

Glimpse



A Newsletter of CSD – September 2018, Issue 23

CSD celebrates 27th ANNIVERSARY



Honorable Finance Minister Dr. Yuba Raj Khatiwada inaugurating the program

The Centre for Self-help Development (CSD), one of the pioneer microfinance institutions celebrated its 27th Anniversary at a function organized in Kathmandu. Honorable Finance Minister Dr. Yuba Raj Khatiwada graced the occasion as the Chief Guest and inaugurated the program by lighting the traditional lamp panas.

The program was chaired by the Chairman of CSD, Mr. Shankar Man Shrestha and attended by the members of the Governing Board of CSD, microfinance practitioners, CSD members and other guests. Delivering the welcome address, Mr. Bechan Giri Executive Chief of CSD, highlighted the achievements of CSD during the past

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Centre for Self-help Development (CSD)
Family

Maitighar Height, Kathmandu, Nepal



Esteemed Guests and CSD Members



Honorable Finance Minister launching the book on Grameen Bank

27 years. Promoter and current Board Member of CSD, Dr. Sumitra Manandhar Gurung shared her experience in working with CSD.

Dr. Gurung said, “The main aim of CSD was to develop self-dependence among the people. It initiated community development programs in the Hill region with saving and credit as the main component and also launched microfinance program in the Terai area. After years of successful operation of microfinance, CSD promoted the Swabalamban Laghubitta Bikas Bank in 2002 and transferred its entire microfinance portfolio to the bank. Then onward, CSD focused on the capacitating of the board officials, senior executive and staffs of various MFIs by conducting microfinance related trainings, seminars and exposure visits.”

On the occasion, the ‘Entrepreneurship Development Award’ was presented to CSD’s institutional member that best developed entrepreneurs among its members. The coordinator of the Evaluation Sub-Committee and CSD Board Member Mr. Ram Kumar Shrestha announced the award to Batabaran Sudhar Bahuuddeshiya Sahakari Sanstha Ltd. (EDCOL), Surkhet after highlighting on the modus operandi of the selection. A cash prize of rupees one lakh and certificate was handed to the Chariman of EDCOL, Mr. Chandralal Acharya by the Chief Guest.

A Book namely ‘What we can learn from the Grameen Bank’ was launched by the Chief Guest, Dr. Yuba Raj

Khatriwada. The book comprises of the learnings from the ‘International Program on Grameen Financial System’ held in Nepal in joint collaboration of CSD and Grameen Trust, Bangladesh from June 8-9, 2018.

Addressing the gathering Dr. Khatriwada said, “I want to start by congratulating the winners of the Entrepreneurship Development Award. Just a few days ago, the World Bank had congratulated Nepal’s progress in poverty reduction. However, poverty levels differ between Nepal’s cities and villages. The socio-economic transformation of a society is impossible without the synchronization of entrepreneurship and technology. The Government and the regulatory body are ready to provide any kind of support and cooperation required for the mission of poverty alleviation.”



The Finance Minister delivering his speech



Finance Minister handing over the Entrepreneurship Development Award

The program was officially concluded with the closing remarks by Chairman of CSD, Mr. Shankar Man Shrestha. He said, “When microfinance first started we were able to reach considerable number of the poorest segment of the rural population and provide them with the required services. But now, with the rise of the number of MFIs the objective and fundamentals of microfinance has been forgotten. The greatest problem is the rise in unhealthy competition and multiple financing by the MFIs that has resulted in over indebtedness of the clients.” He further added that CSD would make efforts to transform unemployment into entrepreneurship through equity financing which has already been tried and tested in Bangladesh by the Grameen Trust.

CSD conducts a Study on Delinquency in Microfinance

On the request of UNYC Nepal, Banke, the Centre for Self-help Development (CSD) conducted a field research and study of the Problem of Delinquency in UNYC Nepal. The objective of the study was to assess the situation of delinquency in the three branches of UNYC Nepal viz. Dhangadi, IBRD and Jhalari. The study team comprising of Mr. Bechan Giri, Executive Chief (team leader) Mr. Satish Shrestha, Director and Mr. Prajwal Tuladhar, Research Officer, visited the three branches of UNYC from August 22-29, 2018 (Bhadra 6-13, 2075). The study team used Key Informant Interviews (KII) and Focus Group Discussion (FGDs) to collect data from 50 respondents.



A view of centre meeting during the research of UNYC Nepal

The study team observed factors affecting delinquency based on loan types as well as size of delinquent loan. The team also analyzed seasonal pattern affecting the size of delinquency in the above mentioned branches. The major causes of delinquency, as observed by the team were, the misuse of loans by the clients, over indebtedness due to multiple borrowing as well as external factors like illness and family emergencies that affected their ability to repay their loans.

The team has examined the magnitude of the problem of delinquency in each branch to point out the mitigating measures. Delinquency, as analyzed by the team, can be managed by equipping the staff required knowledge and skills to deal with credit appraisal as well as loan restructuring for those who are affected by severe calamities or whose family members are affected by health problems.



Household visit of clients

UPCOMING EVENTS

1. 27th AGM of CSD:

CSD will convene its 27th Annual General Meeting (AGM) on October 26, 2018 (Kartik 9, 2075) at 3 PM at its Training Hall, Maitighar Height, Kathmandu.

2. Exposure/Study visit to the Philippines:

CSD will be organizing an Exposure/Study Visit to various MFIs of the Philippines in joint collaboration with the Microfinance Council of the Philippines, Inc. (MCPI). A team of Board Officials of Nepalese MFIs will be visiting the Philippines from November 17-25, 2018 to observe the prevalent microfinance practices in the country.

3. Second National Microfinance Members' Summit:

The Centre for Self-help Development (CSD) proudly announces that the Second National Microfinance Members' Summit is being held in Kathmandu from December 1 – 2, 2018. The Summit, as before, is being organized under the initiation of principal Microfinance Institutions (MFIs) and coordinated by the Centre.

The First Summit held from May 15 – 16, 2016 witnessed a gathering of around 600 microfinance women members and microfinance practitioners in the capital and provided a platform to hear the stories and experience of the members. The response from the First Summit was overwhelming, and paying heed to their suggestion, this Summit is being held in the gap of two years.

This year we hope to see a turnout of over 600 microfinance women members representing various provinces, diverse background and ethnicity. The Summit this year will focus on the creation of a sustainable and healthy microfinance sector which will be achieved through the unified efforts of the policy makers, the implementers and the ultimate beneficiary members.

We look forward to seeing you at the Summit!

MF Field Staff Edified on Grameen Model of Microfinance Operation

It is well known that Prof. Muhammad Yunus - the founder of Grameen Bank is the father of modern microfinance. The Grameen model adopted by the bank has been replicated in over fifty countries for the past four decades including Nepal. Majority of the MFIs in Nepal are operating their microfinance activities following the Grameen model. However, in recent years the basic fundamentals of Grameen model is on a decline trend. In this context, CSD conducted the three-day long training program on Grameen Field Operation Management from August 8-10, 2018 at Maitighar, Kathmandu. The training aimed to develop understanding of the basics of the Grameen microfinance operation, credit management and apply the concept, systems and techniques across a range of credit operation management. The program also educated the participants on the measurement of portfolio quality, credit risk as well as the effects of delinquency on cash flow and productivity, financial sustainability and client protection.



A view of training session

Training on Fundamentals of Microfinance Accounting

CSD organized three day training from August 20-22, 2018 (Bhadra 4-6, 2075) on Fundamentals of Microfinance Accounting for 30 Account Assistants from Nepal Women Community Service Center (NWCSC) in Ghorahi, Dang.

The facilitators of the training were Mr. Mahendra Ban and Ms. Renu Prajapati. The program focused on concept and principles of accounting, process of accounts keeping, income statement and balance sheet, preparation and analysis on internal control system and checks.

During the closing session, the Assistant Director of NWCSC, Ms. Sharada Sharma awarded the certificate to the participants. She said to the participants "I hope this training has enhanced your knowledge and skills on accounts and also changed attitude and behavioral among staff. I urge you all to work hard to better our organization and I thank CSD for organizing this practical training on accounting.



A group photograph of the participants

CSD Capacitates Account Officers of MFIs



A view of valedictory session

A training on "Fundamentals of Accounting in Microfinance" was conducted by CSD from August 24-26, 2018 at Kohalpur, Banke with the aim of enhancing the capacity of the account officers of microfinance institutions. This training provided the participants with better insight on the role and responsibilities of account officers, significance of financial analysis, concept of accounting in microfinance, importance of voucher and supporting documents, bank reconciliation statement and its importance, classification of property and loan, preparation of financial statement and its importance, financial viability and sustainability, client development, protection and so on. The participants were also oriented on positive thinking & attitude building. It also provided them to share each other's experiences in accounting. Altogether there were 24 participants from 10 microfinance institutions.

Training on Microfinance Methodology and Operation Process



Closing remarks by Ms. Bijula Adhikari

CSD conducted the training on "Microfinance Methodology and Operation Process" from August 27-29, 2018 at Kohalpur, Banke for 24 loan officers of 10 microfinance institutions from the region. The objective of the program was to educate the participants on concept and importance of microfinance, fundamentals of microfinance, importance & methodologies of targeting, group dynamics, importance & management of savings, maintaining good relationship with clients to win their hearts, monitoring & supervision, delinquency management etc. The program also acquainted the participants with microfinance methodologies, including implement process and monitoring and supervision to mitigate risk. In addition, the course was designed to equip participants with practical tools and techniques for successful implementation of microfinance program in their respective field operational areas.

Developing Managerial Skills of Branch Manager



Participants learning through games

In view of the pivotal role of a branch manager in microfinance a training on “Developing Managerial Skills of Branch Managers” was organized from September 9-11, 2018 at Maitighar, Kathmandu to enhance their understanding of management specially on this diverse role as a leader, mentor and a coach. The main objective of the program was to build their capacity to mobilize the financial and human resources effectively and efficiently so as to achieve organizational goal. The training also aimed at enhancing their skills of leading, motivating and coaching staff and clients to boost their performance and get the best out of their capabilities to win the hearts of their clients and make their organization viable and sustainable in long run.

Efforts for tackling problems of delinquency in UNYC Nepal

Microfinance has been able to establish itself as one of the most important element in the development of Nepal and has served its purpose well by reaching the door steps of the poor and the marginalized population in the grassroots level for the past three decades. However, the microfinance sector has been plagued by the problem of delinquency for the past few years. This comes as a step backward from their mission to alleviate poverty. UNYC Nepal is one of the MFIs that has started facing the problem of delinquency that has adversely affected the portfolio quality of the organization. Keeping this in mind, the Centre for Self-help Development organized a customized training for the staffs of UNYC Nepal on Delinquency Management in Dhangadhi from August 30-31, 2018 (Bhadra 14-15, 2075). There were a total of 25 branch managers and field



Group photo of participants of UNYC Nepal

staffs participating in the training program. The training was the outcome of the field based observation of three member team led by the Executive Chief of CSD, Mr. Bechan Giri for 8 days in various branches in Kailali and Kanchanpur. Mr. Satish Shrestha-Director and Mr. Prajwal Tuladhar-Research Officer were other team members. The objective of the training program was to sensitize the participants on the severity of the problem of delinquency in the area and equip them with the necessary knowledge, skills and efforts to address the problem and improve the financial health as well as social image of the organization by protecting the clients from loan traps.

Training on Grameen Field Operation Management



Participants listening to the facilitator

The Centre for Self-help Development (CSD) organized a three day training program on Grameen Field Operation from September 26-28, 2018 (Ashwin 10-12, 2075) at Kathmandu. The program benefited 23 participants from microfinance institutions. They were oriented on the Grameen Bank operation modality, especially clients target, credit administration and clients monitoring and supervision. It also dealt with portfolio quality, credit risk and measures the impact on clients' well being and also on staff productivity, financial sustainability, customer security and credit delinquency management.



Resource person facilitating the training

Member's Corner



Profile of Bauddha Grameen Multipurpose Co-operative Ltd. (BGMCL), Surkhet

Background

Bauddha Grameen Multipurpose Co-operative Limited (BGMCL) is a primary Cooperative established on 25th May 2000 under the Cooperative Act 1992 with the vision of contributing to poverty reduction of the people living in Mid-Western Region (Karnali Province) through economic and social upliftment of the poor and deprived communities. The cooperative offers reliable and cost effective financial solution for the transformation of poor households' depending on subsistent agricultural farming towards market linked commercial production.

The focus areas of BGMCL are to a) conduct capacity building of the target member through financial literacy, cooperative education, basis on agriculture, livestock etc., b) provide microfinance, remittance, insurance and other financial services focusing to indigenous groups, dalit, tharu, janajati, muslim and poor people and c) maintain financial discipline, transparency, good governance system strictly following the cooperative act, rules, regulations and seven international cooperative principles.

BGMCL has been promoting microfinance for agriculture, Micro, Small and Medium Enterprises (MSME), youth self-employment, remittance, insurance and other financial services to 42,774 members (84% women) through its 19 branch offices and 210 staff strength. The financial and non-financial services have been extended to 28 VDCs and municipalities of four districts (Surkhet, Dailekh, Jajarkot and Jumla) where 96% of the borrowers represent women from the poor and disadvantaged groups. The cooperative has collected NPR 531 million savings and has exposure of NPR 900 million loans (mostly agriculture, MSME, livestock etc.). BGMCL is recognized leader in Province # 6 due to its valuable contributions, members trust, goodwill and experience in providing integrated financial services for the people of most difficult hilly districts.

Vision

Contributing to poverty reduction of the people living in Karnali Province through economic and social upliftment of the poor and deprived communities.

Mission

Provide qualitative financial and other services to poor and deprived communities through Cooperative system.



Mr. Panchasing Rokaya
Chairman



Mr. Bishal K.C.
Chief Executive Officer

Goal

Provide microfinance and other relevant services to 50,000 members by the end of 2020.

Objectives

- Serve the poor and deprived people for improvement of their lives.
- Maintain transparent financial system.
- Encourage member for self-help development.
- Organize social activities for development of community.
- Found best cooperative practice for rendering effective financial services to the community.
- Help improve the capacity of the members to undertake income generating activities.
- Maintain good governance in the organization.



Head Office of BGMCL

Savings Products

- Group Savings
- Personal Savings
- Pension Savings
- Center Fund Savings
- Welfare Fund Savings
- Daily Savings
- Monthly Savings
- Fixed Deposit
- Normal Savings
- Child Savings
- Life Security Savings

Loan Products

- General Loan
- Seasonal Loan
- Center Fund Loan
- Microenterprise Loan
- Business Loan
- Hire Purchase Loan
- Agriculture & Livestock Loan
- House and Land Purchase Loan
- Special Member Loan
- Deposit Guaranty Loan
- Life Security Loan
- Emergency Loan

The effect of multiple lending on clients:

A case of Chandrawati Damai

There is a popular saying in Nepal, “सुखमा नमस्तिनु, दुःखमा नअस्तिनु” (Don't get carried away at good times and don't lose hope when in sorrow). Ms. Chandrawati Damai (name changed) a resident of Pipladi municipality 3 Bansaha, Jhalari and a member of Jeevan Chakra UNYC Mahila Kendra is a prime example of a woman who has to see a ray of hope at the end of the tunnel. “My business was going good but everything fell apart after my husband ran away with the money from my clients and is still out of reach,” bemoans Ms. Damai whose world turned upside down when her husband betrayed her and left her all alone. Separated ever since, she has been living with her younger son, earning her living from the fancy shop opened at home.

She is fortunate to have a very supportive maternal family. Built upon the foundations of a constant struggle she has now some respite as her 18-year-old son sends her money from Delhi. She shared the tales of her struggle and hardship during her relocation from the Shuklaphanta conservation area to Dodhara Chandni where she owns about 10 Kattha of land that is currently taken care by her mother in law but later she moved to Jhalari with her husband and started a tailoring shop.

She feels that trusting her husband was her greatest mistake. She confesses that her misery was worsened when she started using the loans of other fellow members that

she could not pay back. “Taking loans from multiple MFIs was the start of all the troubles” recalls Ms. Damai. A tailor by profession she further adds, “When my husband was here we used to work together and there were 4 workers we had employed. Everything was going well. A college nearby placed a huge order of 12 lakhs. But unfortunately it was the time of Tihar, my husband who was habituated to gambling lost a lot of money in the game. Then he ran away with the remaining amount of money and is now unreachable. Then I was compelled to take loans from many other MFIs to pay off the debt.” Ms. Damai has a total of Rs. 1,90,000 to be paid to UNYC Nepal only followed by similar amounts to other three MFIs that she has been associated with.

Ms. Damai has gone through a lot of trouble for the past couple of years, socially, economically and psychologically but still she has the will to live for her children unlike others who have given up their lives because of such burden. She takes the blame on herself for not following the fundamentals that was taught when getting membership of the group. The prospect of more and more loan lured her to join multiple MFIs that have back fired and now she is bearing its consequences. “The first MFI to arrive in Jhalari was Udaydev followed by others. As the number of the MFIs grew so did the loans. I did not realize in the beginning

that associating with multiple MFIs would get me into such trouble. None of the MFIs advised me to not borrow loans from multiple institutions and beyond my capacity to pay rather they encouraged me to take more loans from them. So I went on taking loans from Udayadev, Grameen Bank, Nirdhan, Swadeshi and a few others. It all looked good in the beginning. I started with Rs. 20,000 from UNYC which is a nominal amount. Then there was an MFI named Swadeshi which offered Rs. 60,000. When my shop was registered they increased the amount to Rs. 1,00,000” says Ms. Damai.

Her association in multiple MFIs as well as the habit of using loans of other members of the group has further destabilized her financial condition and image in the society. Ms. Damai has a total loan due amounting to Rs. 5,42,900 to various MFIs plus Rs. 12,00,000 to the school. In terms of assets she has a two storey house which is valued at Rs. 15,00,000. Similarly, her 10 Kattha of land in Dodhara Chandani is valued at Rs. 5,00,000.

It may take a long time to pay all her loans with a meager income from her fancy shop as well as money sent by her son from India. She is in negative net worth and will take a long time to recoup and reach normal condition. This is a lesson that one has to remain within one's capacity and borrow loans to suit just the required quantity.

(... contd. from page 6)

Profile of Bauddha Grameen ...

Protection Schemes and Other Activities

- Member Security Fund
- Life and house Security Fund
- Cattel and Crop insurance facility
- Loan for Access to Life Insurance Company
- Bauddha Grameen Dairy Industry for marketing farmers Milk
- Bauddha Grameen Processed Drinking Water Industry for supply Pure water in market
- Health education and basic health check service
- BG Agriculture and Research Center for promotion of sustainable organic agriculture farming and providing advance agriculture practices for members
- Training center for tailoring in remote areas of Karnali province

Operational Status as of 16th August 2018

• Area Coverage:	4 Districts
• No. of Branches:	19
• No. of Centers:	1,575
• Total Members:	42,774
• Total Borrowers:	16,638
• No. of Staff:	210
• Share Capital:	Rs. 8,22,15,100
• Loan Outstanding:	Rs. 89,92,93,258
• Savings from Members:	Rs. 53,13,70,587.10
• Loan Overdue:	Rs. 74,05,787
• Profit as of 16 th August 2018:	Rs. 96,61,339
• Reserve Fund:	Rs. 4,41,22,991.95
• Operational Self Sufficiency:	124%
• Repayment Rate:	99.18%

Exposure Visit to Bangladesh

The modern form of microfinance was started from Bangladesh about forty two years ago by Nobel Laureate Prof. Muhammad Yunus. He lent \$27 to a group of poor people in the village of Jobra with their commitment to pay back without interest. They repaid the amount on time. Inspired by this, he arranged borrowing from one of the commercial bank to lend to the poor at 20% interest. He went on expanding the program gradually and found very effective. It was established that the poor are bankable. The process was refined year after year to suit the needs of the poor and later it was converted into the Grameen Bank. Prof. Yunus and the Grameen Bank were awarded with the Nobel Prize in 2006 for their outstanding contribution to change the lives of the poor masses in Bangladesh. The concept of microfinance has now spread across the world. Hence, Bangladesh is known as the Mecca of Microfinance.

CSD Nepal in collaboration with the Integrated Development Foundation (IDF), Bangladesh organized an exposure/ study visit to Bangladesh from September 22-29, 2018 to observe the operations of the MFIs in Bangladesh through visiting the offices and the clients of the renowned MFIs like Grameen Bank, IDF and ASA. The visiting team gained knowledge on the working modalities as well as the lending policies and approaches. They have been highly impressed by the credit plus activities of MFIs in Bangladesh. The team visited the head office of IDF and

Grameen Bank in Mirpur- Dhaka and regional office of ASA in Cox's bazar and was briefed on the approaches, strategies and mechanism of microfinance in Bangladesh. The participants in the team were surprised to see that the MFIs in Bangladesh were investing in the development of the next generation. They have focused on educating the children of their clients by helping them become doctors and engineers through various scholarship programs offered to them. The centre meetings were weekly and well managed and centre houses were constructed by the members themselves. The clients were found to have borrowed loans only needed amount to do their business. Members have invested the loans in the productive activities. The interesting thing observed in Grameen Bank is the beggars loan program. They are provided loans with no interest rate to help them buy and sell daily consumption goods to consumers. The team appreciated the star system of Grameen Bank that indicates the performance level of the staffs. The team found that the members are loyal to their respective organization and there is strong relationship between the members, staffs and organization.

The team appreciated the Grameen Bank for providing shares to its members only and all members are the owner of the Grameen Bank. The participants were impressed with IDF economic empowerment program named as 'Enrich Program' in one of the remote hilly area of Bandarban which is solely dedicated



The team visits the Yunus Gallery in Grameen Bank

to the development of backward community in the area. The participants were also highly motivated by non-financial programs of IDF like school, health, solar, agriculture etc. The team appreciated ASA for maintaining simple and cost effective branch structure. Continuous monitoring and supervision is a worth learning practice of ASA. The cost effective operation of branch makes the branch self-reliant within one year of operation.

During the review of the visit held at CSD, the participants remarked that the trip was very fruitful. They were impressed and overwhelmed by the hospitality of the Bangladeshi people. The team comprised of 10 officials from 8 different MFIs and the team was led by Ms. Renu Prajapati - Training Officer of CSD. The team consisted of Mr. Surya Bahadur Karki - Board Member of Karnali Saving & Credit Co-operative Society Ltd., Mr. Hari Krishna Joshi - Deputy Executive Officer of Chautari Laghubitta Bittiya Sanstha Ltd., Mr. Navin Pyakurel - Senior Manager of Garima Bikas Bank Ltd., Mr. Pawan Mandal and Mr. Toyanath Acharya - Senior Assistant Manager of Sahara Nepal Saving & Credit Co-operative Society Ltd., Mr. Mukesh Bikram Wasti - Monitoring Officer and Mr. Santosh Roka - Assistant Officer of Muktinath Bikas Bank Ltd., Mr. Sagar Khadka - Branch Manager of Batabaran Sudhar Bahuudeshiya Sahakari Sanstha Ltd., Ms. Anupama Gaihre - Branch Manager of Shreejana Bikas Kendra and Ms. Samjhana Dhungana - Assistant of Mirmire Laghubitta Bittiya Sanstha Ltd.



Nepalese officials with the center members of IDF



Centre for Self-help Development (CSD)

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