

ISSUE # 77

MONTHLY NEWSLETTER

This document provides an update from SAMN member countries related to the latest news items, publications, events etc.

OCTOBER 2020

Afghanistan

Women's access to identification cards can accelerate development in Afghanistan

Continued international aid, including through the Afghanistan Reconstruction Trust Fund (ARTF), is vital to create better lives for millions of Afghans and sustain development gains. The #ProtectTheGains series highlights ARTF projects that have made a real difference toward achieving a more prosperous, inclusive, and peaceful Afghanistan.

Meet Ms. Bakhtavar from the Baghlan Province. Since her husband passed away 5 years ago, she has struggled to provide for her four children. Assistance from the community has been helpful but it has not been adequate to provide a basic living standard and education for her children. With the help of female community development council members in her locality, Ms. Bakhtavar was able to find a job as a cleaner in a local clinic.

However, when she went to the clinic to process her paperwork to start work, she was asked for her national identification (ID) card (known as Tazkira in Afghanistan) to verify her identity as part of the hiring process and as required by the law. She did not have this and could thus not be hired. Instead, the job went to a woman who had Tazkira.

Read more at: <https://blogs.worldbank.org/endpovertyinsouthasia/womens-access-identification-cards-can-accelerate-development-afghanistan>

Afghanistan needs to invest in its people—now more than ever

Not long ago, medical doctors in Afghanistan's Kama district knew little about—let alone how to treat—Leishmaniasis, a parasitic disease that spreads through the bite of certain types of sandflies.

“The good news is that we now know the how,” says Dr. Mohammad Mashal Stanekzai, who is heading a district hospital in the eastern Nangarhar Province. Like thousands of other Afghan medical personnel, Stanekzai trained through the Sehatmandi project, which aims to improve the quality of health and nutrition across Afghanistan. Now he can provide effective treatment to local residents.

Hundreds of kilometers away, Mohammad Ibrahim Muhammadi, a school principal in Kabul, recalls how his school looked like before it was rebuilt. “Just five years ago, we used to teach our students under a tent or in the open air,” says Muhammadi. “Now we have a proper building as well as enough materials and facilities, like a computer lab and a library.”

Read more at: <https://blogs.worldbank.org/endpovertyinsouthasia/afghanistan-needs-invest-its-people-now-more-ever>

Bangladesh

New IFC Survey Reveals A Third of Workers in Bangladesh's Micro, Small and Medium Enterprises Now Jobless in Wake of COVID-19 Impacts

A staggering 37 percent of workers in Bangladesh's micro, small and medium enterprises (MSMEs) lost their jobs, either temporarily or permanently, in the space of one month, with 94 percent of MSMEs experiencing a sharp drop sales due to the impact of COVID-19. These are among the key findings of the COVID-19 Business Pulse Survey carried out in Bangladesh between June and August 2020, by IFC and the World Bank, in partnership with the UK's Foreign, Commonwealth and Development Office (FCDO).

The survey of over 500 MSMEs shows 70 percent of all workers are now in vulnerable jobs, with businesses either temporarily closed or only partially open. Businesses had, on average, only enough cash to cover costs for just over 100 days. At 91 percent, Bangladesh's businesses suffered the worst decline in cashflow, compared with similar economies such as Vietnam (66 percent) and Indonesia (69 percent). Thirty-seven percent of women-owned firms had temporarily shut down operations compared with 21 percent of firms owned by men.

Read more at:

https://ifcextapps.ifc.org/ifcext/pressroom/ifcpresroom.nsf/vwAllDocumentsByUNID_NL/525D30EBDFE382DA85258607003B954C?opendocument=

Now NBFi borrowers get loan moratorium until December 31

Banks and NBFIs will have to maintain the same credit status of a borrower as on January 30 until the new deadline. Borrowers of non-bank financial institutions can now get away by not paying instalments until December, after the central bank on Sunday extended the loan moratorium facility for them by another three months.

Earlier in September, the Bangladesh Bank had extended the facility to bank borrowers, in what was the first confirmation from the government that it had given up on hopes of a V-shaped recovery and that the recovery would not take shape this year at all.

The central bank expects businesses to struggle to service their loans, so until the end of this year, no loan would be classified as default even if repayments are missed. In other words, banks and NBFIs will have to maintain the same credit status of a borrower as on January 30 until the new deadline.

Read more at: <https://www.dhakatribune.com/business/banks/2020/11/01/now-nbfi-borrowers-get-loan-moratorium-until-december-31>

Nagad makes it to 'Inclusive Fintech 50 cohort' for 2020

Nagad was selected in the payments category from a pool of 403 applications operating in 111 countries.

Inclusive Fintech 50, a well-reputed group of global organizations driving innovation and investment in financial services for low-income populations, has named Bangladesh Postal Department's digital financial service Nagad as its top cohort of fintech startups for 2020. The announcement came on Tuesday in Washington.

Nagad, the fastest growing mobile financial service in Bangladesh, was selected in the payments category from a pool of 403 applications operating in 111 countries.

Inclusive Fintech 50 was founded by MetLife Foundation and Visa, with the support from Accion and the International Finance Corporation (IFC), and additional funding from BlackRock and Jersey Overseas Aid & Comic Relief.

Read more at: <https://www.dhakatribune.com/business/banks/2020/10/22/nagad-makes-it-to-inclusive-fintech-50-cohort-for-2020>

India

Microinsurance Cover Needed for India's Poor to Prevent COVID-19 Economic Debacle

The misery unleashed by the COVID-19 outbreak and the subsequent lockdown on India's poor has been well documented by now. The events that have unfolded have brought to the fore the need to provide some sort of a social security net for millions of toiling masses. In a country where most of the workforce is in the unorganized sector and there is need to provide relief to around 500 million people, the COVID-19 experience has exposed the hollowness of the social security claims by governments over decades.

A committee of experts set up in February has called for large scale expansion of the micro insurance sector. The 'Report of the Committee on Standalone Micro Insurance Company' submitted to the Insurance Regulatory and Development Authority of India (IRDAI) points out, "For low-income families, calamities such as illnesses, accidents, death or the loss of assets often have very grave financial consequences. Such events can push these families deeper into poverty as their meager resources get depleted.

Read more at: <https://www.thecitizen.in/index.php/en/NewsDetail/index/9/19512/Micro-Insurance-Cover-Needed-for-Indias-Poor-to-Prevent-Covid-19-Economic-Debacle->

Microlenders See Light at End of Tunnel; Collection Rates Inch Back to Pre-COVID levels

Collection rates are picking up, so are disbursements of small loans. Rural entrepreneurs, who suffered most due to COVID, are tweaking their small business strategies to adjust to the new normal.

After taking a severe hit during the COVID-19 lockdown, India's microfinance industry is slowly limping back to normal operations. Microfinance institutions (MFIs) are in the business of giving small loans to low-income borrowers, typically farmers or small entrepreneurs. These companies source money from banks at 10-15 percent and onlend to their borrowers at 20-23 percent.

With COVID-19 onslaught forcing a nationwide lockdown starting the last week of March this year, the collection rates had fallen to a trickle as MFIs collect money from borrowers mostly in cash. The risk of infections and the rules stipulated by the government made the collection process nearly impossible. The situation continued for many months.

Read more at: <https://www.moneycontrol.com/news/business/microlenders-see-light-at-end-of-tunnel-collection-rates-inch-back-to-pre-covid-levels-5925761.html>

Nabard to Offer 18 Months Refinance to Smaller NBFC, MFIs under Special Liquidity Scheme

A four-fifth of the smaller microfinance firms will be eligible to get special refinance assistance through the Reserve Bank of India-created dedicated liquidity window. This would help them to bridge the cash flow mismatches they might have over the next 18 months.

The National Bank for Agriculture & Rural Development (Nabard), which received the Rs 5000-crore dedicated fund from RBI for making the refinance facility available down the line, has just drawn up the rules.

The additional special liquidity facility (ASLF) will be shared between smaller non-banking finance companies (NBFC) with asset size less than Rs 500 crore and NBFC-MFIs.

Nabard said that micro lenders with ratings three notches below the top grade would make the cut. For firms based in the NorthEast Region, the rating criteria is more relaxed to four notches below the top grade.

Read more at: <https://economictimes.indiatimes.com/industry/banking/finance/nabard-to-offer-18-months-refinance-to-smaller-nbfc-mfis-under-special-liquidity-scheme/articleshow/78554534.cms>

Investors Bet on the Resilience of India's Rural Economy

India has been among the countries hardest hit by coronavirus pandemic with more than 7.5m cases recorded, second only to the US. The country is looking at a 10 per cent economic contraction this year, according to the IMF, dealing a deep blow to the country's already weakened financial system.

This has unnerved investors who had bet on the future prospects of a fast-growing, urbanising emerging market giant. Metropolises like Mumbai or New Delhi has been overwhelmed by the virus, the urban middle-class gutted by job losses and millions of migrant workers have abandoned cities altogether.

Read more at: <https://www.ft.com/content/38b64e69-8de0-442b-b24f-8b8dbd46bb53>

RBI sets average base rate for NBFC-MFIs at 8.12% for October quarter

The Reserve Bank of India (RBI) has set at 8.12 percent the average base rate to be charged from borrowers by non-banking financial companies (NBFCs) and micro-finance institutions (MFIs) for the quarter beginning October 1, 2020.

The central bank on the last working day of every quarter sets the rate for the next three months taking an average of the base rates of the country's five largest commercial banks. But, smaller MFIs have been asking the RBI to make the calculation broad-base by taking into consideration a wider set of banks and NBFCs. This is because smaller MFIs get loans at a higher rate.

"The base rate calculation needs to go beyond five big banks to a wider set of lenders. This will make the average base rate more realistic," said P Satish, executive director at Sa-Dhan, a lobby of microlenders.

MFIs are institutions that source funds from banks and then lend to smaller borrowers. While bigger MFIs get cheaper loans from banks, smaller ones with a lower rating typically pay more.

Read more at: <https://www.moneycontrol.com/news/business/rbi-sets-average-base-rate-for-nbfc-mfis-at-8-12-for-october-quarter-5904821.html>

Nepal

Banking Sector Deposits NPR 280 Million in COVID-19 Fund After Central Bank Directive

Banks and financial institutions of the country contributed around NPR 280 million to the government's COVID-19 fund after the central bank made it mandatory for them to contribute the remaining amount of their Corporate Social Responsibility Fund into the pandemic fund.

As per the central bank's directive, they need to set aside one percent of their net profit into the fund and they can use it in helping marginalized groups and the wellbeing of their staff. After the deadly earthquake in 2015, the central bank had made it mandatory for banks and financial institutions to create such a fund.

Read more at: <https://kathmandupost.com/money/2020/10/04/banking-sector-deposits-rs-280-million-in-covid-19-fund-after-central-bank-directive>

Pakistan

Digital Transformation for Mutual Fund Sector Stressed

The Securities and Exchange Commission of Pakistan (SECP) has emphasised the need of digital transformation for asset management companies (AMCs) to promote financial inclusion in the wake of social distancing.

SECP Chairman Aamir Khan said the recent circumstances induced by the coronavirus outbreak make it all the more exigent for AMCs to undergo complete digital transformation.

Khan was addressing a ceremony for signing agreement of mutual fund digital platform between Mutual Funds Association of Pakistan (Mufap) and Central Depository Company (CDC).

“This initiative is in line with SECP’s highly recommended course of action for the mutual fund industry which advocates the development of alternate distribution channels and digital platforms,” he said. “This platform will facilitate investors from specific market segments and low risk investors, thus promoting financial inclusion at the grass root level and harvesting the savings culture in Pakistan.”

CDC Chairman Moin Fudda, Farrukh Sabzwari, commissioner of specialised companies division and Khalida Habib, executive director of SECP also attended the ceremony.

Read more at: <https://www.thenews.com.pk/print/725162-digital-transformation-for-mutual-fund-sector-stressed>

U Microfinance Bank And NADRA Technologies Limited Shake Hands To Provide E-Sahulat Services

U Microfinance Bank and NADRA Technologies Limited has collaborated to extend e-sahulat services at U Microfinance Bank branches. Through this partnership U Bank’s 200+ Branch network will be able to offer complete e-sahulat services that includes Bill payment, G2P payments, Money Transfer, Donation Collection, Fee Collection and Citizen Verification etc.

On this occasion Kabeer Naqvi President & CEO of U Microfinance Bank and Ali Javed Director General, Public Service Directorate, NADRA Technologies Limited exchanged their views on the impact of this service.

Naqvi said that “We are delighted to shake hands with NADRA and provide facilitation to our customers. Our aim is to take this collaboration a step further and enable UPaisa services at all 15,000 plus NADRA e-Sahulat centres nationwide in the next phase. This partnership with NADRA e-sahulat will further expand our services and connect more recipients in urban and rural areas of Pakistan.”

Read more at: <https://epaper.brecorder.com/2020/10/28/3-page/856227-news.html>

Mobilink Microfinance Bank Awarded ‘The Best Microfinance Bank (Digital) of the Year 2019’

Mobilink Microfinance Bank, the operator of Pakistan’s leading Mobile banking solution ‘JazzCash’, bagged the ‘The Best Microfinance Bank (Digital) of the Year 2019’ award at the 17th Annual Excellence Awards organized by the CFA Society Pakistan.

The Bank won the award on the criteria of profitability, efficiency, growth, and solvency with scores calculated on the basis of 2019 accounts. Through its Annual Excellence Awards, the CFA Society recognizes the outstanding performance of financial institutions, corporates, and professionals.

The awards ceremony was held on October 2, 2020, in Karachi. Governor State Bank of Pakistan, Mr. Reza Baqir, graced the event as the chief guest and presented awards to the winners. His keynote address covered the current state and future prospects of the micro-economy.

Read more at: <https://propakistani.pk/2020/10/06/mobilink-microfinance-bank-awarded-the-best-microfinance-bank-digital-of-the-year-2019/>

An interview with Farid Ahmed Khan, CEO of FINCA Microfinance Bank Limited

In a candid conversation with BR Research, Farid shares his views on commonly held perceptions regarding microfinance segment, such as steep mark-up rates, the risk-reward mentality of microfinance lenders with a double-bottom line worldview, recent regulatory changes, default ratio, and challenges faced in promoting financial inclusion. Below are the edited excerpts:

BR Research (BRR): Higher mark up on lending in microfinance segment is often attributed to steeper cost of funds and high intermediation costs compared to commercial banks. Average loan size in the segment is still stuck under Rs 50,000 ticket, even though the regulator has allowed clean lending up to Rs 0.35 million.

Why has the sector not reduced its intermediation costs by increasing average loan size?

Farid Ahmed Khan (FAK): We believe the regulator has performed its role by enhancing maximum loan sizes across all categories of general, individual, housing, micro- and small-enterprise lending. But there is a trade-off involved in increasing average ticket size.

Read more at: <https://epaper.brecorder.com/2020/10/09/15-page/854298-news.html>

Sri Lanka

ComBank Receives \$ 50m Equity from IFC

The Commercial Bank of Ceylon yesterday announced the completion of all formalities relating to the private placement of shares with the International Finance Corporation (IFC) and the receipt of \$ 50 million (Rs 9.215 billion) from the latter for 115,197,186 ordinary voting shares in the bank.

This is the first foreign equity placement by Commercial Bank, the first post-pandemic equity placement by the IFC and is one of the largest foreign investments into Sri Lanka since the start of the COVID-19 pandemic, the bank said.

The investment collectively makes the IFC, the IFC Financial Institutions Growth Fund LP (FIG Fund) and the IFC Emerging Asia Fund LP (EA Fund) the largest shareholder of the Commercial Bank of Ceylon and further strengthens the bank's shareholder composition by increasing its foreign shareholding up to 30%, enhancing credibility and confidence, especially among foreign investors.

Read more at: <http://www.ft.lk/front-page/ComBank-receives-50-m-equity-from-IFC/44-707119>

HNB partners with Ansen Agriculture

HNB PLC has partnered with Ansen Agriculture to offer affordable leasing packages inclusive of attractive benefits for Powertrac tractors and Mubota Combine Harvesters to its growing customer base.

HNB, Head of Personal Financial Services, Kanchana Karunagama and Ansen Agriculture, Managing Director, Angelo Wijesinghe were present at the ceremony to mark the partnership at the HNB Head office "Each year, we have worked towards empowering our customer base through partnerships of this nature which allow SMEs to expand their businesses.

Read more at: <http://www.sundayobserver.lk/2020/10/18/business/hnb-partners-ansen-agriculture>

The Quest for Financial Inclusion in Sri Lanka

Financial Inclusion is essential for continuous and sustainable economic development, according to the IFC (International Finance Corporation). This is no exception for Sri Lanka despite showing strong numbers in bank penetration.

According to the World Bank Group's (WBG) Global Findex for 2017, nearly 74 percent of the population in Sri Lanka have accounts at a financial institution, higher than the regional average in South Asia of 70 percent (36 percent, excluding India). Sri Lanka also enjoys high levels of bank branch penetration, with bank branch density of 16.5 per 100,000 adults as of December 2018 (CBSL).

Sri Lanka, therefore, has a high penetration rate but achieving the zenith - stronger financial inclusion - is fraught with constraints. Though 83 percent of all Lankan adults have bank accounts and over 80 percent of adult women have savings accounts, financial inclusion is not satisfactory in Sri Lanka. Realising this, Sri Lanka began work to improve financial inclusion.

Read more at: <http://www.sundayobserver.lk/2020/10/25/business/quest-financial-inclusion-sri-lanka>

Updates from Members

AFGHANISTAN

AMA: Supporting Women to Establish Small-Scale Layer Poultry Farming

Under “creating the future economic prospect for the reintegration of returnees and IDP through the layers poultry value chain in Herat province,” Hand in Hand Afghanistan provided 6,875 layer chickens for 275 low-income families in Jebrael, Gozara, and Enjil districts of Herat province.

The female beneficiaries received 25 layer chickens, along with practical poultry farming training. Beneficiaries received a startup kit containing tools and supplies such as feed, water pot, feeder to build chicken coops.

Hand in Hand Afghanistan also provided 1,780 layer chickens for 89 low-income families in Khulm and Fifth City District of Mazar-e-Sharif, Balkh province. The distribution ceremony was attended by Mrs. Shahla Hadid, Director of Balkh Women’s Affairs Department, and representatives from the Balkh Department of Agriculture, Irrigation, and Livestock.



AMA: Success Story of an Entrepreneur

Kawsar is a student of Islamic Law at Balkh University and a member of Murwarid Self Help Group (SHG) and Durakhshan EG in the Shir Abad Village of Dehdadi District in Balkh Province. She is 23 years old, living with her parents and sister. Four months ago, her mother encouraged her to join the Ministry of Rural Rehabilitation and Development (MRRD) ’s WEE-RDP program. With a loan from the SHG, she started sewing swaddle blankets (a blanket to wrap newborn babies with).

She made a collection of swaddle blankets at the beginning and marketed them in village shops. However, she realized she might grow this business; hence, with the aid of WEE-RDP, she accessed the local markets and won a fixed-term contract at a fair price. Now, she receives 25 orders monthly and sells them for 150 AFN per piece. Kawsar is proud to be hopeful, and she plants her tree of optimism to be prosperous every day.

A natural entrepreneur, another concept came to her mind after the success of her swaddling company, encouraged by her family and school friends. She applied for a loan of 3,000 AFN from her SHG, purchased 150 books for 18 AFN each from a bookstore in the town of Mazar-e-Sharif, and sold it in her school’s library for 30 AFN. She gained a considerable

profit from the sale of the books. She now has a monthly income of 12,000 AFN, and she supports her father as well as paying college expenses for her and her sister. “My books are companions of my difficult days. I read and sell books so all the girls in our village can have a promising future one day,” she said with a grin on her face and eyes full of hope.



INDIA

MFIN: Exclusive | Smaller microlenders may find it tough to survive if liquidity doesn't come by March, says MFIN CEO Dr. Alok Misra

Indian microlenders are fighting to survive yet another crisis in the wake of the deadly COVID-19 pandemic. Liquidity has dried up particularly for smaller companies.

In fact, it's not just liquidity; recent fraud allegations at one of the major Odisha-based MFIs, Sambandh Finserve, has raised questions on the corporate governance standards in the industry. Early this month, Brickwork Rating cut the ratings of Sambandh to junk following defaults on payments.

Microfinance Institutions Network (MFIN) is one of the largest bodies of Indian microlenders whose members have a combined loan portfolio of Rs 2.27 lakh crore. MFIN CEO Alok Misra spoke to Moneycontrol on a range of issues including the Sambandh allegations in an exclusive interview.

Read Full Story: <https://www.moneycontrol.com/news/business/exclusive-smaller-microlenders-may-find-it-tough-to-survive-if-liquidity-doesnt-come-by-march-says-mfin-ceo-5999471.html>

MFIN: Microfinance Sector Advocacy

- After MFIN's representation on the Additional Special Liquidity Facility (ASLF) for Small and Medium MFIs, NABARD released the guidelines for refinance under ASLF on 6th October 2020. Subsequently information was collected from Small and Medium MFIs on their status on eligibility criteria defined by NABARD.
- **Base Rate Revision:** Letter was sent to CGM, DOR on 6th October 2020 requesting for urgent reconsideration of Base Rate Linked Pricing along with a detailed technical note on pricing regulations. Basis the representation, RBI has requested for member wise data related to pricing of loans which is being collected by MFIN.
- Representation was sent to Shri Suchindra Misra, Joint Secretary, DFS for allowing NBFC-MFIs to transfer the subvention amount to eligible borrowers' bank account instead of their loan account under the "Interest subvention scheme for MUDRA-Shishu loans.
- DFS, Government of India released a circular on ex-gratia relief on interest October 23rd October 2020. <https://financialservices.gov.in/sites/default/files/Scheme%20Letter.pdf>
- MFIN prepared a FAQ to help its members understand the scheme along with a sample relief calculation sheet. Soon after, a FAQ was issued by DFS https://financialservices.gov.in/sites/default/files/FAQs%20on%20Ex%20gratia%20Package_26.10.2020_v1.pdf
- Representation made to RBI for (i) forbearance on ageing of asset for IND AS NBFC-MFIs from 1st September 2020 till 31st March 2021, and (ii) follow-up on current account circular. RBI has responded stating that MFIN's request for forbearance to Ind-AS implementing NBFC-MFIs on aging of assets cannot be acceded to and that exemption to NBFC-MFIs from the ambit of the circular on 'Opening of Current Accounts by Banks - Need for Discipline', is under consideration.

MFIN: Microfinance Sector Developments:

- MFIN announced a new initiative on "Large MFIs Consortium" to facilitate funds to the small and medium sized MFIs. At present, there are four members in the consortium (Arohan, Muthoot, Satin and Svatantra).
- NatCat Insurance: Catastrophe Insurance for microfinance clients: In continuous with an update last month, the product on NatCat insurance for microfinance borrowers was finalized and filed with IRDAI on 15th October 2020 under regulatory sandbox. MFIN is in discussion with ADB for supporting a three-year pilot testing of the product in 19 districts of 4 states (Bihar, Maharashtra, Odisha, and Tamil Nadu).
- National e-Governance Services Ltd (NeSL) formally announced the onboarding of MFIs for reporting borrowers' data to IU and use of Digital Document Execution (DDE) and E-sign facility. However, considering the cost factor, duplicity of reporting and limited utility of IU services, a meeting of MD & CEO NeSL with a few CEOs/CTOs of MFIN members and Secretariat was organized to discuss the challenges. A working group will be formed for further engagement with NeSL.
- Advisory on incentives to employees for the recoveries: In the background of reports about aggressive monetary incentives being offered to employees to improve recoveries and customers being approached at unusual hours for repayments, an advisory was issued on 12th Oct 2020. The advisory instructs lenders to ensure that incentive frameworks are balanced and designed keeping customer protection as a priority.

MFIN: Capacity Building:

- Brief Video Guide for employees on Credit Linked Life Insurance: To address the issue of lack of standard training collateral on Credit Linked Life Insurance, a short video was developed targeted towards branch employees – loan officer.

Watch Video for Full Access: <https://youtu.be/IAPtFnh94Gc>

- Customer survey on income, repayments and access/demand for new credit: In the series of efforts to leverage our CGRM to gather customer insights, MFIN conducted yet another customer survey of 353 clients to get an overview about recovery in customers' income, repayments and access to credit/future credit need.
- Media Sensitization Workshops: During COVID, a series of challenges were observed on field arising on account of customer stress. It has been observed that Media has been actively covering the issues across states where Media Personnel choose to connect directly with the MFI local staff to get 'the real sense of what happened'. It is imperative that operational staff at state and district level should have an understanding on how media perceives and responds. With this background MFIN organized four virtual Media Sensitization Workshops which was attended by 400 participants.

NEPAL

CMF: Effects of COVID-19 in Microfinance Sector – A Survey Report

In Nepal, as elsewhere, the COVID-19 pandemic and the accompanying lockdown have had a major restrictive impact on the banking and financial industry, the most serious impact having been observed in the Microfinance Sector (MFS), involving Microfinance Institutions (MFIs), Development Bank (DB) and Financial Cooperatives (FCs), whose operations are severely disrupted and institutional sustainability threatened due to their high vulnerability.

Understanding of the immediate and long-term effects of the ongoing pandemic situation, both visible and projected, would be the first step towards enabling MFS to recover from their disruptive consequences and to continue serving the targeted poor. To help develop such understanding, this quick survey was designed to assess the direction, dimensions, and degree of these effects.

This preliminary survey aimed to assess the scope and status of the effects of the COVID-19 on MFS and their clients as being experienced now and perceived in future for informing policy and programmatic initiatives to address them for sustained delivery of microfinance services. As a quick assessment, this exercise was designed as an exploratory study of the current and potential outcomes for MFS. It consisted of a field survey based on an emailed questionnaire for data collection administered to all MFIs currently in operation, some DBs and some FCs selected on convenience basis. The reference period for data for most of the indicators of the targeted effects was from March to May 2020, covering the first three months of the lockdown period. Nineteen institutions, including two financial cooperatives and one development bank, responded to the questionnaire and returned the completed questionnaire in time.

To Access Full Report: http://cmfnepal.org/_files/combinepdf.pdf

PAKISTAN

PMN: “Mastering Microfinance Risk Management Ecosystem”

Pakistan Microfinance Network (PMN) under the banner of Center of Excellence (CoE) and in collaboration with the Pakistan Credit Rating Agency Limited (PACRA) organized a three-day training certification “Microfinance Enterprise Risk Management Certification”, conducted from 26th-28th October 2020 at Grand Palm Hotel- Lahore. The main theme of the training program was “Mastering Microfinance Risk Management Ecosystem”.

This Microfinance Enterprise Risk Management Certification Program – was organized to provide an in-depth understanding of risks facing all the segments of the microfinance industry and opportunities that exist to capture growth and profitability. Moreover, recent Covid-19 outbreak that has caused an unusual interruption having serious concerns on liquidity, business continuity and working off site. This conference focused on the impact of events like COVID-19 pandemic and other Black Swan events on the microfinance industry and subsequent inevitable recovery concerns.

To share microfinance industry concerns and listen to what both the regulators (SECP and SBP) expect from the industry, a special session from Commissioner SECP Mr. Farrukh Sabzwari was included in the program to make it more comprehensive, other special sessions included members from IFC, National Bank Pakistan, Bank of Punjab and Kashf Foundation. This was a unique opportunity for all the participants to Connect, and Collaborate with practitioners as well as their peers, who shared the same interests and concerns, and Learn from the industry leaders about how to apply and benefit from the 21st Century advancements in Risk Management and Compliance. This conference was a big step by Pakistan Microfinance Network to conduct a training event during COVID-19 pandemic which was a huge success and received a lot of appreciation and support from both the Microfinance industry and the commercial banks without them the event would not have been possible.

In-Focus

How COVID-19 Is Affecting Microfinance

By now, it is clear that the global coronavirus pandemic and the government-mandated lockdowns that have resulted have had an unprecedented impact on the global economy. But perhaps what has not been sufficiently illuminated to date is just how critical the situation has become for those groups most at risk from this downturn. Specifically, lower-income groups in developing countries and emerging economies face not only the prospect of abject poverty in many cases but also the likelihood that their financial systems may not be sufficiently robust to help them through these dark times.

Among the most crucial components of such systems is microfinance, a sector that is typically engaged in providing small-business loans, savings accounts and non-financial support to help boost financial inclusion and entrepreneurship within lower-income communities. In the last 15 years or so, microfinance institutions (MFIs) have received considerable acclaim by reaching out to communities that have been largely ignored by the traditional financial system as well as by focusing on financially empowering women. Indeed, around 80 percent of the currently estimated 140 million global microfinance customers with an outstanding gross loan portfolio of \$124 billion are women.

Today, the microfinance sector covers a broad range of financial services, each of which tends to have a different degree of popularity depending on factors such as geographical region. But several reports have emerged in recent weeks to suggest that MFIs are under increasing strain as the COVID-19 pandemic continues to curtail business opportunities for micro, small and medium enterprises (MSMEs). As such, they have been forced to adapt in order to continue supporting their clients as effectively as possible. The Consultative Group to Assist the Poor (CGAP), an independent think tank for financial inclusion involving more than 30 leading development organisations, for instance, recently found that its PAR30 measure of loans in arrears for more than 30 days recorded a hefty 41-percent increase at the outset of the crisis compared to a pre-pandemic June 2019 baseline.

Read Full Story: <https://internationalbanker.com/finance/how-covid-19-is-affecting-microfinance/>

How Can Blended Finance Address the Gendered Impacts of Climate Change?

Climate change is not gender neutral. As the climate crisis intensifies, it is evident that women and girls disproportionately bear the brunt of its impact. In developing countries, women are overrepresented in the informal sector and have greater responsibility for subsistence activities, leaving them more vulnerable to climate-related shocks. Lower access to finance and education further restricts their ability to prepare for and respond to these shocks. Finally, women and girls are also more exposed to gender-based violence (GBV) in the aftermath of climate-risk events.

Convergence's latest Data Brief explores how blended finance has addressed the gender-climate change nexus to date, and presents insights drawn from interviews conducted with key stakeholders. The Convergence database has recorded 63 blended transactions focusing on SDG 5 (Gender Equality) and one or more of the following SDGs: 7 (Clean Energy), 11 (Sustainable Cities), 12 (Responsible Consumption), 13 (Climate Action), 14 (Life Below Water) or 15 (Life on Land). This represents aggregate financing of USD 6 billion. To date, blended finance transactions targeting gender and climate change have focused mostly on off-grid and renewable energy (33% of transactions) and agriculture finance / sustainable agriculture (19%).

Here are some key takeaways from the Brief:

- Funds and companies are the most frequent blended structures in gender and climate change.
- Climate and renewable energy-focused institutions have incorporated gender-lens strategies into their investment processes.
- Women appear more as end beneficiaries rather than direct beneficiaries in blended finance transactions for gender and climate change.
- New, longer-term financing approaches are needed.

Read Full Story: <https://www.convergence.finance/news-and-events/news/q7ggpXug3CNYrKlnL0bfs/view>

Blockchain Promised Democratization of Finance – Collaborating with Microfinance

By collaborating and working with microfinance organizations, blockchain applications can truly deliver on the promise of democratizing access to financial resources.

Before diving into how blockchain is connected, and can improve, applications such as microfinance, it is important to make sure that the terminology is defined. Even though these ideas have been in existence, have been discussed, and been implemented by organizations across the world, there is still some ambiguity as to what these concepts actually mean.

Microfinancing arrangements can take several different forms, but it is generally designed and implemented to democratize access to financial resources. The specific amount of financing that is provided will, of course, vary depending on the projects being considered and geographic region, but the idea is the same. Providing this financing is not usually done by incumbent financial institutions since these loans are – generally speaking – not profitable for incumbents, or the individuals/organizations seeking this credit might not qualify for traditional loans.

If that seems a lot like the idea behind blockchain and crypto, that is because the core idea of democratizing access to financial information is common to both ideas.

Even more encouraging is the quantitative evidence, documented by the World Bank and other institutions, that microfinance – if implemented correctly – does in fact generate economic wealth creation for those participants involved.

Read Full Story: <https://www.forbes.com/sites/seansteinsmith/2020/10/07/blockchain-promised-democratization-of-finance--collaborating-with-microfinance-can-make-this-a-reality/?sh=558679eb602b>

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)

