

## MASSIF-CD

### Professional Development

#### **Cambodia** – PRASAC Microfinance Inst. Ltd. Bank Transformation

PRASAC is the largest microfinance institution (MFI) of Cambodia. Its goal is to become a commercial bank in 2014. The main objective of the conversion from a regulated deposit-taking MFI into a commercial bank is to further strengthen PRASAC's funding sources and to pursue sustained growth and commercial expansion. Through the CD funding FMO promotes the continuous improvement of the operational and business performance through a responsible transformation process of the institution.

### Product Development (SME)

#### **Sri Lanka** – SoftLogic Finance PLC (SLF) Workshop Risk Management for Small and Medium Enterprise (SME) Lending

SLF is a deposit taking leasing company in Sri Lanka, mainly focused on lending to the SME sector. The SME sector presents certain challenges when lending with mainly the lack of organised accounting and information content. Financials of the borrower have to be constructed from primary sources and compared across industry and geographical areas to understand the business proposition and risks associated with the loan transaction of the client. A three day training program was funded through CD to help SLF's lending officers to identify, measure and manage lending risks and undertake effective credit due diligence.

### Product Development

#### **Nepal** - Clean Energy Development Bank, Integrated Renewable Energy Technology Promotion

Clean Energy Development Bank (CEDB) is a bank in Nepal, set up to exploit opportunities in the energy sector – focusing on renewable energy. Though Nepal has an immense source of renewable energy, a lot of this remains untapped. In order to promote and improve the use of renewable energy in the rural areas, CEDB is executing a pilot to demonstrate the viability of the financing of Renewable Energy Technologies (RETs) in less developed districts of Nepal. The project will increase financial access of the rural communities to meet their energy need and as a result their livelihood will be improved. CD funding is used to finance part of this pilot.

### MIS/IT Systems

#### **India** – Vistaar Financial Services Pvt. Ltd., Implementation of Core Banking IT Solution

Vistaar Finance is a fast-growing start-up NBFC serving more than 15,000 informal small businesses in rural and semi-rural areas, from small textile workshops to "Kirana" stores: an underserved segment between microfinance clients and larger SMEs. Its growth stage, mission and financial inclusion activities perfectly fit MASSIF's scope. In order to improve its customer assessment method, the customer service quality and to help maintaining good controls on the systems and processes, Vistaar is working on

migrating to a more robust and scalable core banking IT solution. Social metrics are integrated in the system to enable Vistaar to more evidently assess this in their strategy forward. The project is partly funded by CD.

## **Risk Management**

**India** – Caspian Impact Investors, Developing Expertise in the Agricultural Sector and Managing Foreign Exchange Risk

Caspian Impact Investors are a newly created debt fund (through the conversion of an equity fund) targeting Micro, Small and Medium Enterprises, housing finance companies and agricultural companies in rural areas. Since agriculture was not a focus area of this equity fund, Caspian Impact Investors needed to get more knowledge and know-how in this field. CD is partly funding an external agri-expert that advises Caspian during their first year of operation. In addition, some CD funding is allocated to a project on increasing Caspian manage the exchange rate risk related to local currencies the debt fund provides.

## **Other Organizational Development**

**Philippines** – Bridge Philippines Capacity Building Project, Bridge Philippines  
Bridge Philippines is a newly set up Filipino holding company that wants to take minority equity positions into 3 or 4 Filipino provincial banks (MFI's). In order to improve the performance of the provincial banks and to create a network of regional champions in the Philippines, Bridge wants to support the banks with technical assistance in different areas, including Microfinance, Small and Medium Enterprises (MSME) lending and Risk Management. FMO has agreed to fund part of this technical assistance through the Capacity Development Program.

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## **FMO-CD**

### **Professional development**

**Sri Lanka** – Asian Alliance Insurance PLC, Seminar on the Future of Insurance

The Sri Lankan regulator has announced its plans for a mandatory split of life and non-life insurance business in two separate legal entities (to be completed by 2015).

Because the Asian Alliance Insurance PLC (AAI) wants to enter and establish itself in Life Insurance in Sri Lanka, they asked FMO and DEG to co-fund a seminar (with CD grants) for the Sri Lankan insurance industry on this topic. This seminar included speakers from reputable advisory firms and insurers to discuss lessons learned as well as best practices from similar developments in different countries.

## **E&S**

### **Asia – Multiple Clients, Pilot E&S Training**

An enhanced effort to bring FMO's funds to a higher environmental and social (E&S) performance is a wish within FMO. By focussing on fund trainings in a structured way, this E&S performance can be improved a lot. CD funding has been used to start with a pilot training for a few funds, providing them with a one-day training on E&S, leaving room to discuss performance improvement directly afterwards (next day). The training was for new funds in the Asian and African region.

## **E&S**

### **Bangladesh – Roundtable Ship Recycling Industry**

Ship recycling is a major contributor to economic growth and development in Bangladesh. While it is highly profitable and important for Bangladesh' development, the ship recycling industry is confronted with environmental and social challenges. Eastern Bank Limited, Dutch Development Bank FMO, DEG, IFC, a member of the World Bank Group, Dutch and German Embassies and Proparco co-organized a roundtable event to promote Environmental and Social (E&S) standards in the ship recycling industry in Bangladesh. The one day event aimed to concretely address specific E&S challenges the ship recycling industry is facing and jointly develop result oriented actions that will ensure incremental improvements on short, medium and longer terms. This event was deemed particularly crucial in light of the on-going implementation of the 2011 Ship recycling guidelines. CD funds were used for a study on global best practices in ship recycling which was used as input for the sector initiative.

## **E&S**

### **India – SREI Infrastructure Finance Ltd. ESMS Corporate Roll out Program**

SREI is a leading Indian Non-Banking Financial Institution in the infrastructure space and a client of FMO since 1997. It is a front runner in the Environmental & Social field in the Indian financial market. FMO will support SREI with CD funding that will start a pioneering and innovative new initiative: a structured Corporate Roll Out Program to improve Environmental and Social Performance at SREI's clients. Building on SREI's understanding of the E&S issues related to its clients, this program aims to reduce E&S risks for the clients, generate more buy-in and awareness of E&S risks (and opportunities) in the industry and hence ultimately improve SREI's own portfolio quality.

## **E&S**

### **Mongolia – E&S Sector Initiative**

Trade and Development Bank LLC in partnership with FMO, IFC, the Mongolia Banking & Finance Academy and the Mongolia Bankers Association initiated a sector wide sustainable finance forum in Mongolia. The purpose of the Mongolia Sustainable Finance Forum was to raise awareness and catalyse a process to: (a) address environmental and social (E&S) issues among Mongolian banks and other relevant stakeholders; and (b) create a level playing field across the sector. This concept was

built on the premise that the financial sector can and indeed should play an important role in driving sustainable economic growth in Mongolia. Three interlinked activities were executed in order to achieve these objectives; a CEO roundtable, an Industry Forum and an E&S training Forum. CD funds were used to provide support for the design, facilitation and delivery of this initiative.

## **E&S**

### **Mongolia** – E&S Sector Initiative Follow-Up, Mongolian Banking Sector

After the successful Mongolia Sustainable Finance Forum on May 13-16 2013, a commitment was reached by the Mongolian banks to embark on a journey together to define and operationalize a sustainable finance framework. In order to be able to make this journey, a strategic international advisor has been asked, together with a local advisor, to support the Mongolian Banks. The aim is to make E&S 'business as usual' and to drive sustainability in Mongolia. As part of the Capacity Development Program, FMO is supporting the international advisor.

## **Feasibility Study**

### **Bhutan** – Druk Holding and Investments Ltd., Feasibility study on establishing a Bank in Bhutan

Druk Holding and Investments Ltd. (DHI) is the investment arm of the Bhutan government and holds shares in most of the state owned enterprises. It is mandated to manage the existing and future investments of the Royal Government of Bhutan for the long-term benefit of the people of Bhutan. Since GDP in Bhutan has increased steadily during the last decade, it is expected that the domestic banks will not be able to service the expected increase in demand for credit. In order to be able to solve this problem, DHI is exploring the feasibility of establishing a large project finance bank (in the private sector) in partnership with international (private) investors. CD funding is used to support this feasibility study in order to conduct the first step in setting up such a large project finance bank in Bhutan.