated entities.

Comments/observations/suggestions on the Consultative Document, especially on the discussion points mentioned therein, are invited from banks, NBFCs including NBFC-MFIs, industry associations and other stakeholders latest by July 31, 2021.

Commenting on the consultative document on regulation of Microfinance, Alok Misra, CEO & Director, MFIN said, "It is heartening that RBI has proposed to resolve issues of regulatory arbitrage based on legal form and bring in parity within all microfinance lenders. MFIN has been engaging with RBI on this and Governor's statement early this year about a harmonized framework had given us confidence, which has now come true. In having a common definition of microfinance loans for all regulated entities, it will ensure a level playing field, making it entity agnostic as done by MFIN as part of its voluntary Code of Responsible lending (CRL).

Read more at: <http://www.myiris.com/newsCentre/storyShow.php?fileR=20210614235057038&secTitle=economy-watch&arttype=news>

What Does Government's Fresh Stimulus Mean for the Economy? Experts Discuss

inance Minister Nirmala Sitharaman announced a 6.29-lakh crore stimulus package to revive the economy hit by the second wave of COVID. Alok Misra, CEO and Director of Microfinance Institutions Network, Upasna Bhardwaj, Senior Economist at Kotak Mahindra Bank, Sunil Mehta, Indian Banks' Association Chief and Suneeta Reddy, Managing Director at Apollo Hospitals Group, discussed what this means for the economy, is the stimulus enough and how it will impact the fiscal deficit.

"It is a great step forward. We at Apollo, have already set up 3,000 beds. I must say that for this country at this time, it is a necessity that we do something like this. The government, without giving cash, is using the strength of its balance

sheet to incentivise healthcare providers to create bed capacity. To my mind, we can create 100,000 beds with this scheme,” Reddy said.

According to her, for people to invest in this sector, two things need to be done – one is to make sure that the borrowing rate is below 7 percent, it will be hugely attractive if it is below 7 percent. Second – to improve the cashflow of hospitals, government must consider what they can do in terms of goods and services tax (GST).

Read more at: <https://www.cnbctv18.com/economy/what-does-governments-fresh-stimulus-mean-for-the-economy-experts-discuss-9816931.htm>

Swiss Impact Investor Enabling Capital To Offer Rs 375 Cr Debt Financing To Small Firms, MFIs

Swiss impact investment firm Enabling Qapital will invest around Rs 375 crore to support businesses to meet the United Nations' sustainable development goals. The proposed investments will be carried out in partnership with Chennai-based Vivriti Asset Management.

The partnership aims to provide debt finance to support small enterprises and fintechs, empower women entrepreneurs, and strengthen agriculture supply chains, Vivriti Asset Management said in a statement on Thursday.

'We are excited about our partnership with Vivriti for our India investment strategy that aims to channel capital to segments underserved by the financial system.

'This aligns with our global priorities of financing livelihood and small enterprises. Vivriti will identify the enterprises that will get the funds, and will also manage the risk across business cycles,' said Chuck Olson, Managing Partner at Enabling Qapital.

Soumendra Ghosh, Chief Investment Officer of Vivriti Asset Management said '... we at Vivriti Asset Management have been able to consistently create portfolios demonstrating superior-to-market risk-adjusted return, while investing in socially responsible enterprises.' Enabling Qapital has strong ties, expertise, and a proven track record in impact investing and especially microfinance.

Read more at: <http://www.businessworld.in/article/Swiss-Impact-Investor-Enabling-Qapital-To-Offer-Rs-375-Cr-Debt-Financing-To-Small-Firms-MFIs/03-06-2021-391867/>

Nepal

\$150 million from World Bank to Support Nepal's Pandemic Response and Recovery

The World Bank's Board of Executive Directors today approved a \$150 million development policy credit to support Nepal's resilient recovery from the COVID-19 pandemic, protect the most vulnerable, and support sustainable growth.

"Amid the economic and social impacts of the pandemic, our priority is to provide immediate relief to affected populations and support Nepal's green, resilient, and inclusive recovery," stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka.

The Nepal Programmatic Fiscal Policy for Growth, Recovery and Resilience will help strengthen Nepal's institutions and regulations, including its tax and customs system, debt management, and public capital spending. It will also support the immediate health response and help modernize social protection programs, build access to capital and digital solutions for the private sector, and lay a regulatory foundation for a green recovery.

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/16/150-million-from-world-bank-to-support-nepals-pandemic-response-and-recovery>

World Bank Approves \$60 Million to Strengthen Nepal's Higher Education

The World Bank's Board of Executive Directors today approved \$60 million to improve the quality of Nepal's higher education, scale up online learning, and expand access to academic institutions for underprivileged and vulnerable students.

"The COVID-19 pandemic has highlighted the critical importance of building back better and prioritizing human capital development," stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. "Improving access to quality higher education and helping students acquire the skills that are in demand in the labor market will contribute to Nepal's COVID-19 recovery and strengthen its resilience."

The Nurturing Excellence in Higher Education Program builds on Nepal's previous successful higher education projects supported through results-based financing. It will help the government of Nepal align its higher education sector with labor market needs, boost collaborative research and entrepreneurship, improve governance, and access to quality higher education, especially for disadvantaged students. The COVID-19 pandemic has created strong incentives to expand online platforms and blended learning, which the program will help scale up across Nepal's universities.

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/11/world-bank-approves-60-million-to-strengthen-nepal-s-higher-education>

Pakistan

State Bank of Pakistan (SBP) and JazzCash Join Hands to Increase Financial Literacy Among Youth

National Institute of Banking and Finance (NIBAF) – a subsidiary of the State Bank of Pakistan (SBP), and JazzCash, Pakistan’s leading FinTech Company, have signed a Memorandum of Understanding for increasing financial literacy amongst youth of Pakistan. The two parties aim to jointly promote financial literacy through the engaging and interactive game called “PomPak – Learn to Earn” developed under SBP’s project, National Financial Literacy Program for Youth (NFLP-Y).

PomPak, utilizes a story-based narrative by following the journey of two families setting up a small entrepreneurial venture. This helps to keep the players engaged while effectively inculcating ethical behavior and financial skills such as budgeting, saving, and banking. PomPak is available in both English and Urdu for three age groups: children (9-12); adolescents (13-17); and youth (18-29).

Anyone who completes the course is awarded a certificate of financial literacy jointly from NIBAF and NFLP-Y. It can be played on a desktop computer or can be downloaded from Google Play and the App Store for other devices.

JazzCash, under its partnership, is going to provide SBP access to more than 26 million Pakistanis by promoting the PomPak application on its platform. This will help the application reach a wider audience, thus increasing its usage and eventually promoting financial literacy of the nation resulting in a highly positive socio-economic impact.

Read more at: <https://www.sbp.org.pk/press/2021/Pr-19-Jun-2021.pdf>

The Securities and Exchange Commission of Pakistan (SECP) issues Guidelines for Green Bonds Issuance in Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has issued guidelines for issuance of green bonds in Pakistan. The Guidelines provide an easy and efficient procedure for issuance with concise offering document/prospectus.

All issuers who are eligible to issue debt securities, including sukuk either by way of public offer or private placement are eligible to issue green bonds while ensuring compliance with applicable regulatory framework.

The issuance of Green Bonds will help in initiating sustainable projects for combating climate change besides facilitate issuers of debt securities to diversify their source of financing. It will also provide an additional financing instrument to those investors who are conscious of financing/re-financing projects that contribute to the environment.

To qualify as a green bond, the proceeds must finance or refinance green projects or activities that bring energy efficiency, protect environment, utilize renewable energy, prevent and control pollution, use natural resources, projects related to land management, pollution free transportation, wastewater and water treatment, etc.

Read more at: <https://www.secp.gov.pk/wp-content/uploads/2021/06/Press-Release-June-18-SECP-issues-Guidelines-for-Green-Bonds-Issuance-in-Pakistan.pdf>

PMIC Closes its Second Advisory and Arrangement Mandate for Khushhali Microfinance Bank

Pakistan Microfinance Investment Company Limited (PMIC) is a wholesale finance entity and an important pillar of National Financial Inclusion Strategy of Pakistan. PMIC focuses on promoting poverty alleviation initiatives through Microfinance Institutions and Banks (MFIs & MFBs) and improving employment and livelihood opportunities for marginalized segments in the country especially women and youth.

Furthering its mission, PMIC has successfully closed its second advisory & arrangement mandate for Khushhali Micro Finance Bank Limited (KMBL). KMBL has issued unsecured, subordinated, privately placed, Tier II Term Finance Certificates of PKR 600m, where entire amount is provided by PMIC. This financing facility aims to support growth in lending operations of KMBL and contribute towards bank's additional Tier II Capital for strengthening Capital Requirement and Capital Adequacy Ratio (CAR) prescribed by SBP for Microfinance Banks. It also furthers PMIC's mission to work with sector stakeholders to meet the unmet demand for microfinance in the country. The investor agreement was signed by Yasir Ashfaq, Chief Executive Officer PMIC, and Ghalib Nishtar, President & Chief Executive Officer KMBL.

Read more at: <https://nation.com.pk/25-Jun-2021/pm-closes-its-second-advisory-and-arrangement-mandate-for-khushhali-microfinance-bank>

President of Pakistan Launches State Bank of Pakistan (SBP's) Policy for Financial Inclusion of Persons with Disabilities

In a major initiative, the State Bank of Pakistan unveiled a comprehensive policy to enhance the financial inclusion of Persons with Disabilities (PWDs) today. The Honourable President of Pakistan, Dr. Arif Alvi graced the occasion as Chief Guest and launched the policy. This policy initiative aims at improving financial independence for PWDs by improving access to banking services as well as providing opportunities to contribute as bank employees. An important feature of this policy is that it has been developed in collaboration with Banks and NGOs dedicated to improving the lives of PWDs.

In this context, SBP's instructions now require the Board of Directors of banks to approve a policy and strategy framework for the financial inclusion of PWDs, while management will ensure its implementation. It is expected that this will help ensure that all stakeholders are aligned.

Under the policy framework, banks will offer products and services catering to the special needs of all categories of PWDs including the physically handicapped, visually impaired and those with hearing and speech disabilities. Banks have been asked to ensure the availability of essential forms and documents in braille, sign language interpretation services and ramps at the entrances of their branches and ATM vestibules. The importance of respectful and empathetic behavior towards PWDs has been given prominent attention and banks have been asked to create awareness and train their employees in serving customers with PWDs. SBP's policy places special emphasis on giving priority, special assistance, and care to this vulnerable segment of society in order to increase their financial inclusion.

Read more at: <https://www.sbp.org.pk/press/2021/Pr-21-Jun-2021.pdf>

Pakistan to Invest in Water and Sanitation Services to Boost Health and Climate Resilience in Punjab Province

The World Bank's Board of Executive Directors today approved \$442 million in financing to support Pakistan in improving access to water and sanitation services for the most vulnerable rural communities in Punjab province.

The Punjab Rural Sustainable Water Supply and Sanitation Project (PRSWSSP) will help upgrade water supply and sanitation infrastructure and services that ensure equitable and sustainable access to drinking water and safe wastewater management. The project prioritizes rural settlements, where water contamination and poor sanitation practices are more prevalent, causing high levels of illness and child stunting.

"PRSWSSP will help more than six million rural residents in the poorest districts of Punjab to reduce child stunting and address areas at high risk to droughts and water scarcity," said Najy Benhassine, World Bank Country Director for Pakistan. "The World Bank is committed to the government in improving sustainable water resource management. This project will support investments that increase climate resilience, including flood protection, rainwater harvesting and water conservation in these districts."

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/18/pakistan-to-invest-in-water-and-sanitation-services-to-boost-health-and-climate-resilience-in-punjab-province>

Sri Lanka

World Bank Additional Financing to Improve Water and Sanitation Services in Sri Lanka

The World Bank's Board of Executive Directors approved \$40 million in additional financing for Sri Lanka to expand water supply, sanitation, and hygiene services in 7 districts through the Water Supply and Sanitation Improvement Project (WASSIP). The project will also increase septage facilities in the more populated part of the country in Western, Southern and North Western Provinces.

WASSIP is the third water sector project financed by the World Bank since 1998 to provide safe drinking water and sanitation in rural, estate and urban areas of Sri Lanka. With the additional financing, the project will support the Government of Sri Lanka's "Water for all" pledge to cover 4.7 million people in the next four years.

The project finances new water supply systems, rehabilitation of existing water supply systems, toilets for households and schools, and septage treatment plants. To ensure sustainability, local community-based organizations are trained to operate and maintain the systems. Each household agrees to pay a tariff that ensures that operation, maintenance, and replacement costs can be covered.

Read more at: <https://www.worldbank.org/en/news/press-release/2021/06/10/-world-bank-additional-financing-to-improve-water-and-sanitation-services-in-sri-lanka>

Updates from Members

AFGHANISTAN

AMA: First MicroFinanceBank-Afghanistan Launched an ATM

The First MicroFinanceBank-Afghanistan formally launched its ATM at Almas Sharq Business Center in Herat Province on 27th of June, 2021, this channel will facilitate the Customers to do the following types of transactions from FMFB-A ATM machines and other banks` ATMs which are connected to APS using AfPay Debit Card.

- Cash withdrawal
- Balance Inquiry
- PIN Change
- Card to Card Transfer



BANGLADESH

CDF: bKash Users can add Money from 29 banks, Visa and Mastercard

Customers of bKash can now add money to their accounts from 29 banks, visa and mastercard, evading the risk of withdrawing money from bank counter or ATM booth amid the surge in Covid-19 infections. The banks are — Sonali Bank, Agrani Bank, Brac Bank, City Bank, Standard Chartered Bank, Eastern Bank, Dhaka Bank, Mutual Trust Bank, Bank Asia, Prime Bank, EXIM Bank, Jamuna Bank, Community Bank, First Security Islami Bank, Midland Bank, Modhumoti Bank, NCC Bank, NRB Bank, National Bank, Padma Bank, SBAC Bank, Social Islami Bank, Southeast Bank, NRBC Bank, Shimanto Bank, Standard Bank, Trust Bank, IFIC Bank, and Union Bank.

At the same time, customers can enjoy contactless bKash services like send money, merchant payment, mobile recharge, utility bill payment and many more conveniently from any place 24/7, reads a press release. During the

pandemic, add money service is giving customers the freedom and comfort to avail seamless, convenient, secure and cashless transactions.

On average, 1.2 million bKash customers have already been availing add money service every month. To encourage the customers towards this service, bKash is donating Tk 10 to the country's healthcare sector upon one add money transaction of Tk 5,000 or more made by each customer till July 9, 2021. Not only add money to bKash accounts, but customers can also instantly transfer money to the accounts of four banks from bKash, easing the suffering of people while depositing money standing in long queues of the banks.

Transfer Money service is now available to Sonali Bank, Agrani Bank, Brac Bank, and City Bank. Users can also enjoy the add money service from Visa and Mastercard issued in Bangladesh to their own and loved ones' bKash account in the same way. A customer can avail of this service with several cards.

INDIA

MFIN: MFIN CEO & Director Interactions

Electronic Media: Dr. Alok Misra – CEO & Director spoke on:

- **CNBC TV 18 – Trading Hour with Latha Venkatesh on 29th June 2021**

<https://www.cnbctv18.com/economy/what-does-governments-fresh-stimulus-mean-for-the-economy-experts-discuss-9816931.htm>

- **Dr. Alok Misra, on ET Now with Alex Mathew on welcoming the scheme as announced by the Honourable Finance Minister – 28th June 2021**

<https://www.youtube.com/watch?v=VGFeLZtiOil>

- **Dr. Alok Misra on CNBC TV 18 with Latha Venkatesh on 15th June 2021 - Experts discuss RBI's proposed framework to regulate MFIs**

<https://www.cnbctv18.com/videos/business/experts-discuss-rbis-proposed-framework-to-regulate-mfis-9658791.htm>

- **Economic Times on 29th June 2021 titled "Very welcome step": MFIN chief hails FM's latest sops for small borrowers**

<https://economictimes.indiatimes.com/industry/banking/finance/very-welcome-step-mfin-chief-hails-fms-latest-sops-for-small-borrowers/articleshow/83945248.cms>

MFIN: Microfinance Sector Advocacy:

- The Secretariat undertook a leadership role for negotiating a deal with the Government of Assam on behalf of microfinance entities operating within the state. It included meeting the Honorable Chief Minister – Dr. Himanta Biswa Sarma.
- A brief note on policy issues faced by the microfinance sector along with recommendations was shared with CII based on the “CII Close Door RoundTable on Financial Services Sector” for sending to RBI.
- RBI released the “Consultative Document on Regulation of Microfinance” for which MFIN had closely engaged with them. The Secretariat is preparing its response and has requested specific feedback from the Members. The response including the feedback will be consolidated for further discussions in a CEO’s call which later will be finalized to be submitted to the RBI by July 2021.
- In a Letter sent to the RBI Governor in May 2021, MFIN had requested for two specific measures under the Ind AS, (i) Extra provisions to be taken through direct net worth adjustment in the balance sheet rather than through Profit & loss a/c. and (ii) Stage 2 provisions to be allowed for working out Capital Adequacy. RBI in its response has notified that the first request cannot be acceded however, regarding treatment of Stage 2 provisions for capital computation, data has been requested by RBI which is being collated from Members that follow Ind AS.
- A Letter was sent to the CGM, DOR requesting for a pause in Base Rate linked pricing which was based on the previous announced average base rate of Top 5 banks, in anticipation of the announcement to be made on 30th June 2021. Fortunately, the average base rate has increased slightly in comparison to the previous quarter.
- MFIN had approached Department of Financial Services in May 2021 requesting the relaunch of ‘Partial Credit Guarantee Scheme’ for NBFC-MFIs. DFS in consultation with MFIN worked upon a Credit Guarantee Scheme on term loans to be provided to microfinance institutions from scheduled commercial banks to facilitate on-lending to 25 lakh individuals with a guarantee up to 75% for up to 3 years. The scheme was announced by the Honorable Finance Minister on 28th June 2021.
- Detailed representations were made to the Principal Secretaries (Finance), Secretaries (Home/Finance/Disaster Management), Departments of Institutional Finance across all states to keep them informed about the sectoral interventions during the second wave of Covid.

MFIN: Governance:

- Enforcement Committee (EC) meeting held on 10th Jun 2021 reviewed data submission to CICs and Employee Bureau, employee misbehaviour, complaints from customers, sale of third-party products, complaints by exit employees, CGRM report, customer surveys and the draft code for fair treatment of employees.
- Self-regulatory Organisation Committee (SROC) meeting held on 21st Jun 2021 reviewed the activities undertaken by the SRO in last three months, including actions by EC on specific cases of non-adherences.
- The State Initiative Taskforce meeting was held on 11th June 2021. The Taskforce discussed the need to identify states & districts under extreme stress on account of the severity of livelihood impact as well as loss of income and take responsibility to ensure a conducive environment for both customers & employees.

NEPAL

CMF: Impact of Microfinance Institutions on Different Socio-economic Aspects of Nepali Economy and Society

CMF conducted a study on “**Impact of Microfinance Institutions on Different Socio-economic Aspects of Nepali Economy and Society**”. The main purpose of the study is to "Evaluate the impact of Microfinance Institutions on the economic and social dynamics of the Nepali society measured on the basis of selected indicators pertaining to social and economic changes resulting from and through the agency of the Microfinance industry in Nepal".

The study is supposed to deliver 5 separate papers each on different themes along with a final comprehensive report. By the end of June 2021, CMF completed all five papers and organized a steering committee meeting with an objective to share the key findings of the papers and to get feedback. The steering committee members are from different stakeholders including CMF. The themes of the papers are:

- Paper 1: Impact of MFIs on Social Unrest
- Paper 2: Impact of MFIs on Women Leadership
- Paper 3: Impact of MFIs on Agriculture Production
- Paper 4: Impact of MFIs on Intensity of Violence Against Women
- Paper 5: Impact of MFIs on Female Ownership of Rural Economic Enterprises

After finalizing all the papers and comprehensive report, CMF will organize a result dissemination workshop to share the findings to the stakeholders.

PAKISTAN

PMN: Digitizing MSMEs for a Digital Pakistan – Webinar held to mark International MSME Day

In light of the International Day of Micro Small and Medium Enterprises (MSMEs), celebrated around the world on June 27th every year, a Digital Dialogue was organized on ‘Digitizing MSMEs for a Digital Pakistan’. The session shed light on how digitization can work towards transforming the current financial ecosystem for micro and small enterprises across Pakistan. The session was hosted by Saad Hameed Khan, Head of Lending Transformation & Digitization – Easypaisa / Telenor Microfinance Bank, and the panel comprised renowned industry leaders, including Syed Mohsin Ahmed, Chief Executive Officer – Pakistan Microfinance Network, Navid Goraya, Chief Investment Officer – Karandaaz Pakistan and Kamran A. Zuberi, Chief Executive Officer – Finja Lending Services Ltd.

MSMEs form the backbone of Pakistan’s economic infrastructure contributing 40% to the country’s exports and an equal amount to the overall GDP. However, the sector is facing various challenges today, the most prominent one being

lack of access to financial services and resultantly, limited access to formal credit. This challenge can be addressed by digitizing MSMEs and bringing them into the fold of financial services through digital payments and lending services.

During the session, panelists discussed that the only credit available to SMEs is 7% of the total private lending whereas in other regional markets it is as high as 30% or more. Similarly, just 1% of the country's GDP is given to SMEs as credit. In other South Asian countries, this percentage ranges all the way up to about 9% to 10%. Naturally, given the constraints that are being put from the supply side on to the SME sector, there is less incentive for them to organize themselves and borrow or digitize. Participants also highlighted that the behavioral change in MSMEs will only be possible when there is no friction, which comes in the form of pricing. In order to go cashless, the costs associated with digital payments need to be incentivized as it is extremely sensitive to customers across the board.

It was also noted that the way to tackle the challenges faced by the MSME sector is by not perceiving digitization as just a tool for documenting the economy. That can be the by-product of a financially inclusive society but not its holistic objective. This approach will alter the way policies/frameworks are developed and allow enhancement of inclusive finance through digitization.

Pakistan's microfinance institutions have made substantial strides over the years in developing relevant digital infrastructures for not just individual customers but MSMEs as well. By minimizing the need for complex documentation and digitizing transactions, the country's most prudent business sector can work wonders for itself and for the overall economy as well.

The webinar can be viewed online through this link: <https://youtu.be/7TpAQr9keco>



SRI LANKA

LMFPA: Online Seminar on Mindfulness & Customer Relationship Management

The 3rd wave of the COVID 19 pandemic and the travel restrictions imposed by the government since 21st May 2021 hampered the operations of the entire microfinance industry including all member MFIs of Lanka Microfinance Practitioners' Association (LMFPA) as well as the livelihoods of their customers. As a representative body, the Association advised its members to provide concessions to their borrowers during this difficult period and help find practical solutions to the borrowers' loan repayments while trying to minimize losses.

In an effort to uplift the spirits of MFI management staff and to motivate them to overcome from the stress of COVID 19 pandemic in Sri Lanka, the LMFPA organized an online seminar on Mindfulness and Customer Relationship Management on the 28th of June 2021. LMFPA invited leading business trainer and TV personality Mr. Amintha Sugath De Silva to facilitate this programme. Mr. Amintha is an ex-banker of Commercial Bank and Sanasa Development Bank and his expertise as a Business trainer and motivational speaker was very useful for MFIs under the present context in the country.

The programme was specially catered to address Senior Managers and Department Heads of MFIs and close to 100 participants representing 13 member organizations took part in the programme. Following its success LMFPA hosted a similar programme in July 2021 targeting field staff of MFIs where more than 200 staff benefitted from it.

In-Focus

South Asia Must Reform Debt-Accumulating State-Owned Banks and Enterprises to Avert Next Financial Crisis

South Asia's heavy reliance on state-owned commercial banks, state-owned enterprises, public-private partnerships and other national and sub-national public entities conceals its vulnerability to accumulating unsustainable levels of debt, according to a new World Bank report, *Hidden Debt: Solutions to Avert the Next Financial Crisis in South Asia*, released today.

South Asia is more exposed to the risk of "hidden debt" from state-owned commercial banks (SOCBs), state-owned enterprises (SOEs) and public-private partnerships (PPPs) because of its greater reliance on them compared to other regions. But the report offers key areas for policy actions and concrete reforms that can help governments leverage public capital more responsibly through these types of entities to advance economic development.

"The COVID-19 pandemic has highlighted South Asia's rising levels of public debt. The region is more exposed to the risk of hidden debt because it relies heavily on the governments' involvement in markets to aid economic development, said Hartwig Schafer, World Bank Vice President for South Asia. "But the crisis demonstrates the critical importance of the judicious use of debt-financed public commitments and debt transparency to build back better, more sustainably, and more equitably."

Hidden Debt studies the trade-offs between addressing development challenges directly through state presence in the markets and the risk of accumulating high levels of debt due to economic inefficiencies of off-balance sheet operations. It focuses on SOBCs, SOEs and PPPs and their contingent liabilities—obligations incurred by governments off their balance sheets that have triggers for payment. Over time, part of the debt is revealed as it hits the central government budget and debt stock, but a large part remains hidden under the radar of existing financial disclosure standards.

"The efficiency of South Asian state-owned banks and other state-owned enterprises is well below the international benchmark," said Hans Timmer, World Bank Chief Economist for South Asia. "As governments rebuild from the shock of the COVID-19 pandemic and strive to avert future financial crises, they should clearly separate the social and commercial objectives of these enterprises in order to reduce inefficiencies, while maintaining socially beneficial investments."

Read Full Story: <https://www.worldbank.org/en/news/press-release/2021/06/24/south-asia-must-reform-debt-accumulating-state-owned-banks-and-enterprises>

How ADB Ventures is Leveraging Innovation to Help Asia Meet the SDGs

ADB Ventures, the Asian Development Bank's venture platform, supports startups offering impact technology solutions to help achieve the Sustainable Development Goals in Asia and the Pacific. It raised \$60 million for its inaugural fund, and aims to crowd in more than \$1 billion of risk capital by 2030.

Over the past year, ADB Ventures has been busy working toward those goals, reviewing more than 800 potential investment deals which have led to four equity investments.

Suzanne Gaboury, the director general of ADB's private sector operations department, explains how helping startups to scale can spur development, and lays out the future for ADB Ventures.

1. How can investing in startups help countries in Asia and the Pacific achieve the SDGs and meet climate challenges?

The world is brimming with technology innovations that conserve energy, reduce greenhouse gas, and make communities and economies more resilient to the effects of climate change.

The private sector has ample demand for these solutions. Technologies that save energy also save operating costs. Circular economy technologies enable private investments in places that might otherwise lack sufficient infrastructure. New insurance technologies help SMEs manage disaster risk. New financial technologies help rural women access capital to diversify their incomes.

2. But uptake in the ADB's developing member countries has been limited. Why is that?

The first reason is market expansion risk. Asia Pacific markets are diverse and fragmented by geography, culture, public policy. The second reason is financial risk. Venture capital portfolios are statistically less likely to focus on climate-friendly investments in cleantech, clean energy, and agriculture.

3. How does ADB Ventures address these risks?

Our vision is to crowd in more than \$1 billion of risk capital by 2030 towards the Sustainable Development Goals. To get the ball rolling, ADB has raised \$60 million for ADB Ventures' inaugural equity fund.

We have a target of directing 80% of our investments towards climate impact. 75% of our investments must additionally address gender. Consequently, we concentrate on verticals including cleantech, clean energy, agricultural technologies, inclusive fintech, and health.

4. Can you tell us about these investments?

These are four extraordinary companies. Our first investment was into Euler Motors, which makes light electric vehicles for last-mile commercial logistics. Our second investment, Skycatch, has developed enterprise-grade technology for capturing, processing, and analyzing high-accuracy 3D drone data. Smart Joules increases the energy efficiency of hospitals, commercial and industrial buildings. But what's really innovative is its "as-a-service" business model. Our most recent investment was in a company called Wagely. Wagely is a holistic financial wellness

platform that helps low- and middle-income workers in Indonesia to overcome financial shortfalls through on-demand access to earned wages and financial literacy education.

5. What other partnerships has ADB Ventures initiated to amplify the development impact of start-ups in Asia?

One of our most valuable tools for connecting with new startups is our partnership with Plug and Play. Through the Plug and Play platform, we can access a global network of tens of thousands of the world's most innovative companies. We also get access to a corporate matching platform that gives us priceless feedback on startups' potential to scale in our region.

6. What does the future hold for ADB Ventures?

These four investments are just the beginning. ADB Ventures plans to make 12 more investments under our inaugural \$60 million equity fund. In addition, we will take positions in as many as 35 other companies, using reimbursable grants. Meanwhile, we have begun raising a \$100 million debt fund, which we hope to bring online early next year.

ADB Ventures has an insatiable hunger to connect with the best, most innovative, most dynamic, and most scalable impact technology startups in the Asia Pacific.

Read Full Story: <https://www.adb.org/news/features/how-adb-ventures-leveraging-innovation-help-asia-meet-sdgs>

Facebook Launches Financial Education Initiative for Women-Led Businesses in Pakistan

Facebook is expanding its women-empowerment focused initiative, 'SheMeansBusiness' to bolster the financial inclusion and resiliency of women-led businesses in Pakistan.

Implemented in partnership with State Bank and the USAID Small and Medium Enterprise Activity (SMEA), the programme's new component, 'Business Resilience through Financial Education (BRFE)' aims at improving financial management skills to enhance the resilience and sustainability of women-led small and medium businesses (SMBs) in the country.

The US Embassy Islamabad Chargé d'affaires Lesslie Viguerie and Deputy Governor, State Bank of Pakistan Sima Kamil virtually inaugurated BRFE at an official event, with a number of senior government officials and representatives of Facebook, Chambers of Commerce, USAID, Ministry of Commerce and Pakistan Poverty Alleviation Fund (PPAF) in attendance.

Director of Policy Programmes and Government Outreach for the Asia Pacific at Facebook and Global Head of SheMeansBusiness Beth Ann Lim delivered the keynote speech, shedding a detailed light on Facebook's objectives of 'SheMeansBusiness' and the newly-launched Business Resilience through Financial Education (BRFE) component in Pakistan along with other Asia Pacific countries.

She said 'SheMeansBusiness' is operating in 21 countries around the world, including Pakistan and more than 1 million women have been trained in digital skills worldwide by Facebook and its partners.

Facebook piloted BRFE with USAID SMEA, targeting the alumni of SheMeansBusiness digital marketing training programme. The two partners have implemented the SheMeansBusiness programme in Pakistan since May 2020, to

enhance the digital marketing and financial literacy skills of diverse groups of female entrepreneurs from across the country.

Read Full Story: <https://www.geo.tv/latest/356757-facebook-launches-financial-education-initiative-for-women-led-businesses-in-pakistan>

Improving Productivity and Technology Adoption Key to a Globally Competitive Manufacturing Sector

To boost export growth and help the economy rebound from COVID-19 pandemic impacts, improving the manufacturing sector's productivity will be crucial for Bangladesh, says a new World Bank report launched today.

The report, 'Gearing up for the Future of Manufacturing in Bangladesh,' suggests that by strengthening innovation and technology adoption in firms, the manufacturing sector can improve productivity. For this, the report identified three pillars: capabilities of managers and workers, connectivity to international markets, and complementary markets and institutions. Adopting new technologies and business practices will also help firms recover faster from the COVID-19 crisis.

"Bangladesh's success in readymade garments (RMG) export has created about four million jobs and driven economic growth. But, in recent years, job creation in the RMG sector slowed due to automation and the trend will likely accelerate in the post-pandemic world," said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan. "This creates the urgent need for Bangladeshi manufacturers to shift gears from competing on low labor-intensive productivity to competing on higher productivity. For this to happen, firms will need to adopt better technologies across business functions and production processes."

The report finds that in Bangladesh, most firms still use basic or near-basic technologies. For example, more than 40 percent of firms still use handwritten documents for business administration, while three-fourth of them practice manual quality inspections.

Managerial and technical capabilities are crucial for a turnaround. About half of the manufacturing firms are run by people without college degrees. Compared to these firms, those with college-educated managers have a 10 percent higher level of technology. Hence, building human capital remains an important agenda, as well as enabling firms to access advisory services in cost-effective ways.

Read Full Story: <https://www.worldbank.org/en/news/press-release/2021/06/24/bangladesh-improving-productivity-and-technology-adaption-key-to-a-globally-competitive-manufacturing-sector>

ADB Support for Infrastructure Yields Positive Results in Bangladesh; Climate Change Should be New Priority: Independent Evaluation Report

The Asian Development Bank (ADB) support for energy and transport infrastructure over the past decade has made a significant contribution to Bangladesh's economic growth. The bank must now prioritize climate change, while continuing to support economic recovery and the national coronavirus disease (COVID-19) vaccination program, says a report released by ADB's Independent Evaluation Department (IED).

ADB's program in Bangladesh amounted to nearly \$18 billion over the evaluation period, 2011–2020, with two-thirds invested in energy, transport, and water infrastructure. Impressive results were achieved in the energy sector where ADB has provided nearly 50 years of consistent support. While access to energy has skyrocketed, more attention must now be paid to the sector's decarbonization.

The economy grew 8.2% in 2019, the highest in Asia and the Pacific. Until the COVID-19 pandemic started in 2020, poverty had fallen for over 3 decades.

Bangladesh now requires immediate assistance to finance COVID-19 vaccination delivery and logistics, and strong support for economic recovery.

"Investment over the short- to medium-term will need to pay attention to recovery from the pandemic and aim to strengthen national health care services and social protection systems to build Bangladesh's resilience to shocks," IED Director General Marvin Taylor-Dormond said. "ADB has had success in providing essential health care services to poor communities in city slums, especially women and children, and there is an urgent need to build on this success, including through working collaboratively with other development partners."

The evaluation found evidence that where ADB works differently, and where government initiative and leadership is supported, impressive results are possible. ADB's support for inclusion, education and skills development, and greater gender equity achieved good results. In education, for example, ADB worked with other development partners to support a sector-wide education program that over time has seen education offered to almost all children of primary school age. A larger proportion of the students completed schooling, with near gender parity, and narrowed socioeconomic differences on key education indicators, although there is still a need to improve education quality.

On the environmental front, ADB did not take a proactive, holistic, or multisector approach to helping Bangladesh tackle climate change, the report says. Bangladesh is one of the most disaster-prone countries in the world and is very vulnerable to climate change-related events.

Results were slow to materialize in public sector management, transport, and private sector development. "Reforms in public sector management (PSM) require long-term engagement" IED Director Joanne Asquith said. "ADB support for PSM and good governance needs to have a stronger analytical base, engage more deeply with civil society, and increase collaboration with the wider development partner community."

Read Full Story: <https://www.adb.org/news/adb-support-infrastructure-bangladesh-climate-change-new-priority-evaluation>

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)

