

Glimpse



A Newsletter of CSD – June 2018, Issue 22

What we can learn from the Grameen Bank



Group photo of the Resource Persons with the Nepalese MF Officials

Bangladesh is often hailed as the 'Mecca of Microfinance' across the world. The concept of micro-credit and the credit worthiness of the poor was first discussed by Prof. Muhammad Yunus in the year 1975. Witnessing the fact that 'the poor can save' and are honest and loyal, the Nobel Peace Prize winning Grameen Bank was soon established. In its nearly four decades of existence, the Grameen Bank has grown and expanded its services to beyond just micro-credit. Over years of experimentation and 'learning by doing', Grameen today stands as a learning ground for socially conscious microfinance practitioners around the world.

Despite the glorious past of microfinance in Nepal, where socially committed individuals had undertaken the drive to help uplift the socio-economic conditions of the poor, today, almost three decades down the line, the microfinance sector in Nepal is riddled with problems and challenges as a result of deviations from the true essence and fundamentals of microfinance.

In this context, the Centre for Self-help Development (CSD) in joint collaboration with the Grameen Trust (GT), Bangladesh organized a two-day 'International Program on Grameen Financial System' from June 8 – 9, 2018 in Dhulikhel, Kavre. The program was attended by 46 CEOs and deputy CEOs of 37 MFIs from across the country.

Established in the year 1989, the Grameen Trust is a non-profit and non-government institution set-up by the Nobel Laureate, Prof. Yunus, to support, promote and implement poverty focused microfinance, social business and other programs around the world.

The program was inaugurated by the Chairman of CSD, Mr. Shankar Man Shrestha who reiterated the cause of microfinance and the need for practitioners to step-up to the true call of serving the poor households. Highlighting the current scenario, Mr. Shrestha said, "If the foundation of the institution is sound, it will be able to withstand unforeseen shocks. With the unhealthy rise in the number of MFIs entering the sector, only those who abide by the fundamentals of microfinance



Nepalese MF officials at the program

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will be able to achieve long-term sustainability. Commercially motivated and profit oriented MFIs will tarnish the image of the sector.”

He further questioned, “What is your role in establishing a healthy microfinance sector? Are we willing to improve? There is scope for improvement, only if we have the right motive. A lot can be learnt from the Grameen experience. I hope that you will utilize these two days in finding solutions to your problems.”

The Grameen Bank has been able to survive 40 years of existence as not only do they value the basic fundamentals of microfinance, adaptations and innovations have been made time and again, keeping at heart the well-being of the microfinance members. Nowhere in the world, other than Grameen Bank, does 70% of the ownership lie in the hands of the very microfinance members. Additionally, nine microfinance women members represent these members as Board Directors.

Two distinguished microfinance veterans from Bangladesh, Mr. Ratan Kumar Nag, former Managing Director of Grameen Bank and Mr. Mir Hossain Chowdhury, Deputy General Manager of Grameen Trust facilitated interactive sessions on topics related to Grameen Financial System. Grameen Generalized System, credit management and client discipline, loan and life insurance system, delinquency and default management, client performance evaluation and graduation process, Nobin program, staff incentives and the Grameen star system were discussed at length.

As shared by Mr. Mir Hossain, Prof. Yunus is often quoted saying that if a problem arises in the repayment, then there’s a problem with the designers and not the client. In Grameen Bank, the loan repayment schedule is fixed after consulting the borrowers. It is Prof. Yunus’s belief that any increment in interest rate should be only that of the interest on savings. As it is believed that recurring changes in interest rates on loans will create a sense of uncertainty among the clients.

Mr. Hossain shared a few keys to success, the foremost being discipline, which should be maintained at all levels – from top to bottom and maintenance of a corruption-free environment through transparency in the operating system. Efforts should be made to raise human quality through honesty, credibility, sincerity and hard work. In the end he suggested that microfinance should be a

tailor made program, fitted to the needs of the target group.

“Microfinance was introduced to reverse the age old vicious cycle of poverty. One of the Sustainable Development Goals is to achieve zero poverty by the year 2030. This is also Prof. Yunus’s goal, as elaborated in his book - A world of three zeros”, shared Mr. Ratan Nag.

Addressing the growing tendency of microfinance practitioners to undertake quarterly instalments, Mr. Nag said, “If you go from weekly to monthly to quarterly repayments, then the relationship between MFI and member will become more and more distant. Microfinance builds on trust and relationship. If you deviate from the basics of microfinance, then the essence of microfinance is lost.” He added, “Member retention is very important to avoid over lapping.”

The closing session was graced by the Deputy Governor of Nepal Rastra Bank Mr. Chinta Mani Siwakoti as Chief Guest who thanked the resource persons for their valuable time and commitment in eradicating poverty. Mr. Siwakoti said, “We need to find ways to tackle and minimize the duplication of loans and clients and to manage over-indebtedness of loans. With the increase in interest rate charged by wholesale lenders and a spread rate of 7%, we may revise the interest rate cap of 18% for the MFIs. I am glad to note the resolve of the participants through the commitment shown towards the nine-point declaration passed by the forum. I hope you will fully utilize the knowledge gained from the program.”

Mr. Siwakoti also launched the Program Proceedings Report of the recently

concluded Symposium of Board Officials – Building Pathways to Strengthen the MF Sector. The two day Symposium held from February 22- 23, 2018 was organized by CSD in an effort to sensitize the Board Officials on the microfinance sector.

Sharing his experience of the two-day program, Mr. Roop Bdr. Khadka of Rural Microfinance Development Centre Ltd., said, “The Grameen Bank became a Nobel Peace Prize winner because it was able to internalize its experience and learn from it. They have well trained and dedicated staff who enter as a trainee and are trained for one whole year before making them a permanent staff. The loans to savings ratio which stands at 100:135 is a great achievement for any institution. Nepal can also learn from Grameen’s Nobin Program and work towards developing 10 entrepreneurs per MFI. I am thankful to CSD for taking the initiative to organize such a refresher course for us microfinance practitioners in Nepal.”

The participants were acquainted with the best practices of the Grameen Financial System, learnt from the vast experience of the resource persons and were inspired to make amends in the deficiencies witnessed in their respective MFIs.

Encouraged by the experience of the Grameen Bank’s Financial System, the participants came up with a declaration for overcoming the current problems faced by the MFIs in Nepal. They vowed to follow the fundamentals of microfinance and take microfinance services to the doorsteps of the left out population and disburse appropriate loans as per the need of the clients. They also addressed the problem of staff poaching and steps to promote youth self-employment.

(contd. on page 3)



Deputy Governor of NRB Mr. Chinta Mani Siwakoti launching the Symposium of BODs Program Proceedings Report

SDC Team Engage in Interaction on Current Issues in Microfinance

A member organization of the Centre for Self-help Development (CSD), Shreejana Development Centre (SDC) organized a one day interaction program of its Board Officials and branch managers on April 19, 2018 (Chaitra 26, 2074) in Pokhara to address the issues and challenges faced at the organization and field level. The Chairman of CSD, Mr. Shankar Man Shrestha was the Chief Guest of the program. A total of 40 participants took part in the program during which they raised many problems and challenges confronting the organization while implementing the microfinance program in their area of operation.

Mr. Bir Bahadur Adhikari, Executive Chief of SDC said that there are about 50 branches of different MFIs that have been operating in Lekhnath Pokhara municipality itself. Concentration of MFIs in one place has caused problems of excessive duplication, unhealthy competition, multiple financing, client drop out, loan default and so forth. Therefore, such issue should be timely addressed to maintain the soundness and sustainability of the MFIs. The program also sought to identify ways to mitigate credit risk, manage delinquent loans and familiarize the branch managers with the rules and regulations set by the Nepal Rastra Bank.

During the course of discussion, Mr. Shrestha pointed out the need to internalize and successfully follow the fundamentals of microfinance while



CSD Chairman, Mr. Shankar Man Shrestha with SDC Chairman, Mr. Arjun Shrestha and SDC Team

conducting the microfinance program. He urged them to develop their own clients rather than poaching clients of other MFIs and to sanction loans to the members only after thoroughly assessing the client's need, experiences and capacity. He also stressed upon the need to visit the door steps of the clients to monitor their wellbeing, progress as well as talk to their family members and educate them about the disadvantages and consequences of multiple borrowing.

Mr. Shrestha said, "The best way to protect clients from being poached by other MFIs is to educate them on the possible damage that could be caused by excessive borrowing from multiple MFIs.

I urge the branch managers and staff to build close contact with members and gain their trust and loyalty towards their organization. This will help retain your clients."

The management and branch managers realized that the problems have been created by themselves and it is their responsibility to address the issues. The participants expressed their determination towards controlling clients duplication and drop outs that exists as the severest problem and also encourage the dormant members to engage in income generating activities and introduce necessary plans and policies to reduce distortions in microfinance.

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DHULIKHEL DECLARATION

1. Contribute towards the Government of Nepal's initiative to alleviate poverty by taking microfinance services to the doorsteps of the poor by following the principles and fundamentals of microfinance without tarnishing the image of the sector.
2. Strictly curb duplication of current microfinance members and spread microfinance to the ultra-poor and left-out families. Also, immediately put an end to over-indebtedness of clients and activities that lead to the downfall of the institution and the microfinance sector.
3. Make appropriate loans to the members only after factoring their business skills, experience, commitment, capital requirement, capability and productivity.
4. Undertake client protection programs by developing continuous contact with the members and try and win them over through quality services.
5. Effectively implement the principles, fundamentals and process of the Grameen model.
6. Each MFI will accept a new recruitment only after they receive a copy of the resignation letter accepted by the previous MFI if the candidate is a staff of any other organization.
7. Implement action to encourage inactive members to take loans for productive activities and to build-up capital by encouraging members to increase their savings.
8. Make plans to implement necessary monitoring and supervision of the microfinance program by the Board Officials, top management and middle management.
9. To establish a Community Development Fund to promote youth self-employment as per the Grameen Trust's equity finance model.

CSD Conducts Training for the Account Officers of MFIs



Group photo of participants with facilitator and CSD training team

The Centre for Self-help Development (CSD), conducted a three-day training on 'Fundamentals of Accounting in Microfinance' in its own training hall in Kathmandu from April 22 - 24, 2018. The training aimed at equipping account officers with the basic knowledge and practical know-how of accounting practices in microfinance. A total of twenty-three account officers from 11 microfinance institutions (MFIs) took part in the program.

The key resource persons of the training were Mr. Mahendra Ban, Department Head of Swabalamban Laghubitta Bittiya

Sanstha Ltd. and Mr. Satish Shrestha, Director of CSD. The resource persons covered various interesting topics that dealt with the role and the responsibilities of account officers, significance and process of financial analysis, importance and method of reconciliation and so forth. During the course of the training, the participants were enlightened on the concept of accounting in microfinance, vouching process, property and assets management, financial statement preparation and ratio analysis.

The Closing Session was chaired by the Director of CSD, Mr. Satish Shrestha who

urged the participants to focus on the principles, norms and values of microfinance by delivering quality services to clients rather than increasing the number of clients. He further added, "Be sincere to your organization and devote yourself to the service of your clients. You must work in accordance with the mission of microfinance and help in the socio-economic development of your clients."

During the closing session, the participants were asked to give their feedback about the training. They expressed their happiness in having the opportunity to participate in such training programs. Speaking during the session, Mr. Narayan Prasad Subedi of Jeevan Bikas Samaj said, "In an age of technology where all the record keepings are done by the software, this training has made a lot of difference in our understanding of accounting and its significance."

The participants were enthusiastic and eager to put their learning into practice and appreciated every part of the training. They expressed that the training organized by CSD was very participatory, interactive, practical and knowledge based.



The resource person facilitating the session

CSD ENHANCES THE CREDIT MANAGEMENT CAPACITIES OF MFIs

Sound credit management is a prerequisite for a financial institution's long term stability and profitability, whereas, poor management causes deterioration and affects the overall performance of the organization. Risk in microfinance arises when money lent is not repaid within the stipulated time. Thus, the Centre for Self-help Development organized a three-day training on Credit Management from Chaitra 21-23, 2074 (April 4-6, 2018) to acquaint the participants with the concept and process of credit management.

The training dealt with the process of monitoring and supervision of the clients and their projects. It also honed the skills of field staffs in identifying potential clients and provided hands-on experience in credit management.



Participants learning from a game during training session

The training discussed the operational issues and challenges faced by the MFIs through sharing of experience. Issues like inability to identify target clients and lack of client protection have led to clients' dropouts. This has also resulted in MFIs losing

(contd. on page 9)

CSD Conducts Customized Training for Branch Managers of Manushi

"A manager is not a person who can do the work better than his men; he is a person who can get his men to do the work better than he can." - Frederick W. Smith



Group photo of participants with G.M. of Manushi, Ms. Shova Bajracharya and CSD Executive Chief, Mr. Bechan Giri

The success of an organization is built on a strong and sound foundation. It is complemented further by an efficient management team that oversees all the activities that are led by the Chief Executive Officer (CEO) to achieve its vision and mission. This spirit is carried forward by the Branch Manager at the branch level transferring the knowledge and energy to the field staffs. As such, there is a vital role of a Branch Manager for the smooth functioning of the organization and their motivation is a must. In view of this, the Centre for Self-help Development (CSD) organized a two-day customized training for the Branch Managers of Manushi Titled 'Developing Managerial Effectiveness of Branch Managers' from Jestha 17-18, 2075 (May

31—June 1, 2018). The two-day training program aimed at motivating and re-energizing the Branch Managers so that they are able to improve the efficiency and effectiveness that will help drive the organization forward.

During the course of the training, the participants identified the challenges currently faced by Manushi and measures required to mitigate them. They were also enlightened on the mantras of effective communication with the staff to meet the objectives of the branch. Similarly, they were also oriented on tools of resolving the conflict issues, effective negotiation skills while dealing with clients and ways to effectively operate a branch. Other learnings from the training

were the steps to avoid loan duplication and delinquency followed by improving the monitoring and supervision skills which is a must to achieve a sound and sustainable organization.

During the closing ceremony the General Manager of Manushi, Ms. Shova Bajracharya said, "Whenever we participate in a training program we experience a change in ourselves. I sincerely hope that this training has made a difference and revitalized you all with energy. I expect that you will use the learning from the training in your daily life which will help you improve in the future."

Speaking during the feedback session Mr. Kamal Shrestha said, "This training has taught me the importance of taking initiatives and the need to adapt oneself according to the time and situation."

The training program officially concluded with closing remarks by the Executive Chief of CSD, Mr. Bechan Giri who said, "A Branch Manager carries a lot of responsibility and also faces challenges along the way. Thus, the Branch Manager has to be strong. We have organized this training to polish the knowledge and skill you possess to move forward." He further added that trainings are a must and it should be organized regularly for the staffs to increase their productivity and efficiency.



Participants actively involved in the training

Member's Corner



Profile of Mahuli Samudayik Laghubitta Bittiya Sanstha Limited



Mr. Prabhu Narayan Chaudhary
Chairman



Mr. Roshan Kumar Mandar
Managing Director

Background

Mahuli Samudayik Laghubitta Bittiya Sanstha Limited (MSLBSL) is a microfinance institution registered on 2nd September 2012 as a public limited company. It is promoted by an NGO, Mahuli Community Development Center (MCDC), and 54 individuals committed to the cause of providing financial services to the poor. MSLBSL started its formal operation from 16th May 2013 after receiving license as a 'D' class microfinance bank from Nepal Rastra Bank (NRB). It had taken over the entire microfinance operation, assets and liabilities and staffs of MCDC and gave continuity to the services provided to its members. Currently the program has received permission to operate in 15 districts such as Saptari, Siraha, Udaypur, Khotang, Sunsari, Bhojpur, Okhaldhunga, Sindhuli, Dhankuta, Ramechhap, Terhathum, Sankhuwasabha, Solukhumbu, Sarlahi and Mahottari. MSLBSL received recognition from the Internal Tax Department of Lahan, Siraha as the highest tax paying institution in the districts for FY 2071/72 and at zonal level for FY 2072/73 BS.



Head Office of MSLBSL

Vision

Getting the poor people out of poverty and create a self-reliant society and emerge MSLBSL as a self-sustainable and poor friendly institution.

Mission

To provide easy access to the financially excluded segment of the rural people.

Goal

- To raise the awareness of the disadvantaged and deprived groups for their self-development.
- To provide credit and saving services to the poor and low income families at their door steps.

Protection Schemes and Activities

- Life and Loan Insurance
- Maternity Allowance (For 1st two children)
- Free Loan Insurance up to Rs. 60,000 loans
- Relief amount of Rs. 5,000 in case of member's husband's death
- Relief amount of Rs. 2,500 in case of member's child death (For 1st two Children)
- Relief amount of Rs. 1,000 - 2,500 in case member falls victim to natural disaster
- Loan waiver in case of member's death

Savings Products

- Personal Savings
- Group Savings
- Child Savings
- Pension Savings
- Daily Savings
- Client Reserve Fund
- Center Development Fund

Loan Products

- General Loan
- Seasonal Loan
- Incentive Loan
- Best Members Loan
- Micro Enterprise Loan
- Housing Loan
- Education Loan
- Foreign Employment Loan
- Alternative Energy Loan
- Sanitation Toilet Loan
- Disaster Loan

Operational Status as of 14th May 2018

• Area Coverage:	10 Districts
• No. of Branches:	31
• Total Members:	63,428
• Total Borrowers:	50,252
• No. of Staff:	185
• Authorized Capital:	Rs. 30 Crore
• Paid-up Capital:	Rs. 9 Crore
• Issued Capital:	Rs. 6 Crore
• Loan Outstanding:	Rs. 1,57,64,33,973
• Savings from members:	Rs. 69,27,48,847
• Loan Overdue:	1.81%
• Net Profit at the end of May 2018:	Rs. 2,72,59,671
• Reserve Fund:	Rs. 16,21,33,208
• Operational Self Sufficiency:	125.89%
• Repayment Rate:	99.63%

Devaki Tamang

says no need to go abroad to **EARN MONEY**

In a time when men and women from Nepal are looking for opportunities to go abroad, a 42 year old lady from Daanda Gaun-05, Ms. Devaki Tamang has found reasons to stay back. A member of Sayapatri Swabalamban Mahila Kendra operated by Chuchhepati branch of Swabalamban Laghubitta Bittiya Sanstha Ltd. (SWBBL) since 2061 B.S. Ms. Tamang has been engaged in growing vegetables and rearing goats. A jolly woman by nature Tamang has been handling her business well and also carrying out her responsibilities to her family along with her only son who is a school teacher by profession.

Tamang explains, "My husband and I used to work in the field together. He used to help me grow vegetables and sell them in nearby bazaar. But since he developed a habit of drinking liquor now a days he does nothing." This, however, has not deterred Tamang from managing her business and her daily chores. She takes necessary advice from her son in all matters including taking loans from SWBBL who has been a great support to her.

As one of the oldest member of the centre who is not part of any other MFI except SWBBL, Tamang takes pride in being the first women in the village to grow vegetables and later teaching and motivating other women to grow vegetables of their own. She feels fortunate to be a part of SWBBL which she came across by chance 13 years ago.

Tamang recalls, "Back in the year 2061 B.S. there was a staff of SWBBL who met



Outside the house of Devaki Tamang (right)

one of the members of the village around Tusal area. The neighbor told me that he was trying to set up a centre in Danda Gaun. Accordingly, a lot of women from the village joined the pre-group training, a mandatory requirement for a group but only 15 were successful in becoming members."

Tamang who is originally from Dhading, has been growing vegetables in her native home from her young age. She started off with two goats that have now multiplied to 17. She expressed her gratitude to SWBBL for helping her grow her business and teaching her the importance of cultivating saving habits and utilizing loans for expanding her enterprise.

Tamang further adds, "I started rearing goats without prior knowledge about it till I received training from Heifer through the VDC. I owe it to SWBBL for motivating me to work hard and increase my business."

Devaki has come a long way since the start and her situation has improved a lot after joining Sayapatri Swabalamban Mahila Kendra. She said, "Before I joined SWBBL, I did not work to

my full potential. But after I became a member, with financial support, I could expand my business year after year in the past 6-7 years. Now I feel like working more and more to grow my enterprise."

However, the improvement in her current social and economic stature has been built upon the foundation of years of struggle where she had a hard time educating her child. Devaki recalls, "It was very hard for me till my son grew up. We had to sacrifice food for a day to buy him copies and pen for school."

The improvement in her financial status was smoothened by the establishment of a market in Narayansthan about 6-7 years ago where she sells the vegetables alongside other vendors in the morning. She continues to work hard as she has to carry her vegetables on her own and walks daily from Daanda Gaun to Narayansthan, a 45 minutes walk. Moreover, she also faces some challenges while rearing goats. Among them the toughest is looking for fodder in and around the Shivapuri Conservation Area which is guarded by the Nepalese Army and prohibits the villagers from collecting fodder. As such, she plans to reduce the number of goats and concentrate more on growing vegetables.

However, she also expressed her sadness towards the Government for not paying any attention towards rebuilding the houses that had been damaged by the earthquake over two years ago. Due to this they still have been living in a constant fear of her house falling down.

What started off as an initial investment of Rs. 5,000 on vegetable farming has grown significantly today. She now earns as much as Rs. 100,000 a month of which she saves about Rs. 30,000.

Devaki Tamang is just one of the success stories of the microfinance sector where the loan was effectively utilized in income generating activities. Additionally, her loyalty to SWBBL is noteworthy wherein she has been taking loans as per her true need and requirement. She said, "If we work hard, there is no need to go abroad for earning money."



Vegetables grown by Devaki Tamang

Cultivating

Sense of Ownership in MFIs staff

Management in organizations is an important function that coordinates the efforts of people to accomplish goals and objectives using available resources efficiently and effectively. Management comprises of planning, organizing, staffing, leading and controlling in an organization. A manager is one of the most important factor of an organization as she/he plays a role of a leader, coach, friend, colleague and ambassador. Therefore, a branch manager has to be competent. Keeping this in mind, the Centre for Self-help Development (CSD) organized a three-day training program from Ashadh 3-5, 2075 (June 17-19, 2018) to develop the management skills of branch managers to achieve the objectives and goals of the organization.

The training program was conducted to acquaint the participants with the roles and responsibilities of a manager and to build their capacity to mobilize the resources effectively and efficiently to achieve organizational goals. The training also aimed at enhancing their skills of leading and motivating staff and clients to boost up their performance and get the best out of their capabilities and win the hearts of their clients.

Mr. Shankar Man Shrestha, Chairman of CSD chaired the closing session of the training program. Mr. Shrestha shared his views regarding the qualities necessary to become an effective Branch Manager. He said, "The greatest treasure that a human



Group photo of participants with the facilitators

being has is her/his honesty. Honesty is the best policy. If you work hard in the present it will surely bear fruit in the future. So, one must be honest and true to oneself to succeed in life. You must always work for the betterment of your clients. Visit their doorsteps to learn about their progress and the problems they are facing and assist to solve them. This will create a bond and you will earn their respect."

During the feedback session, Mr. Sudip Khadka of Sahara Nepal said, "The three-day training was very fruitful. One of the best learning that I will take away from this training is the need to have a sense of ownership towards one's organization and

not view it as just a regular job. This feeling of belongingness will help oneself, the organization and our clients to grow."

There were a total of 21 participants from 12 different MFIs. The participating MFIs were National Microfinance Bittiya Sanstha Ltd., Mero Microfinance Bittiya Sanstha Ltd., Sabaiko Laghubitta Bittiya Sanstha Ltd., Infinity Microfinance Bittiya Sanstha Ltd., Civil Laghubitta Bittiya Sanstha Ltd., Sahara Nepal SACCOS Ltd., Swarojgar Laghubitta Bittiya Sanstha Ltd., Jeevan Bikas Samaj, Nepal Women Community Service Center, Nawaprativa SACCOS Ltd., Mahila Upakar Munch and Dhaulagiri Community Resource Development Center (DCRDC).



Participants conducting the review session



Participants eagerly listening to the facilitator

Capacitating the Field Officers on Credit Management

Training refers to a planned process that modifies the knowledge, skill and attitude of an individual to achieve enhancement in the level of performance through learning experience. It develops the ability in an individual to satisfy the needs of the organization at present and in the future. Training and development is an integral part of any sector of operation including microfinance. Microfinance has existed as one of the most effective tool for the socio-economic development of the women living in the rural areas and empowering them through credit and plus activities and entrepreneurship development. However, in the past few years the quality of the loan portfolio has been declining that poses question on the sustainability of the MFIs. Keeping this in mind, the Centre for Self-help Development organized a three-day training program from Ashad 13-15, 2075 (June 27-29, 2018) to capacitate the field staff to efficiently handle the credit portfolios of the organization and mitigate potential risks.

The three-day training program was attended by 23 participants from 12 MFIs. The participating organizations were Nepal Women Community Service Center, Mahila Upakar Munch, Karnali Saving and Credit Cooperative Ltd., Sahara Nepal SACCOS Ltd., Jeevan Bikas Samaj, National Microfinance Bittiya Sanstha Ltd., Swabalamban Laghubitta Bittiya Sanstha Ltd., Summit Microfinance Development



Participant interacting with the facilitator

Bank Ltd., Shrijana Samudayik Bikas Kendra, Shreejana Bikas Kendra, Swarojgar Laghubitta Bittiya Sanstha Ltd. and Dhaulagiri Community Resource Development Center (DCRDC).

The credit management training aimed to develop an understanding of fundamentals of credit management and apply the concepts, systems and techniques across a range of credit activities. Moreover, the three-day training oriented the participants on measurement of portfolio quality, credit risk, delinquency and client protection.

During the feedback session, Ms. Parbati Tharu of Mahila Upakar Munch said, "The training was very effective. Though the

topics discussed during the course of the training were familiar, it has also taught us the innovative ways to do things. I have learnt that one has to give her/his best in whatever one does and should always dare to solve the problems oneself."

The training program officially ended with closing remarks by the Executive Chief of CSD Mr. Bechan Giri who said, "Every training offers new things to learn and improve. On that note if you all can take away 50% of the knowledge we tried to give during the course of the training the objectives of the training will be fulfilled."

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CSD Enhances ...

good clients, loan defaults, clients duplication and delinquency. The training program was attended by 18 participants from 7 different MFIs.

During the feedback session, Ms. Bhawana Chaulagain of National Microfinance Bittiya Sanstha Ltd. said, "The credit management training was very fruitful. I had the opportunity to learn a lot. The training has helped me polish my knowledge and paved a way for a better future. It has also enhanced my skills on managing credit which will be with me for the rest of my life."

The training concluded after the closing remarks by Mr. Bechan Giri the Executive Chief of CSD who praised the energy and dedication shown by the participants. Mr. Giri said, "I am impressed with the effort, energy and inquisitiveness shown by the participants. I would like to urge you to show the same kind of energy in the field to get the best out of yourself in the future."

The participants were from Womi Microfinance Bittiya Sanstha Ltd., Swarojgar Laghubitta Bittiya Sanstha Ltd., Infinity



Participant sharing views about the training

Microfinance Bittiya Sanstha Ltd., Mirmire Microfinance Development bank Ltd., National Microfinance Bittiya Sanstha Ltd., Shrijana Community Development Center and Ekata Saving and Credit Co-operative Ltd.

Senior Executives of MFIs Visit Bangladesh

The Centre for Self-help Development (CSD) organized an exposure visit to Bangladesh from May 5-12, 2018 (Baisakh 22-29, 2075) to gain knowledge of the operations of the MFIs in Bangladesh through visiting offices and clients of the renowned MFIs like Grameen Bank, IDF and ASA. The team got acquainted with the working modalities as well as the impact of credit on their clients. Bangladesh is a developing country where the gap between the haves and the have not has been very wide and microfinance has been successful to narrow down this gap to a great extent.

During the visit the participants noted 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 capable doctors and engineers through various scholarship programs offered to them. Similarly, the branches of the three institutions were also found to be manned by young and energetic managers. It was also found that the MFIs had employed members of the 13 tribal groups that have been living in Bangladesh in the three hilly districts of Rangamati, Khagrachari and Bandarban. This is evidence of their solidarity with the deprived segments of the society. The MFIs have emphasized more on increasing the members' income and cultivating saving habits.

The centre meetings are well managed and meeting venues were constructed by the members themselves. Life insurance provided by the bank is without premium but the insurance savings is compulsory which is refunded on member retirement. Members are well aware of their financial transactions as they have been well trained and oriented.

The clients were found to have borrowed loans only the needed amount to do their business. All have invested the loans in the productive activities. They have emphasized on the development of local products like bamboo, cotton, rice etc. There is a strong trust built up between the MFIs and the clients. Tablet banking was found to have used by ASA as a paper saving strategy. Similarly, micro enterprise loan given to the members are found well performed.

One of the good things observed during the visit was their



Nepalese officials with Nobel Laureate Prof. Muhammad Yunus

dedication towards social responsibility whereas MFIs in Nepal have only concentrated on maximizing profit with less emphasis on credit plus activities. As part of the corporate social responsibility the beggars are provided with loans at 0% interest to help them buy and sell daily consumption goods to consumers. Similarly, there is a separate team of 3-4 members from the Grameen Bank that follows up on the migrating members that reach their door steps to know their whereabouts with their family members and collect the installments. An interesting thing found during the visit was that the Grameen Bank provides stars of different colors to the branches and staff that indicate their performance level. A branch obtaining 5 stars indicate the highest level of performance. Similarly, to control duplication there is effective coordination between the MFIs that exchange proper client information which is lacking in Nepalese MFIs.

The distribution of the responsibility regarding credit was also found to be effective at Grameen Bank. Only the Area Manager is allowed to approve the loans and the collection sheet is updated by a separate program officer to control the possibility of corruption. Similarly, the credit plus activities like health, education, sanitation etc. conducted by IDF through

Samridhi program for the integrated development of the community is highly noteworthy.

The MFIs are mainly funded by Palli Karma-Sahayak Foundation (PKSF), a not for profit organization that provides necessary funds to the MFIs. The Microcredit Regulatory Authority (MRA) was established by the Government under the "Microcredit Regulatory Authority Act 2006" to regulate the activities of the MFIs of Bangladesh.

One of the participant from Muktinath Bikas Bank Ltd., Mr. Daman Prasad Pokhrel said, "The trip to Bangladesh was very fruitful. One of the most important thing that I observed during the visit was how MFIs in Bangladesh have grown as an institution with their emphasis on corporate social responsibility. Under this they have launched various credit plus programs aimed at the integrated development of the members for the overall development of the country."

The team consisted of 10 executives from different parts of Nepal. This team was coordinated by Research officer of CSD Mr. Prajwal Tuladhar. The team consisted of Ms. Kamala Thapaliya (Supervisor), Ms. Shanta Devi Sitaula (Field Manager) and Mr. Bhakta Bahadur Khadka (Assistant Manager) from Sahara Nepal Saving and

Credit Co-operative Society Ltd., Mr. Dipak Pokhrel (Acting Area Officer), Mr. Kedar Prasad Mahto (Branch Manager) from Nerude Laghubitta Bikas Bank Ltd., Mr. Nagendra Raj Poudel (Monitoring Officer), Mr. Daman Prasad Pokhrel (Monitoring Officer) from Muktinath Bikas Bank Ltd., Mr. Kashiram Bhattarai (Assistant Manager) from National Microfinance Bittiya Sanstha Ltd. and Mr. Umesh Khichaju (Accountant) from Shreejana Development Center (SDC).



Participants with the center members of IDF

Simplicity at its best –

Bandhan Bank, India

When the fundamentals of microfinance are followed, great outcomes are achieved. This is true with Bandhan Bank which has been given universal banking license by the Central Bank of India in 2015. In just 15 years of establishment as an NGO, Bandhan which has been operating microfinance for the poor first transformed into a Non-Banking Financial Company and then into a full-fledged technologically adept bank serving its over 12 million customers.

For the purpose of exposing CEOs and Board Officials to the microfinance activities of Bandhan Bank, India, the Centre for Self-help Development (CSD) organized a Study Visit to Bandhan Bank from May 20 – 27, 2018. The 10 member team traveled to Assam and Meghalaya to observe the microfinance activities and operations firsthand. The team was led by the Director of CSD, Mr. Satish Shrestha and coordinated by Senior Officer Ms. Stephaniema Rana.

The team visited the field activities in Shillong, Meghalaya and Guwahati, Assam during which they were surprised to witness the discipline and commitment of both the members and staff during the group meetings. Bandhan has given continuity to its weekly group meetings and has maintained close contact with its members. The group members of Sharada Bandhan in Guwahati shared that Bandhan has contributed to their socio-economic upliftment, increased income levels and improved quality of lives.

“The members of Bandhan are well disciplined despite being such a large group. Additionally, 90-100% members are loanees as compared to Nepal’s just 60% loanees per center. In Nepal we carry out credit appraisal just because it is a requirement. But in India, they undertake careful credit appraisal as they realize its role in reducing the chances of default,” said Mr. Nara Hari Neupane of Sahara Nepal.

As observed by Ms. Chandrakala Neupane of Mahila Upakar Manch, the members were making loan demands only as per their requirement. One microfinance member from Motinagar, Shillong said, “If we take many loans, we have to make equally more repayments. The weekly repayment system is to our benefit as we can pay smaller loan instalments each week. We are satisfied with the loan provided by Bandhan and do not have the need for additional loans.”

In Bandhan, loan amounts of upto INR. 1.5 lakhs is handled by the micro-banking branch while those of above INR 2 lakhs is handled by the banking branch. All financial transactions are clearly recorded at the



With the group members of Bandhan in Guwahati

group meetings, both by the field officer as well as by the members. A copy of the receipt from the POS (Point of Sale) machine is provided to the group as well for safe keeping.

Appreciating the systematic use of technology in Bandhan, Mr. Hari Niraula of Sahara Nepal SACCOS said, “In Nepal we went too far ahead with technology use without considering certain factors. Here, the POS machine used by the field officers is simple, efficient and effective.”

Noting the efficiency of the field staff Mr. Bir Bahadur Adhikari of Shreejana Development Centre commented, “The work is completed within the day. I am impressed with the neat, simple and up-to-date operation system.”

During the interaction at the Doorstep Service Centre (DSC), Nepal’s equivalent of Branch Office, the staff shared how they tackled loan defaulters. Contradictory to Nepalese MFIs, in Bandhan, no group pressure is exerted on the defaulter. The DSC Head has to make a compulsory household visit on the day of default itself. Personal household visit is made to ascertain the member’s situation and members are encouraged to pay only the amount that they can afford. Moreover, they are encouraged to continue attending group meetings so that the relation with Bandhan remains intact. In the case of default due to business failure, time is given for recovery before disbursing a fresh loan.

“I greatly appreciate Bandhan’s simple living, high thinking philosophy. There is cooperation and coordination at all levels and the staff are diligent workers,” said Mr. Ganesh Bdr. Chand of Udayadev MP Coop. Ltd.

Each DSC has a poster exhibiting Bandhan’s values of CREATE - Cost effective and simple, Respect for all, Exemplary governance, Accountability, professionalism and discipline, Transparency and integrity, and

Effective team work and commitment which is followed by all levels of staff.

The team also discussed with Mr. Kangkan Mazumdar, the Regional Head who voiced the values of Bandhan. He said, “The members are the owners of Bandhan and we are their employees.” As the Regional Head he oversees six states, 7 clusters, 348 DSCs, around 2663 staff and 12 lakh clients with a loan portfolio of INR. 5,000 crores.

Impressed with the close monitoring and supervision by the Area, Cluster and Regional levels Mr. Ek Raj Giri and Mr. Hem Raj Giri of Sahara Nepal said, “We will also try to inculcate the same system in our organization. We appreciate the helpline numbers at the DSC for the members to contact the office in case of any emergency.”

Mr. Batuk Shrestha of Shrijana Community Development Center said, “I have noticed that Bandhan has covered almost all the target groups in their area. The staff are dedicated and committed and there was no evidence of hierarchy among them. There is no micro-loan above INR. 1.50 lakhs, whereas in Nepal the Central Bank itself allows collateral free loans upto NRs. 3 lakhs.”

The visit to the Training Learning Centre (TLC) in Rangia, Guwahati was an eye opener for the participants. There the team realized the need for regular training and human resource investment. Bandhan has eight TLCs pan India and provides a minimum of one training per year per staff upto DSC level. Training programs are conducted throughout the year, with the resource persons comprising of faculty members and staff from Bandhan School of Development Management (BSDM), the Head Office and Regional Office.

The Doorstep Banking Officers (DBOs) are recruited under de-centralized free competition. A C.V. box is maintained at all DSCs where aspiring candidates can drop-in their C.V. which is later forwarded to the



The team interacting with the DSC Head and Area Head in Lalganesh, Guwahati



Outside the TLC with the faculty members

Head Office. A field verification is conducted by the Area Head to verify the candidate's background and character. Once the candidate passes his/her interview they are sent to the TLC for an eight-day orientation course, which includes field visits as well. A non-refundable training fee is also charged from the candidates. The candidates are exposed to their expected duties and responsibilities and only after the completion of the course is their recruitment finalized. As a result of such exposure, the drop-out rate of staff is minimum.

"Motivation is the key factor and in Bandhan there is motivation and team work from

the top to bottom level. A large population, easy mobility and the conducive policy of the Government is also favorable towards Bandhan," said Mr. Jiban Acharya of Dhaulagiri Community Resource Service Center.

Summing up the visit, Mr. Satish Shrestha said, "The Nepalese MFIs have drifted from the original mission of microfinance. In Bandhan they follow the same values from top to bottom level keeping the fundamentals intact. They have used technology to their best interest and the staff are mature and satisfied. The job description of staff is simple and clear and field officers are recruited between 20–30

years of age, when they are already mature."

"The study visit was very well planned where one observation was tied up with another visit. We have learnt from Bandhan's experience and hope to inculcate a few changes in our organization," said Mr. Gyanu Nath Mainali of Sahara Nepal.

As the CEOs and BoDs of prominent MFIs of Nepal participated in the study visit, it is hoped that the visit will result in effective implementation of programs and action plans which will follow the principles of microfinance.

8th Social Business Day Concludes in Bengaluru, India

For the very first time the signature event of the Yunus Centre, the Social Business Day, was held outside Bangladesh in Bengaluru, India from June 28 – 29, 2018.

The 8th Social Business Day revolved around the theme of 'A World of Three Zeros: Zero Poverty, Zero Unemployment and Zero Net Carbon Emissions' as underscored in Prof. Yunus's book 'A World of Three Zeros'. Over 1,200 delegates from 42 countries attended the event where Nobel Laureate Prof. Muhammad Yunus delivered the opening address. In his speech he addressed the need for people to work towards the three zeros on a global scale. Prof. Yunus highlighted his belief in the capacity of individuals in bringing collective changes around the world and in rectifying problems that have been created by human beings themselves. He also identified the need for a new economic system, in which social

business and entrepreneurship would play an essential role in achieving the goals of three zeros.

Representing Nepal, Chairman of CSD, Mr. Shankar Man Shrestha was the session speaker in the Plenary Session 'Past and Future of Microfinance as a Social Business'. Mr. Shrestha in his plenary session spoke of the current scenario of microfinance in Nepal, stating that the present will determine the future of microfinance as a social business. He said, "With the commercialization and profit orientation of microfinance, the veterans of microfinance are gradually deviating from the original mission and philosophy of microfinance to address the problem of poverty and gear up microfinance as a social business. It is unfortunate that microfinance is being used as a commercial business with profit motive thwarting the social and

economic need and interest of the poor people. This will surely harm and defeat the very purpose and philosophy of microfinance. The dire need of the hour is to practice right microfinance and refrain from wrong microfinance."

CEOs Dr. Sumitra Manandhar Gurung, Ms. Shova Bajracharya and Mr. Yogendra Mandal representing three member organizations of CSD were present at the august occasion. A total of eight delegates from Nepal took part at the two-day event in Bengaluru. Dignitaries, prominent academics and leading practitioners spoke at various sessions in the event. The Social Business Day 2018 was designed to exchange experiences and ideas and work on plans to create social businesses that tackle the most pressing problems of society - poverty and unemployment.



Centre for Self-help Development (CSD)

- Institute of Microfinance & Cooperative Development

P.O. Box 8852, Maitighar Height, Kathmandu, Nepal

Tel.: +977-1-4265635, 4256786, Email: csd@mos.com.np, Web: www.csdnepal.org.np