

ISSUE # 98

2022



SAMN
South Asia Micro-entrepreneurs Network



MONTHLY NEWSLETTER

THIS DOCUMENT CONTAINS LATEST NEWS AND
PUBLICATIONS FROM SAMN MEMBER COUNTRIES.

[@FACEBOOK.COM/SAMN2008](https://www.facebook.com/SAMN2008)

WWW.THESAMN.COM

Bangladesh

EZ Wage Partners With CKDL In Bangladesh To Ensure Financial Wellness For Masses

EZ Wage - a Singapore-based financial wellness platform to cater to marginalized people has onboarded a partnership with a renowned Bangladeshi readymade garments manufacturer Croydon Kowloon Designs LTD to ensure financial wellness for over 4,800 employees, said a press release on Monday.

During its pilot, over 45 per cent of the onboarded employees availed EZ Wage services.

‘Waiting for Payday is challenging, particularly if an unexpected expense threatens to override your budgeting plans mid-month. To eradicate the problem many employees benefited from the employee-benefit of ‘Earned Wage Access’ as a solution, enabling employees to withdraw the required funds from their paychecks prior to payday. The withdrawal amount is not a loan, but rather a portion of the earned wages. This invaluable employee benefit helps build an emergency savings fund, bridges the gap between paychecks, and helps ease financial stress brought by monetary emergencies,’ the release said.

Both the CKDL management and employees are content with the lessened load on HR departments that does away with lengthy loan approvals and makes access to earned wages a matter of minutes.

Read more at: <https://www.newagebd.net/article/192575/ez-wage-partners-with-ckdl-in-bangladesh-to-ensure-financial-wellness-for-masses>

Banks Can Now Lend To CMSMEs From Refinance Scheme

Cottage, micro, small, and medium enterprises (CMSMEs) will now be eligible to receive loans for their working capital as Bangladesh Bank has allowed banks to provide loans from the Tk25,000 crore refinance scheme.

Earlier, banks could not give loans for this, but now banks can provide up to 40% of their disbursed loans to CMSMEs as working capital.

In a circular issued by the Bangladesh Bank's SME and Special Programs Department on Tuesday, it said due to the current ongoing Russia-Ukraine war and rising global inflation, the entrepreneurs of the CMSME sector in Bangladesh are also facing huge losses.

There is an increasing demand for term loan/investment as well as current capital loan/investment by entrepreneurs, for which the sector was added.

Earlier, banks could only give loans for manufacturing, service and trading.

The circular also mentioned that the loan shall not be used for the purpose of stocking of goods in any way.

Read more at: <https://www.dhakatribune.com/banks/2022/11/09/banks-can-now-lend-to-cmsmes-from-refinance-scheme>

Strict Execution Of MPS To Help Both Pvt, Financial Sectors: DCCI

President of Dhaka Chamber of Commerce and Industry Md Sameer Sattar on Monday said that the just unveiled monetary policy statements for the January-June period of FY23 would help both the private and financial sector to turn around.

He said that this MPS was primarily aimed at curbing inflation and to stabilise the foreign exchange reserve.

Sameer said this in the wake of the declared monetary policy for the January-June period of 2023 given on Sunday by the Bangladesh Bank.

He said that the public sector credit growth had been set by the government at 37.7 per cent for January-June of FY23, which was 26.6 per cent in June-Dec FY22, said a press release.

The DCCI president said that the set target for public sector credit might cripple new borrowing and investment by the private sector.

'In order to reduce public sector borrowing, efficiency and good governance needs to be ensured continuously through reduction in government expenditure by way of austerity measures and prioritizing between development projects,' he said.

Also, in the current market condition, he said that the proposed relaxation of lending rate cap for consumers' credit and complete removal of the deposit floor rate might encourage savings and thus make smooth the liquidity reserve of banks.

Read more at: <https://www.newagebd.net/article/191854/strict-execution-of-mps-to-help-both-pvt-financial-sectors-dcci>

India

Now Microfinance Institutions Can Also Lend Under CGTMSE To Micro, Small Enterprises

Credit and finance for MSMEs: The government's Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which implements the credit guarantee scheme for micro and small enterprises (MSEs), has added microfinance institutions (MFIs) to the list of member lending institutions (MLIs), according to an official circular. MFIs now join public and private banks, regional rural banks, foreign banks, small finance banks, urban co-operative banks, and other MLIs in lending to new enterprises with credit guarantee cover.

Bringing MFIs on the lender side of the scheme assumes significance as "MFI play a crucial role in providing loans to economically disadvantaged groups and empowers rural poor, especially women, in helping them become financially independent and to contribute directly to the wellbeing of their families and confront gender inequalities," the circular sent to all MLIs by CGTMSE on December 2, 2022, said.

Read more at: <https://www.financialexpress.com/industry/sme/msme-fin-fe-exclusive-now-microfinance-institutions-can-also-lend-under-cgtmse-to-micro-small-enterprises/2904940/>

Microfin Loan Portfolio Crosses 3 Lakh Crore Mark, Records 6.2 Crore Unique Borrowers

Ever since the AP crisis in 2010 and the creation of a new category of NBFC-MFIs in December 2011, the regulations have carefully nurtured the growth of microfinance in India.

The microfinance industry served 6.2 crore unique borrowers, through 12 crore loan accounts. The overall microfinance industry currently has a total Gross Loan Portfolio (GLP) of INR 3,00,974 Crores, as on June, 2022, according to a recent report by Microfinance Institutions Network (MFIN).

Read more at: <https://bfsi.economictimes.indiatimes.com/news/financial-services/microfin-loan-portfolio-crosses-3-lakh-crore-mark-records-6-2-crore-unique-borrowers/96276734>

SIDBI Identifies MFIs To Provide Enhanced Support For Micro-Lending

Small Industries Development Bank of India (Sidbi) has now gone back to its earlier avatar when it comes to microfinance institutions (MFIs). According to Sivasubramanian Ramann, chairman and managing director, the bank has started identifying finance companies to give them enhanced support for micro lending.

Speaking at Business Standard's BFSI Summit, Ramann added that the state-owned small industries lender is once again looking at how to bring capital to microfinance institutions.

Also, the fund of funds activity of Sidbi has provided capital to many ventures' capital and private equity firms.

“The private equity segment will chase the upper end of the spectrum, where the growth is fast and the money is quickly made. Sidbi is there for a development effort,” Ramann said.

Read more at: https://www.business-standard.com/article/specials/sidbi-identifies-mfis-to-provide-enhanced-support-for-micro-lending-122122101163_1.html

SFBs Hope To Give Large Private Banks A Run For Their Money

Heads of small finance banks (SFBs) on Wednesday exuded confidence of strong growth on the back of product diversification, network expansion and lower costs.

“When we started five years ago, we thought it would be a marathon but it has turned out to be a steeplechase,” said Samit Ghosh, founder, Ujjivan SFB. Despite suffering twin shocks of demonetisation and Covid, Ujjivan SFB has seen an increase in its book size from Rs 7,000 crore in 2017 to Rs 21,000 crore. This fiscal year, Ujjivan SFB has made a record profit of around Rs 500 crore in the first two quarters. “We hope to maintain the profit run rate this year,” he said.

Ghosh was also optimistic that in the next 5-10 years, SFBs will compete with any large private bank. “We will give them a run for their money,” Ghosh said.

Read more at: https://www.business-standard.com/article/specials/sfbs-hope-to-give-large-private-banks-a-run-for-their-money-bfsi-panelists-122122101260_1.html

Pakistan

Newly Licensed Digital Banks Promise Greater Financial Inclusion

The digital banks recently licensed by the State Bank of Pakistan to operate in the country have promised greater financial inclusion among the un-banked masses and investment in technology and customer services to help the financial sector grow.

Chief executives of three digital banks including Mashreq Bank, Raqami and Easypaisa DB shared similar future plans during the 4th Digital Banking and Payments Summit and Expo (DigiBAP2023) organised by TerraBiz in Karachi on Wednesday.

The Chief Guest at the inaugural session was Dr Ishrat Hussain, former Governor State Bank of Pakistan, while other prominent speakers and panellists during the daylong conference included Shazad Dada, President UBL; Irfan Lodhi, Chief Executive Mashreq Bank; Sohail Javaad, Executive Director State Bank of Pakistan; and Mudassar Aqil, Chief Executive Easyaisa DB, as well as, many others from across the country.

A number of international financial experts like Evans Munyuki, celebrated author and former Group CDO Emirates DB; Fernando Morillo, Global Head of Retail Mashreq Bank; Faran Niaz, banking customer services expert; Alexandra Topalian and others travelled especially to Pakistan for the conference.

Read more at: <https://www.brecorder.com/news/40225192/newly-licensed-digital-banks-promise-greater-financial-inclusion>

Apna Microfinance, FINCA Considering Operations Merger

Apna Microfinance Bank Limited (APNA), a microfinance services provider, has entered into a Memorandum of Understanding (MoU) with FINCA Microfinance Bank Limited (FINCA), as the two MFBs are considering combining their operations to create “a more efficient microfinance bank”.

The development was shared by APNA in a notice to the Pakistan Stock Exchange (PSX) on Friday.

“The resulting combined entity is expected to generate significant benefits for all stakeholders through economies of scale,” said the listed entity.

“The increased market share and cost competitiveness will strengthen the Bank’s financial position to better serve the low-income segments across Pakistan by providing flexible micro-financing and saving schemes,” read the notice.

The company shared that the State Bank of Pakistan (SBP) has granted in-principle conditional approval to APNA for commencing reciprocal due diligence to further explore the transaction contemplated in the MoU with FINCA.

Read more at: <https://www.brecorder.com/news/40222840/apna-microfinance-finca-considering-operations-merger>

MCB Bank, Telenor Ink Agreement

MCB Bank Limited, one of Pakistan's leading banks, has entered into a strategic partnership with Telenor Pakistan, a leading telecommunication services provider, to facilitate its digital banking customers with greater access to Telenor Pakistan's prepaid recharge services, special bundles and post-paid services.

Under the partnership, MCB Live users will be able to pay for new Telenor packages, special bundles, post-paid services and a host of other services directly from within the MCB Live app, at a single click of a button.

The integration provides MCB Live users greater flexibility and convenience in acquiring Telenor Pakistan's services on the go from wherever they may be. The agreement was signed between Shahzad Ishaq – Group Head Digital Banking, MCB Bank and Umair Mohsin – Chief Marketing Officer, Telenor Pakistan at MCB House, Lahore in the presence of Jaffar Abbas Shirazi – Division Head Digital Channels & Branchless Banking MCB Bank, Ambreen Latif Bawany– Head Marketing MCB Bank and other representatives from MCB Bank and Telenor Pakistan.

Speaking on the occasion, Shahzad Ishaq, Group Head Digital Banking, MCB Bank lauded the shared objective of creating customer convenience and enhancing customer experience through offering Telenor packages and bundles to MCB Bank customers.

Read more at: <https://www.brecorder.com/news/40222755/mcb-bank-telenor-ink-agreement>

U Bank, Pathfinder Group Team Up To Expand Digital Financial Services

U Microfinance Bank (U Bank) and Pathfinder Group have entered into a strategic collaboration to utilize organisational strengths to offer digital financial services and other banking-related services to customers.

The signing ceremony took place at the Pakistan Pavilion, held on the sidelines of World Economic Forum 2023 in Davos - Switzerland, where the Memorandum of Understanding (MoU) was signed by Kabeer Naqvi, President & CEO – U Microfinance Bank and Zarrar Sehgal, Chairman – Pathfinder Group, in the presence of Ikram Sehgal, Co-Chairman – Pathfinder Group, and other senior management members from both the organizations.

Speaking at the occasion, Kabeer Naqvi, President & CEO – U Microfinance Bank stated, "As a mission-driven bank with financial inclusion for citizens across all societal segments as our objective, we are glad to have entered into this collaboration with Pathfinder Group. This gives us an opportunity to expand our digital outreach and bring the unbanked population into the financial ecosystem in an efficient manner."

Read more at: <https://www.brecorder.com/news/40222208/u-bank-pathfinder-group-team-up-to-expand-digital-financial-services>

Updates from Members

Bangladesh

CDF: SOPIRET Micro Finance Activities in Bangladesh

SOPIRET was established in 1985 as a non-profit voluntary multi-sectoral non-governmental organization under the Ministry of Social Welfare. The activities include microfinance, health, and education. The institution serves more than 50,000 families and the current outstanding amount is more than TK.1820 million and employs more than 500 people. Some of the institution's current project activities are described in the following paragraphs.

The COVID-19 has been a disaster especially for the poor in Bangladesh. One of the SOPIRET project namely, Recovery and Advancement of Informal Sector Employment (RAISE) has been addressing the issue. It is necessary to bring the youth out of the technology trap and low wage cycle and adopt an exceptional program for full-fledged employment. For this, Palli Karma-Sahayak Foundation (PKSF) and the World Bank are jointly supporting a project entitled RAISE implemented by SOPIRET. The project aims to provide services that can enhance earning and employment opportunities for the low-income youth and COVID-19-affected micro-entrepreneurs (MEs) in urban and peri-urban areas of Bangladesh. Through the RAISE project, COVID-19-affected MEs are getting inclusive financing on a priority basis to restore their previous business and receive capacity development support for business continuity. Additionally, 90,000 young MEs will receive inclusive financing along with capacity development on risk management & business continuity, business management & entrepreneur development, and life skills development to ensure sustainable growth. Thirty-five thousand low-income youths will be provided technical skills through the apprenticeship program with the direct supervision of a Master craftsperson. Women, ethnic minorities, the physically challenged, the backward group, and the remote areas persons will get priority to be enrolled in this project.

The ENRICH Project for SOPIRET was launched in October 2014 with the PKSF support at Noagaon Union in Ramganj Upazila and Laharkandi Union of Lakshmipur Sadar Upazila in January 2018. Two ENRICH program coordinators, two social development activists, four ENRICH health workers, two MIS workers and one rural development worker were involved in the project. The ENRICH Project is primarily focused on education, health and nutrition, and community development programs. In addition to ensuring the education system for the fallen, distressed people in the village, they were given health care. The task is to go to the respective village every day to the households, sell health cards, check diabetes and identify patients and bring them to the Satellite and static Clinics . Every year, 6 general camps and two specialized ophthalmology camps are organized by specialist doctors. These are the pediatric treatment camp, medicine treatment camp, and gynae and nose, ear, and throat treatment camps. Annually 60 patients undergo cataract surgery through two special ophthalmology camps.

In order to turn small entrepreneurs into environmentally sustainable small enterprises, SOPIRET has been implementing the Sustainable Enterprise Project (SEP) in Lakshmipur and Noakhali districts since January 1, 2021, with the technical support of PKSF with the funding of the World Bank. Basically, the main objective of this project is to create entrepreneurs to make eco-friendly diverse handicraft products from coconut, betel nut, and Elephant Grass and to arrange for marketing of the products in the domestic and international markets. From the elephant grass mats, ropes, baskets, show piece and toy items are made in different shapes and sizes. Plates, bowls, slippers and trays are

used using betel nut shells or leaves. In Coconut, there are fibers, ropes, mats, and coconut garlands are made from different types of show piece and jewelry. Coco dust is being used in nurseries to produce improved seedlings. Through the necessary initiatives in the SEP project, entrepreneurs are being helped to get better training, creating leaders in the next world, introducing them with innovative designs, training and training to create advanced technology and demonstration efficient work and access to the premium market. Green environment is one of the key concepts of the project.

INDIA

MFIN: Events & Workshops:

MFIN launches the 2nd Edition of Micro Matters: Macro View – India Microfinance Review FY 2021-22 on November 04, 2022, in Mumbai

The report was launched by Deputy Governor of the Reserve Bank of India - Mr M Rajeshwar Rao and in the presence of Mr Sivasubramanian Ramann, CMD-Small Industries Development Bank of India and members of MFIN's Board.

After the welcome address by MFIN's Chairperson, Mr Devesh Sachdev and the context setting of the report by Dr Alok Misra, CEO & Director – MFIN, Mr Rajeshwar Rao, Deputy Governor of RBI delivered the keynote address followed by a special address by Mr Sivasubramanian Ramann, CMD-SIDBI. The event concluded with a panel discussion on Microfinance 3:0 – Opportunities and challenges in serving low-income clients” moderated by Mr Tamal Bandyopadhyay Consulting Editor, Business Standard. The panellists included Mr Chandra Shekhar Ghosh –MD & CEO - Bandhan Bank, Mr Rajeev Ahuja – ED, RBL Bank, Mr Baskar Babu – MD & CEO, Suryoday Small Finance Bank, Mr Dibyajyoti Pattanaik - Director, Annapurna Finance and Mr Ankush Golechha- Promoter & Director, Aviral Finance.

Click to access the report: <https://mfinindia.org/Resources/studyreport>

LeadEdge' - an MFIN-XIM Management & Leadership Training Programme, exclusively designed by MFIN in collaboration with Xavier University, Bhubaneswar, Odisha, is a 3-day residential programme specially curated for the microfinance professionals who are in leadership and managerial roles. The focus of the programme is to impart essential soft skills to help the participants evolve historically with an objective to understand the factors affecting team dynamics, appreciate group roles and how to perform in a team, comprehend the role of a leader in a dynamic organizational context and stress management. The first batch was held from 8th- 10th December 2022, receiving an enthusiastic response from the industry and the second batch is scheduled in January 2023.

Workshop for Small and Medium MFIs held on November 04, 2022

The workshop was attended by CEOs of Small & Medium MFIs, lenders, and investors with an objective to familiarize small and medium MFIs with the process of equity raising, provide them with bankers' perspective on debt financing and inaugurate MFIN's initiative "Impetus," an online information sharing platform for facilitating interactions between MFIs & lenders/investors for funding.

MFIN: Information Hub:

- 43rd Issue of Micrometer for Q2 FY 22-23, released on 16th December 2022. Report can be accessed from <https://mfinindia.org/Resources/micrometer>

- Launch of the 2nd edition of Micro Matters: Macro View – India Microfinance Review FY 2021-22. Click to access the report: <https://mfinindia.org/Resources/studyreport>

PAKISTAN

PMN: Bootcamp for Finance Professionals

Pakistan Microfinance Network (PMN) under the banner of Center of Excellence (CoE) organized a three-day Bootcamp for Finance Professionals from 6th-8th December 2022 at Beach Luxury Hotel, Karachi.

This training for Finance Professionals was organized to provide senior finance professionals who wanted to accelerate their growth, or those whose next career step is CFO, or current CFOs who want to sharpen their strategic and leadership skills. The Program was designed to help develop CFOs and aspiring CFOs as a trusted, valued, and comprehensive “go-to” resource for personal career development and success as the CFO role evolves to address new demands.

To equip the CFOs with the right tools special sessions were included in the program to make it more comprehensive. This was a unique opportunity for all the participants to Connect, and Collaborate with practitioners as well as with their peers, who share the same interests and concerns, and Learn from the industry leaders.

This training program was attended by the members of Pakistan Microfinance Network and non-members who took advantage of this Bootcamp for Finance Professionals for their career growth.

PMN: PMN, JICA, HomeNet Pakistan and HBL MfB Partnered for Enablement of Female Home Based Workers (FHBW)

PMN, JICA, HomeNet Pakistan and HBL MfB executed an MOU dated December 13, 2022, in Islamabad, for enablement of Female Home-Based Worker – FHBW to utilize financial services from HBL MfB contributing to their access to banking services and financing to support and grow their business activities. The pilot project aims at equipping FHBWs with the knowledge and entrepreneurial skills through capacity development interventions in financial literacy, business management and soft skills trainings. The capacity building interventions are aimed helping FHBWs to scale up the operations of their economic enterprise by providing them with access to banking services.

This MOU is executed to collaborate on the implementation of “Financial Inclusion of Home-Based Workers’ Enterprises through Business Booster Loan and Trainings (FBLT)”, project, which aims to enable Female Home-Based Workers - FHBWs to utilize financial services from HBL MfB contributing to their access to banking services and financing to support and grow their business activities and enhance WIE’s (Women Informal Enterprises) access to formal credit;

This is a good opportunity for FIs to service a new segment and grow their business; and leverage access-to-finance as an incentive for WIE’s transition from informal to formal economy. PMN will disseminate best practices and segment knowledge through its own network to offer an opportunity for FIs (Financial Institutes) to service a new segment, grow their business, and enhance WIE’s access to formal credit.

In Focus

COVID-19's Impact on South Asia's Youth Could Last Generations

The COVID-19 pandemic derailed development and caused a massive collapse in human capital for millions of children and young people across South Asia, according to a new World Bank analysis of data for people who were under the age of 25 at the onset of the pandemic.

Human capital—the knowledge, skills, and health that people accumulate over their lives—is key to unlocking a child's potential and enabling countries to achieve a resilient recovery and strong future growth. Yet, the pandemic shuttered schools and places of employment and disrupted key services that protect and promote human capital, such as healthcare and job training.

The new report, *Collapse and Recovery: How COVID Eroded Human Capital and What to Do About It* presents the first comprehensive analysis of global data on the pandemic's impacts on young people at key developmental stages: early childhood (0-5 years), school age (6-14 years), and youth (15-24 years). It finds that in South Asia, today's students could lose up to 14.4 percent of their future earnings due to COVID-19-induced education shocks. The cognitive deficit in today's toddlers could translate into a 25 percent decline in earnings when these children are adults.

“The pandemic shut down schools, decimated jobs, and plunged vulnerable families into crisis, pushing millions of South Asia's children and young people off-track and depriving them of opportunities to flourish,” said Martin Raiser, World Bank Vice President for South Asia. “Action to recover from losses in human capital is critical and examples from the region show that this is possible at relatively low cost if governments act fast.”

In South Asia, between April 1, 2020 and March 31, 2022, schools were fully or partially closed for 83 percent of the time—significantly longer than the global average of schools being closed for 52 percent of that same period. Among school aged children, on average, for every 30 days of school closures, students lost about 32 days of learning. This is because school closures and ineffective remote learning measures caused students to miss out on learning and to also forget what they had already learned. As a result, learning poverty – already 60 percent before the pandemic – has increased further, with an estimated 78 percent of 10-year-olds in South Asia unable to read and understand a simple written text.

The report finds that in Bangladesh, close to 15 months of school closures led to nearly 26 months of learning lost. Meanwhile, in Tamil Nadu, India, students exhibited severe deficits in reading and math when they returned to in-person learning. In Pakistan, when compared to pre-pandemic expected learning levels, children from the poorest households were falling further behind in math during the pandemic compared to children from the wealthiest households. Additionally, across the region, significant declines were observed in cognitive and social-emotional development. In Bangladesh, for example, toddlers tested in 2022 lagged far behind toddlers assessed in 2019.

To Access Full Report: <https://www.worldbank.org/en/news/press-release/2023/02/16/covid-19-s-impact-on-south-asia-s-youth-could-last-generations>

The Pandemic Fund Announces First Round of Funding to Help Countries Build Resilience to Future Pandemics

The Pandemic Fund Governing Board approved \$300 million in financing for its first round of funding to help developing countries better prepare for and respond to future pandemics. The Fund is also inviting interested eligible countries and Implementing Entities to submit Expressions of Interest (EOI) for potential projects to be supported by this initial funding.

Projects to be financed by the first round of funding will prioritize strengthening comprehensive disease surveillance and early warning, laboratory systems, and human resources/public health workforce capacity. This is in line with the International Health Regulations (IHR) (2005) and other internationally endorsed legal frameworks and consistent with a One Health approach.

The Expressions of Interest will help facilitate potential collaboration among countries and partners and better assess their interest and needs. The selection process will conclude with a review of formal proposals to be solicited in March.

“I’m pleased that the Pandemic Fund is moving forward quickly with its first round of funding to help countries and regions build resilience to future global health threats,” World Bank Group President David Malpass said. “The Fund will play a vital role by complementing investments and technical support from existing international institutions and incentivizing countries to increase their own efforts to strengthen pandemic prevention, preparedness, and response capacity.”

The Pandemic Fund, a collaborative partnership among donor governments, co-investor countries, foundations, civil society organizations, and international agencies, was created last year to provide a dedicated stream of additional, long-term funding for critical pandemic prevention, preparedness, and response (PPR) in eligible low- and middle-income countries, through investments and technical support. Multilateral Development Banks, United Nations agencies and specialized global health institutions currently serve as the Funds Implementing Entities.

“In the face of multiple global challenges and competing priorities, the Pandemic Fund is a significant innovation in global health financing that helps us stay focused on investing in pandemic PPR in low- and middle-income countries,” said Dr. Chatib Basri, Chair of the Board. “We’re off to a very good start but the financing needs are enormous, so we look forward to additional contributions in the coming months. In the meanwhile, we will deploy the available funding for greatest impact.”

To Access Full Story: <https://www.worldbank.org/en/news/press-release/2023/02/03/the-pandemic-fund-announces-first-round-of-funding-to-help-countries-build-resilience-to-future-pandemics>

Western Climate Subsidies Risk Hitting Emerging Markets: IMF

The head of the IMF warned Friday that Western subsidies to combat climate change and encourage the transition to clean energy sources risked hitting the economies of the developing world.

The United States under president Joe Biden has passed the Inflation Reduction Act which contains sweeping subsidies and tax cuts worth around \$370 billion for reducing greenhouse gas emissions, making it the largest-ever US programme to combat climate change.

The European Union is considering responding in kind amid fears that the IRA will encourage businesses to move factories and production to the United States at a time when it is trying to strengthen its industrial base.

'My biggest concern is that something that in principle is very good to accelerate the transition to the green economy by using public money to step up private investment... may not serve well the emerging markets and the developing world,' IMF head Kristalina Georgieva said at the World Economic Forum in Davos, Switzerland.

She warned that the subsidies could lead to technology and production transfers from poorer emerging countries to the rich world.

'If we are to strive to get the industrialised world clean and we don't think about the emerging markets, we are all cooked,' she said.

Speaking alongside Georgieva, French economy minister Bruno Le Maire defended government backing for efforts to accelerate the transition away from fossil fuels. 'The key question is not 'China first' or 'America first', or 'Europe first': the key question is climate first,' he told the audience.

Also speaking in Davos on Tuesday, EU Commission chief Ursula von der Leyen announced plans for a 'sovereignty fund' and a 'Net Zero Industry Act' to defend Europe's industrial base from US and Chinese industrial subsidies.

Von der Leyen said she saw 'aggressive attempts to attract our industrial capacities away to China and elsewhere.'

She said the EU had been 'working with our US friends to find solutions' to the risk of US subsidies distorting transatlantic trade.

US climate envoy John Kerry argued that countries complaining about the act should instead try to imitate the United States — even though this would not be possible for emerging countries with smaller government budgets.

'The reaction of other countries shouldn't be, 'oh my god, you shouldn't be doing that, that's putting us in an unfair position'. Do it, too. Everybody's got to do the same thing to accelerate this process even more,' Kerry told a panel discussion in Davos.

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)

