



From the Editorial Desk

As we have come to the end of another year, it is time to look back and make amendments for the coming new year. As far as Sa-Dhan and microfinance sector is concerned the year 2023 was a very favourable year. In this backdrop, this newsletter covering information about the third quarter of FY 2024 is presented.

Sa-Dhan, celebrated its 25th anniversary during the 18th Sa-Dhan National Conference on Inclusive Growth 2023 held in November in New Delhi. The conference with the theme "Microfinance - Marching to Amritkaal with 25 Years of Inclusive Impact Legacy" was a grand success with record number of participants including 35 from across the borders. The Bharat Microfinance Report 2023 and a Coffee Table Book to commemorate the Silver Jubilee were released on the occasion.

Sa-Dhan introduced the Ela Ben Award, recognizing the most gender-friendly MFI during the Conference. Also, the WASH awards for best performers were given during the conference. We compliment all the winners.

The microfinance sector offers a hopeful narrative for the future. The focus would be more on enterprise development and financial inclusion. We hope the sector and the people dependant on it shall benefit from the positive vibes developed in the recent time and will reach it glory in the New Year.

Sa-Dhan would like to wish all its readers a very happy and successful year ahead. Happy New Year 2024!!

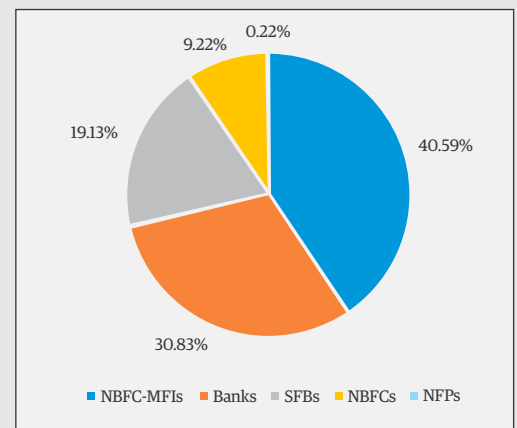


Business Highlights of microfinance sector

(as on September 2023)

₹3,95,889
Loan Portfolio
outstanding
Gross Loan Portfolio
outstanding

No. of Loan
Accounts:
15.27 crores



IMPORTANT EVENTS

Sa-Dhan National Conference

The 18th National Conference on Inclusive Growth by Sa-Dhan was successfully concluded on 8th & 9th November 2023. This year, as Sa-Dhan is celebrating its 25th year, the theme for the conference was "Microfinance marching to Amritkaal with 25 years Inclusive impact Legacy". The focus for the two-day Conference was "Promoting Women-led Enterprises and the role of Microfinance". The conference had a diverse range of participants, including representatives from microfinance institutions, banks, government agencies, NGOs, investors, and academia.



The Bharat Microfinance Report (BMR) for FY 2022-2023 was released at the Sa-Dhan National Conference. BMR is the most comprehensive report of the industry that collates data from NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit MFIs.



Sa-Dhan and Water.org gave away awards for top contributing financial institutions in Water & Sanitation Financing.



The Sanction letter of SIDBI supported micro enterprise development programme at the bottom of the pyramid was handed over to Sa-Dhan by CMD SIDBI Mr S Ramann



The Fireside Chat between Mr. Tamal Bandyopadhyay, Consulting Editor, Business Standard and Mr. Montek Singh Ahluwalia, Former Deputy Chairman, Planning Commission was the icing on the cake in the conference. They deliberated on the topic 'Microfinance - a boost to rural lives'



Sa-Dhan introduced Ela Ben memorial Awards for the best women friendly MFIs. Annapurna Finance Private Limited, Midland Microfin Ltd Annapurna Mahila Cooperative Credit Society and Valar Aditi Social Finance Pvt Ltd were recognized as the best gender-friendly MFI during Sa Dhan National Conference 2023.



The Silver Jubilee celebrations of Sa-Dhan was done in an event held in the evening of 8 November 2023 at the lawns of Hotel Ashoka, where all the CEOs of the member institutions and industry veterans including some of the founding members of Sa-Dhan were invited and felicitated. A Coffee Table Book depicting the journey of Sa-Dhan in the last 25 years was also released on the occasion.

Global Inclusive Finance SUMMIT

This year marked the 20 years of the Access Development summit on inclusive finance. The Global Inclusive Finance Summit 2023 aimed to bring together greater convergence of diverse global perspectives from thought and practice leaders who are integral to shaping the future of financial systems.



Credit Access received best MF award, Large category at 20th Inclusive Finance Summit at New Delhi.



The team at the 20th Global Inclusive Finance Summit.



Training Programmes



Sa-Dhan organised a three-day residential training programme on "Sustainable Microfinance" for NABARD officers, along with NBSC, Lucknow at Chandigarh. Officials of NABARD from all over the country, including the Central Office, participated in the training.



Sa-Dhan and College of Agriculture Banking (CAB), RBI, Pune jointly organised a two-day programme on Financial inclusion for the senior level practitioners of NBFCs. Sa-Dhan handled the session on role of SROs on Code of Conduct and Customer Protection.



Sa-Dhan along with 29 NBFC MFIs were sanctioned 2250 workshops on depositor's education under DEA Fund of RBI. As of November 2023 Sa-Dhan along with its partner institutions have completed 1837 workshops in 18 states and 60 districts. (rural 161, semi urban -34 and urban -5)



International Exposure Visit



Sa-Dhan organised an exposure visit to the Indian Cooperatives, for a senior level official team from Ethiopia under the Ethiopian Parliament Standing Committee Chairperson for Agriculture and Cooperation. A team of 6 members were hosted from 17 to 23 December 2023 and the programme was organised at BIRD, Lucknow. The team also visited an MFI and saw its operations and attended one of its group meeting.



As part of Swiss Re Foundation Award, Sa-Dhan joined hands with an app-based Health facilitator, Medoplus for developing a health loan product to be administered through MFIs. In this connection in collaboration with BIRD a loan design and development workshop were done involving 7 select MFIs operating in Uttar Pradesh.



OPINION

Climate Finance for Sustainable Impact

Climate finance, a critical component in the global fight against climate change, serves as a multifaceted strategy involving diverse financial support. This approach plays a pivotal role in addressing the challenges posed by climate change, as highlighted by international agreements such as the UNFCCC, Kyoto Protocol, and Paris Agreement. Rooted in these frameworks, climate finance emphasizes the responsibility of developed nations to assist less endowed and more vulnerable countries in their mitigation and adaptation efforts.

Mitigation and adaptation, the two pillars of climate finance, demand significant investments to reduce emissions and substantial financial resources to address the effects of climate change, respectively. The Paris Agreement reinforces the obligation for developed countries to provide financial support and encourages voluntary contributions, underscoring their leadership role in mobilizing climate finance. It emphasizes the importance of considering country-driven strategies and respecting the unique needs of developing nations.

Efforts in climate finance revolve around assessing financial needs and understanding mobilization methods to strike a balance between adaptation and mitigation. A significant development occurred at COP28, where finance-related matters were deferred to COP29, paving the way for the introduction of the New Collective Qualitative Goal (NCQG). This new global climate finance goal replaces the \$100 billion commitment by developed nations and aims to consider the needs of developing countries, estimated at \$5.8 trillion to \$5.9 Tn until 2030.

The Global Stocktake decision at COP28 acknowledged a shortfall in the \$100 billion goal for 2021, emphasizing the imperative to align all finance flows with the goals of the Paris Agreement. An additional \$3.5 billion was pledged to the second replenishment of the Green Climate Fund at COP28, reaching a total of \$12.8 billion—28% more than the initial replenishment. This underscores the commitment to translating pledges into actual financial disbursements, supporting high-quality investments.

India, as the world's third-largest emitter, faced the escalating impacts of climate change in its hottest February since 1901. In a notable stride towards environmental stewardship, Finance Minister announced the issuance of sovereign green bonds. The

first tranche of INR 80 billion was released on January 25, 2023, with an additional INR 80 billion announced on February 9, 2023.

India's leadership in green bond issuance is notable, totalling \$21 billion, with the private sector contributing 84%. Projects like the Rewa Ultra Mega Solar Power Project in Madhya Pradesh exemplify the transformative potential of collaborative efforts in driving sustainable development.

The introduction of green bonds and sustainable finance instruments diversifies funding sources and attracts environmentally conscious investors. Capacity building, incentives, and regulatory frameworks empower financial institutions to prioritize climate-friendly investments. Climate risk insurance, innovation, and public-private partnerships further contribute to a resilient and sustainable economic future.

Microfinance, a vital sector in large-scale livelihood and social sector development, finds itself at a crucial intersection with climate change-related finance. Providing financial services to individuals and small businesses in underserved communities, microfinance institutions (MFIs) play a critical role in reaching vulnerable populations.

MFIs can contribute to environmental sustainability by tailoring financial products to address climate-related challenges, such as funding for sustainable agriculture, renewable energy projects, or climate-resilient small businesses. The emphasis on social sector impact involves not only economic empowerment but also factors in the well-being of communities and the environment. The sweet spot for microfinance in the realm of climate change finance lies in its ability to uplift individuals economically and foster resilient communities, contributing to sustainable environmental practices.

Innovative financing, such as green bonds, and promoting fintech solutions improve efficiency and align MFIs with global sustainability goals. Designing microinsurance for climate risks and conducting impact assessments attract climate-focused investors. Incorporating climate considerations in operations fosters resilience among vulnerable communities. Financial institutions committed to environmental and social impact are strategically positioned to align their activities with the broader goals of sustainable

development. By focusing on initiatives that generate positive outcomes for both society and the environment, these institutions attract impact investors seeking financial returns and positive societal and environmental changes.

The term "outcome-based results" signifies a focus on achieving specific and measurable impacts rather than solely financial returns. Impact investors prioritize investments that generate positive societal and environmental changes, making financial institutions committed to environmental and social impact compelling partners.

The bright future for financial institutions committed to environmental and social impact lies not only in attracting impact investors but also in their capacity to

drive meaningful change. Recognizing their pivotal role in advancing sustainable and inclusive development, these institutions are well-positioned to thrive in the evolving financial landscape and contribute significantly to building a more sustainable and equitable world.

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Retaining Talent

In the field of microfinance, it is important to not only to recruit but also retain talented individuals at the grassroots level to achieve long-term impact. Creating a supportive environment that nurtures and empowers these individuals is key. Hiring someone for grassroots engagement is not just about checking boxes on a checklist. It is about recognizing the potential of the person behind the resume and acknowledging their distinct skills and commitment. Aligning these individuals with the mission of the microfinance institution (MFI) is vital for retention.

However, we must also remember that microfinance is a business, and it is important to instil a culture of paying for quality service. This service is necessary for clients who need finance, and it is crucial for the sustainability of the MFI as well. We still need to meet targets and serve clients in various ways beyond just extending finance. The sustainability of microfinance is a need of the institution as well as the client. Have we positioned ourselves in terms of our mindset for such a noble service? Do we Celebrate the contributions to instil pride and motivation in meeting set targets? Do we have skill development programs to assist in target-oriented community engagement? It needs to start higher up, as this is not the responsibility of the ground staff alone. Observing the seniors share the responsibilities to make their numbers grow will motivate the grassroots staff the most; but is it realized? The grassroots worker gains the respect of the community, and they have the potential to gain more; but are they valued, trusted and respected in the

hierarchy, for their contribution towards community impact? Are they heard while making critical decisions related to target setting and community initiatives? Any initiative of Community Integration that encourages active involvement in community events that align with set targets, so that the worker and the community they are engaged with, also feel acknowledged?

It is the responsibility of the senior management to have far sightedness about the upward road map for every employee they want to retain by following few immediate feasible steps in the current circumstances:

- Envisioning innovative scenarios tailored for their work reality
- Staff-led efforts focusing on financial literacy and sustainable development, aligned with targets.
- Platforms for grassroots innovation addressing specific local needs while contributing to target achievements.
- Targeted training sessions aiding effective community engagement and target accomplishment.

In short, fostering an empowering environment for grassroots talent in microfinance is pivotal. Let's build MFIs that not only draw but also retain and empower a constellation of ground-level stars, catalysing impactful change and fostering financial inclusion at the grassroots!

Sangeeta Naik

Sa-Dhan

Vice-President

Member Engagement Sector Development



Sector Initiatives



The ASA India has been organizing health and eye camps in various parts of the country. The Company had been doing this with local doctors and amenities available and recently have tied up an agreement with Narayana Super speciality Hospitals to provide a better-quality service to the community at large. ASA believes that wellbeing is a 'right' of the Community at large. As such the camps are open to the community at large to have their free health and eye check-up cum treatment done.



Karigar Mela 2.0 with special emphasis on the promotion of millet-based products. The mela was inaugurated by the NABARD CGM

Mitrata Inclusive Finance Services Private Limited organised an interactive meeting with the Sa-Dhan team at the Mitrata premises Gurgaon.



Announcements

Sa-Dhan Lenders, Investors and MFIs Confluence -23rd January 2024 at Jio World Convention Centre Mumbai



We would love to hear your feedback for the Sa-Dhan Newsletter. Please feel free to share photographs and articles for our next issue. You can share your articles with rituparna@sa-dhan.org



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