

# Glimpse



A Newsletter of CSD – September 2016, Issue 15

## CSD Celebrates Silver Jubilee



Chief Guest the Governor of the Nepal Rastra Bank, Dr. Chiranjibi Nepal inaugurating the function by lighting the traditional lamp *Panas*

CSD celebrated its silver jubilee at a function organized at Hotel Yellow Pagoda, Kathmandu on Shrawan 28, 2073 (August 12, 2016). The function began with the lighting of the traditional lamp by the Chief Guest of the occasion Governor of the Nepal Rastra Bank, Dr. Chiranjibi Nepal. This was followed by a 13 minutes documentary charting two decades of CSD's work. On the occasion the promoters of CSD were felicitated and long serving board members and the staff who have dedicated more than two decades of their life to CSD were also awarded letter of appreciation.

Delivering the welcome speech Mr. Shanker Nath Kapali, Executive Director highlighted the achievements and milestones over the years and acknowledged the role of friends and supporters in helping CSD to see this day. Dr. Sumitra Manandhar Gurung, on behalf of the Governing Board, gave an introduction of CSD and highlighted its 25 years journey thus far. Former Director, Mr. Ram Kumar Shrestha shared his over two decades of work experience in the organization. Deputy Governor of the Nepal Rastra Bank, Mr. Chintamani

Shivakoti congratulated CSD for its outstanding journey and the admirable work it had undertaken for the benefit of the rural people.

Addressing the gathering, the Governor of the Nepal Rastra Bank, Dr. Chiranjibi Nepal praised pivotal role of CSD in shaping the microfinance sector right from the beginning until now. Similarly, Chairman of the CSD Governing Board, Mr. Shankar Man Shrestha, who had also chaired the ceremony, thanked all the friends, colleagues, partners, stakeholders and staff who marched with CSD for 25 years. He highlighted how CSD's greatest pride goes in pioneering the microfinance services to the poor women in Nepal; which now has taken a shape of fully grown industry.

During the function, the Chief Guest awarded the Token of Appreciation to the representatives of main sponsors of the National Microfinance Members' Summit held on May 15 and 16, 2016. Jeevan Bikas Samaj and Sahara Nepal SACCCOs were felicitated as Gold Sponsors while Nepal Investment Bank Ltd., Swabalamban Laghubitta Bikas Bank

## CSD changes its Logo



The Meeting of CSD's Governing Board held on 2073/04/24 (August 8, 2016) approved the new design logo of CSD and replaced the old one in use for the past 25 years.

The new logo designed with the same traditional lamp (*Panas*) in the middle signifies enlightenment, prosperity and dignity. Similarly, the red curve above the Lamp with the name of CSD in Devanagari is associated with energy, strength and determination and while the dark blue curve below the Lamp with CSD's name in English is associated with expertise and stability.

Hence the new logo symbolized to represent CSD's aim of bringing awareness among people for prosperity through self-help development. It meant to serve through determination and confidence in its action.

The new logo was first officially used in CSD's Silver Jubilee Celebration program held at Hotel Yellow Pagoda on Shrawan 28, 2073 (August 12, 2016).

Ltd., Rastriya Banijya Bank Ltd., Kisan Bahuudeshiya Sahakari Sanstha Ltd., UNYC Nepal, SOLVE Nepal, Manushi, Forward Community Microfinance Bittiya Sanstha Ltd., Chhimek Laghubitta Bikas Bank Ltd., Mahila Sahayogi SACCCO Ltd., Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd., Nawaprativa Saving & Credit Co-operative Ltd., Shreejana Development Centre and Rural Women Development Centre were honored as the Silver Sponsors.



Similarly Bronze Category Sponsors - Chartare Youth Club, Nabil Bank Ltd., Udayadev Multipurpose Co-operative Ltd., Nerude Laghubitta Bikas Bank Ltd., Mahila Sahayatra Mircofinance Bittiya Sanstha Ltd., Dhaulagiri Community Resources Development Center, Muktinath Bikas Bank Ltd., Deprosc Laghubitta Bikas Bank Ltd., Environment Development Co-operative Organization Ltd., Nirdhan Utthan Bank Ltd. and Mahila Upkar Manch were also felicitated with Token of Appreciation for their contribution to the Summit.

The event also saw felicitation by the Chief Guest to the promoter/founding members and long serving Board of Directors of CSD for their valuable and selfless contribution to CSD to see this day. Founder members Mr. Shankar Man Shrestha, Mr. Ganesh Ram Shrestha, Mr. Lumin Kumar Shrestha, Mr. Nanda Ram Baidya, Dr. Sumitra Manandhar Gurung were also felicitated as promoters with Token of Appreciation. Similarly, Mrs. Saraswoti Shrestha, Late Mr. Keshar Bahadur Shrestha, Mr. Ram Kumar Shrestha were also presented with Token of Appreciation for their contribution to



**Governor of the Nepal Rastra Bank, Dr. Chiranjibi Nepal launching National Microfinance Members' Summit Report**

CSD as Board Directors. The event also saw the Chief Guest felicitating Mr. Shanker Nath Kapali, Executive Director and Mr. Govinda Man Shrestha, Assistant Director who both retired from the service of CSD.

A vote of thanks was delivered by Ms. Shova Bajracharya on behalf of the Governing Board wherein she thanked the esteemed Chief Guest and guests for

their presence, the speakers and to everyone who has supported CSD through its journey.

Promoters, individuals and institution members, former Board Directors, Microfinance Institution leaders and friends came together to mark the Silver Jubilee and was a great success leaving the entire CSD family with sweet memories to cherish.

## Silver Jubilee Celebration at a glance



**The view of guests**



**Felicitated Board Members and Staff**



**The guests standing during the national anthem**



**Chairman Mr. Shankar Man Shrestha cutting the Anniversary cake**



# CSD attempts to develop Credit Management capacity of MFIs

CSD organized Training on Credit Management in CSD Training Hall, Maitighar Kathmandu from Aug. 31-Sept. 2, 2016 (Bhadra 15-17, 2073). There were all together 28 participants from 13 different MFIs. Among 28 participants 6 were female whereas, 22 were male. The main objective of the three day-long training was to assist MFIs to standardize the process of credit management to safeguard their loan portfolio and minimize risk theirin and promote and develop the clients' economic conditions. The training tried to deal with the operational issues and challenges faced by the microfinance sector like identifying target clients, evaluation of clients and their requirements, procedure of operation, cash flow analysis, collateral valuation, monitoring and supervisions etc. The participating organizations were namely; Mahila Sahayatra Microfinance Bittiya Sanstha Ltd., Rural Women Development Centre, Laxmi Laghubitta Bittiya Sanstha Ltd., Udayadev Multipurpose Co-operative Ltd., Deprosc Laghubitta Bikas Bank Ltd., Shreejana



A group photo of the participants with the resource persons

Development Centre, Mirmire Microfinance Development Bank Ltd., National Microfinance Bittiya Sanstha Ltd., Mahila Sahayogi Bachhat Tatha Rin Sahakari Sanstha Ltd., Chhimek Laghubitta Bikas Bank Ltd., Mero Microfinance Bittiya Sanstha Ltd., Karnali Saving and Credit Cooperative Ltd. and Swarojgar Laghubitta Bikas Bank Ltd.

There were altogether 10 classroom sessions with 2 practical exercises and two free discussion sessions, one at the

beginning and the other at the end. Addressing the participants in the free discussion session, Mr. Shankar Man Shrestha, Chairman of CSD urged all the participants to be loyal to their organizations and best serve their clients. He advised them to emphasize more on betterment of their members by avoiding over indebtedness. He also mentioned that MFIs have been able to flourish day by day in terms of number of clients they served, volume of loan operation, prosperity and have been able to dispense dividends to the shareholders and provide good bonus and amenities to their staffs. However he further questioned, "What about the clients? Have they been able to prosper in real terms or they have been put into loan trap?" He also said "It is heard nowadays that loan defaults are on rise. It is very disappointing." He urged all the participants to work with the aim of attaining the objectives of microfinance and maintain the essentials of microfinance in order to grow their clients economically and socially.

## Sahara Nepal SACCOS Ltd. officials visit Bangladeshi MFIs

CSD organized an exposure/ study visit to Bangladesh from July 11-19, 2016. The coordinating agency for the program in Bangladesh was Integrated Development Foundation (IDF). The team of 10 officials of Sahara Nepal SACCOS Ltd. - was coordinated by Ms. Renu Prajapati-Training Officer of CSD.

The team observed different centre meetings of Grameen Bank and IDF, interacted with the members, visited their households and had discussions in their branches/zonal offices. The team visited the head Office of IDF and Grameen Bank in Mirpur- Dhaka. The team also visited branch office and zonal office of Grameen Bank in Chittagong, and Central Coordination Office (CCO) of IDF in Chittagong and branch office of IDF in Satkania. Moreover the participants visited IDF programs on health, agriculture, school and solar. The team got the opportunity to visit Ramu branch which is located in one of the remote area of Bangladesh. Similarly the team was exposed to IDF School program, where children of members as well as non-members are receiving free education. In addition to this, the team also visited

Red Chittagong cows' project and two household projects of IDF for ultra poor clients and cow farming. The participants were highly motivated by these programs of IDF. The team also appreciated the Grameen Bank for providing shares to its members and all members are the owners of the Grameen Bank. Microfinance operations methodology have changed with the passing of time and the team got exposed to how MFIs in Bangladesh have evolved themselves into sustainable institutions through time by focusing on plus activities.

In the post visit review, the participants shared their experiences; they were impressed and overwhelmed by the hospitality of the Bangladeshi people.



Exposure visit team at the Nobel Gallery in the Yunus Centre, Bangladesh

The exposure visit was taken very positively by all the participants. Mr. Ishwor Pd. Bhattarai said, "The visit gave me an opportunity to learn new techniques and methodologies of operating microfinance programs". Ms. Yashoda Prasai said, "The members and employees' loyalty towards their jobs and organization is remarkable". Mr. Shyam Pd. Dahal was very impressed by the hospitality shown by the members and clients of the MFIs visited in Bangladesh.

# Mirmire Microfinance aims to build up branch managers' capacity

Considering the emerging issues and challenges faced by branch managers of Mirmire Microfinance Development Bank Ltd. Banepa, Kavre, requested CSD to design and organize training on Branch Management which was held from Ashwin 1-3, 2073 to acquaint the participants with roles and responsibilities of a branch manager. The main objective of the training was to help branch managers to manage their branch offices efficiently and effectively. This program has helped the participants to acquaint the basics of microfinance and equip them with tools for managing a branch. The training intended to improve their skills in financial analysis, planning, communications, program budgeting and implementation, monitoring and supervision. It also imparted knowledge on leading, motivating, managing staffs, client's management and operational risk. The program focused on group discussion, sharing experiences among the participants and between the participants and the facilitators. The participants not only learnt from the facilitators but also from each other's experiences. Altogether 20 branch managers from various branches of Mirmire Microfinance Development Bank Ltd. participated in the training program.

The Chairman of CSD, Mr. Shankar Man Shrestha, in his closing remarks highlighted the socio-economic objectives of MFIs. He urged all the branch managers not to drift from the mission of microfinance. He mentioned that MFIs have been prospering day by day in terms of number of clients they served, volume of loan operation, profitabilities and also have been able to distribute good dividend to the shareholders and provide good bonus and facilities to their staff, but he asked "what about the clients? Have they been able to prosper in real term or they have been put into loan trap". He urged all the participants to be concerned about the welfare of their members". He said, "Focus on your members, help them grow economically and socially and work for their betterment". He further said that Microfinance is for the disadvantaged community and it needs to work for uplifting their economic status. Mr. Shrestha urged the participants to emphasize more on betterment of their members by avoiding over indebtedness.



A group photo of the participants from Mirmire Microfinance

Mr. Tek Bahadur Bohara, Chairman of the Bank was invited as the chief guest of the closing ceremony. He mentioned that this training would be successful only if the knowledge gained could be put into action by the participants. He urged all the participants to use the best of skills and knowledge acquired during the training period in their jobs.

Finally, Mr. Shrestha distributed certificate of participation to all of the participants. He thanked all the participants, resource persons and others who provided support to the training program directly or indirectly for making this training a successful event.

## CSD Chairman cautions MFIs' loan officer not to put clients into loan trap

CSD organized training on credit management to enhance the credit analysis and credit management capacity of loan officers in Hotel Hardik, Bagbazar Kathmandu from Sept. 26-28, 2016. There were 24 participants from 10 MFIs. Out of 24 participants, there were 5 female and 19 male. The participants were from Kalika Microcredit Development Bank Ltd., Mahila Upkar Manch, Srijana Community Development Centre, Swabalamban Laghubitta Bikas Bank Ltd., Mirmire Microfinance Development bank Ltd., Environment Development Co-

operative Organization Ltd., Nepal Women Community Service Centre, National Microfinance Bittiya Sanstha Ltd., Jeevan Bikas Samaj and Swarojgar Laghubitta Bikas Bank Ltd. The three day-long training aimed at helping MFIs to systematize the process of credit management to safeguard their loan portfolio and minimize risk therein and promote and develop the clients' economic conditions. The training tried to address the emerging operational issues and challenges faced by the microfinance sector like identifying

potential clients, appraisal of clients and their credit needs, process of operation, cash flow analysis, collateral valuation, monitoring and supervision etc.

There were altogether 12 classroom sessions with 2 practice exercise and two free discussion sessions, one at the beginning and other at the end. The chairman of CSD, Mr. Shankar Man Shrestha, in his closing remarks highlighted the socio-economic objectives of MFIs and shed light on the need for marketing micro-financial products to the hardcore poor. Mr. Shrestha urged them to emphasize more on betterment of their members by avoiding over indebtedness. He advised the MFIs staff to have simple life and high thinking for the betterment of their clients. He said, "People are watching your life styles and behaviour. Treat the members respectfully and educate them on the risks involved in multiple borrowings".

After distributing certificate of participation to the participants he ended the ceremony wishing all the participants very best in meeting their institution's mission.



A view of resource person facilitating a session



# CSD organized customized Self Development Management training for Manushi

Manushi, Gyaneshwor wanted to develop effective and efficient branch managers thus, requested CSD to organize a customized training on "Self Development Management" from Bhadra 9-10, 2073 in training hall of CSD, Maitighar Height, Kathmandu. There were altogether 20 participants in the training program. The main objective was to develop self management skills, build positive attitude in participants and provide ways of becoming effective manager. Mr. Prakash Pokhrel facilitated the training program. The training has provided the participants opportunity to identify the deficiency they have and develop the skills they need to set life goals which will enhance their employability prospects, raise their confidence and lead to a more fulfilling higher quality life in their profession. This training has motivated the participants to provide quality services and build strong relationship with their clients.

The resource person Mr. Prakash Kumar Pokhrel urged all the participants to think positively, share their learning with others, put themselves in client's shoes, motivate other and use more of appreciative management in the office. He gave the concept of perception, attitude and behavior through very interactive and participatory sessions. Mr. Pokhrel made the participants aware about their own attitude and behavior and provided tips

on how to inculcate positivity in life. He linked this training with microfinance so that participants could relate to it in their daily works. He said, "New generation brings in new ideas, thinking and attitude and if we do not work on lessening the generation gap it will definitely give rise to negativity. So it is very essential for us to change our attitude to fit in with the new generation". He expressed that it is only positive attitude that will make impossible to "I M Possible". One has to raise the standard of thinking to raise the standard of living. One should always talk about positive things that have happened, better future and going ahead in career. This training has contributed to professional as well as personal growth of the participants. Mr. Pokhrel used more of Audio/Visual materials and group work in this training. Overall training was very interactive and participatory.

The closing ceremony was chaired by Ms. Padmasana Shakya, chairperson of



A group photo of participants from Manushi with the resource person

Manushi. She said, "Training is for change, change in skills, change in attitude, change in behavior but the most important thing is to implement the learning in the daily

and official life."She urged all the participants to put their learning into action so that they can prosper along with their organization. She added she wants all the client, staff and organization as a whole to prosper in long term and asked all the participants to put effort in enhancing the life of their clients. Ms. Shakya finally wished the participants all the success in their life to become an effective manager.

## Participants gain greater insight into Microfinance Operation & Management

Microfinance is a serious business and it involves much more than just giving away money as credit and recollection of same. There are lots of established fundamentals that can neither be ignored nor omitted like targeting, group and centre formation, group dynamics etc. With the growing number of microfinance in the country, there has been drift in the established norms of the people involved right from the top to the bottom. It has led to the unhealthy competition leading to mission drift amongst MFIs and over indebtedness in the part of clients.

Keeping in view of the current needs of MFIs to inculcate the basic norms of microfinance operation and management in the Branch level, a four day long Training Program entitled " Microfinance Operation and Management" was held in Kathmandu for the Branch Managers of MFIs from Srawan 16-19, 2073 (31 July to August 3, 2016).

There were 20 Participants, 2 females and 18 males from 9 different institutions, namely – DCRDC, Grameen Swayam Sevak Samaj, Jeevan Bikas Samaj, Mahila Sahayatra Microfinance Bittiya Sanstha Ltd., Nepal Mahila Samudayik Seva Kendra, Rural Women Development Centre, Swabalamban Laghubitta Bikas Bank Ltd., UNYC Nepal and CSD.

The training program which was conducted in the participatory approach covered wide range of topics from fundamentals of microfinance to the current prevailing issues in the branch operation and management. The session were planned to acquaint participants with the history and different methodologies of microfinance, beneficiaries of microfinance, prudential norms, monitoring and supervision, traits and attitude of good Branch Manager etc were covered during the training by eight

prominent resource person in the field. Also at the end of the training session participants had open discussion with the Chief Guest of the closing session, Mr. Shankar Man Shrestha, the Chairman of the Governing Board of CSD which had helped the participants to clear any confusion they faced on the fundamentals of microfinance.

The course was designed to help participants learn about sustainable microfinance in terms of principles and good practices as they are applied by worldwide MFIs today. This was demonstrated by the fact that all the participants at the end expressed the positive learning from the training. They acknowledged that the training was helpful to gain greater insight into the best practices of microfinance.

# Member's Corner



## Profile of Manushi

Manushi is a non-profit organization founded in Nepal in 1991 AD focusing on gender empowerment and promotion of fair trade principle. It launched micro-credit activities since 2002 providing loans to the poorest of the poor and encouraging them for micro-enterprise development. Manushi aims to improve the socio-economic status of women in rural and semi-urban areas.

Loans are distributed to women within a group network that encourages and maintains a high level of repayment, consistent communication and strong support. The entire family members of Manushi are very proud for the glorious achievement.

The lending programs of Manushi are currently focused in four districts: Kathmandu, Dolakha, Sindhupalchowk and Nuwakot. This includes 4500 group and total of 22000 members.

### VISION

To create improved socio economic lives of clients through efficient microfinance services.

### MISSION

"Place women and marginalized people at the forefront of human development and provide them quality microfinance services."



**Ms. Padmasana Shakya**  
Chairperson



**Ms. Shova Bajracharya**  
General Manager

### OBJECTIVES

- Provide skills training in handicraft, business and financial management
- Promote traditional and indigenous handicraft processes and technique
- Empower marginalized poor and indigenous women through micro credit and saving services
- Ensure a standard of transparency and inclusion in fair trade and loan provision and micro credit
- Focus on micro enterprise and entrepreneurial development

## PRODUCTS AND SERVICES

### Savings Products

- Personal Savings
- Group Savings
- Centre Fund Savings
- Manushi Future Savings
- Welfare Savings

### Loan Products

- General Loan
- Seasonal Loan
- Centre Fund Loan
- Micro-enterprise Loan
- Home Loan
- Housing and maintenance Loan

### Protection Scheme & Plus Activities

- Client Life Insurance
- Spouse Insurance
- Medical Insurance
- Micro life insurance
- Loan Insurance
- In house Insurance
- Maternity Insurance
- ▶ Financial literacy training programs

### OPERATIONAL STATUS

• Area coverage	: 4 districts, 78 VDCs and 7 Municipalities
• No. of branches	: 14
• No. of Staff	: 78
• Member (microfinance)	: 21,428
• Borrowers (microfinance)	: 13,959
• Outstanding Loan	: Rs. 461,856,018
• Savings from clients	: Rs. 241,296,186
• Overdue loan amount	: Rs. 22,435,473
• Net profit	: Rs. 18,624,513
• Reserve	: Rs. 45,607,523
• Operational Self-Sufficiency (OSS)	: 126.61%
• Repayment Rate	: 99.90%

## ANNOUNCEMENT

1. CSD is convening its 25<sup>th</sup> Annual General Meeting (AGM) on 7<sup>th</sup> Kartik 2073 (23<sup>rd</sup> October 2016) at 3:00 PM in its Training Hall, Maitighar Height, Kathmandu.
2. **EXPOSURE VISIT**  
CSD as a part of its initiative to learn from the experience and direct interaction with community outside Nepal, is conducting a series of International study/exposure visit during the month starting from November 2016 to January 2017. Such visits in the past have been

found to be very effective means of learning for both policy makers and implementer in the microfinance sector as these learning takes place in real life situation. This allows visiting groups to ask questions about the development activity being implemented and get first hand feedback and broader information exchanges between the groups.

The proposed international study/exposure visits are scheduled:

- a. Sri Lanka- November 19-26, 2016 and December 17-24, 2016.
- b. The Philippines- November 20-28, 2016.

- c. Bangladesh- 2 events in December 2016
3. CSD is conducting a workshop for Board of Directors of Cooperatives from November 9-10, 2016 at Royal Singi Hotel, Kathmandu.
  4. CSD plans to conduct training on Facilitation Skill (ToT) in Kathmandu from November 20-24, 2016. The course is designed to provide the participants with the knowledge on principles of teaching, learning process and adult learning technologies of facilitation and use of training materials.



## CSD Facilitates ...



A view of interaction program on Impact of Monetary Policy 2016 on the Microfinance Sector in Nepal

expensive that's why an interest rate from 20 – 24% was justifiable. But with falling cost of fund, we need to revise our interest rates." Mr. Shrestha further added, "Deprived sector lending is like artificial breathing. No other country has such a provision. During the initial years it was introduced to encourage and support the sector, however, we need to be independent of this." He also remarked, "We have been concentrating on easy-to-reach people and areas. We must now penetrate into the far-flung areas deprived of financial access. Financial literacy programs must be given priority to educate our clients on the best utilization of loans and raise awareness regarding the consequences of loan misutilization."

Various queries were put forth by the representatives from wholesale lending institutions, microfinance banks, cooperatives and FINGOs. During the interaction, Mr. Prakash Raj Sharma, CEO, Laxmi Laghubitta Bikas Bank Ltd. said, "Sustainability of MFIs must also be taken into consideration while levying the policies. As MFIs work in rural and far flung areas the operational cost tends to be higher than that of commercial banks. Instead we should have stricter regulation regarding opening new branches in already over-crowded areas."

Another MF practitioner Mr. Ram Chandra Joshee, CEO of Chimnek Laghubitta Bikas Bank Ltd. pointed out, "NMBA had agreed to put an interest rate cap of 20% on loan products, but, our suggestion was not heeded. We carry out monitoring and supervision of loans and hence our operating expenses are higher. It is also the reason why the microfinance sector has a better repayment rate. With new innovations like e-mapping being

introduced, MFIs making most profit should be encouraged to go to areas with limited financial access."

The CEO of Rural Microfinance Development Centre Ltd., a wholesale lending organization, Mr. Jyoti Chandra Ojha said, "MFIs should self-evaluate themselves and rectify the mistakes made during the implementation of the program. We need to recognize the problems first to find the solution to a way forward."

Voicing the uncertainty regarding the position of FINGOs, General Manager of Manushi, Ms. Shova Bhajracharya said, "It is unfair to not allow the mother institution to hold promoter shares of the MF bank that it promotes. Moreover, during the I.P.O., provision should be made to allow 30% of the total shares to be purchased by our MF members." She concluded saying, "Microfinance should not be viewed as a noose around our members' neck, but as a matter of pride like a garland of flowers."

Executive Director of Jeevan Bikas Samaj, Mr. Yogendra Mandal voiced, "MF is a major source of employment for job-seekers, especially the youth in rural areas. Curbing costs in order to reduce our interest rate would indirectly mean cutting cost on our various credit plus services such as health, education, housing programs run with our own sources."

After the participants shared their experiences and challenges posed by the new policy, the esteemed guests on the dais put across their point of view.

Former Executive Director of NRB, Dr. Atreya highlighted the fact that 18% of the total population was totally cut off

from any financial access and that the microfinance program is an effective tool to reach them. He further added, "As the cost of fund varies from MFI to MFI, this spread rate cap may further lead to vagaries in the interest rate. Hence, an upper ceiling on the interest rate would be the right option. Regulating the number of MFIs a client can borrow loans from will help curb the problem of multiple financing."

"The provision of deprived sector lending is the greatest determinant to MF growth. We must self-evaluate ourselves and see if really our client selection is the target group people. It is suggested that MFIs should venture into newer technologies and digital financing in order to improve the efficiency and productivity of staff," said Dr. Narahari Dhakal.

Mr. Dharma Raj Pandey stated that if policies become too restrictive and suffocating, then slowly the MF sector will die out. Mr. Upendra Kumar Paudel, Executive Director of NRB said that the central bank would take into consideration all the viewpoints that were discussed. Another Executive Director of NRB, Mr. Shiva Nath Pandey added, "Microfinance has proven that group guarantee is more powerful and effective than any collateral. Through e-mapping we will identify and locate areas with no access to finance and we will ask MFIs to provide their services to them. Ploughing back of profits for the development of staff and members is necessary on the part of the MFIs."

Feedback from the participants indicates that the program was successful in strengthening ties and understanding between the NRB and the microfinance stakeholders.

# CSD facilitates dialogue between Nepal Rastra Bank officials and Microfinance Practitioners

In view of the stir created by the new Monetary Policy of the Nepal Rastra Bank (NRB) among the Microfinance Institutions (MFIs), the Centre for Self-help Development (CSD) felt the need to plan an interface between NRB officials and microfinance practitioners. Towards this end, an interaction, namely, 'Impact of Monetary Policy 2016 on the Microfinance Sector in Nepal' between the top level representatives from the Nepal Rastra Bank and the microfinance practitioners was held in the capital on August 7, 2016 and had 43 participants.

The current Monetary Policy requires Microfinance Institutions (MFIs) to observe a 7 percent spread rate on their interest rate to cover all operational cost excluding fund cost, curbing the interest rate levied by MFIs on their loan products. As in many countries, interest rate of microfinance in Nepal has remained deregulated so far. Besides, the new policy entails that commercial banks should lend 2% of their deprived sector lending portfolio directly to the grass-root deprived families out of the 5% compulsory deprived sector lending requirement. This provision comes as a jolt to the MFIs as it creates a crunch on the availability of loanable funds to them in the market.

Welcoming the dignitaries gathered on the occasion, the Executive Director of CSD, Mr. Shanker Nath Kapali highlighted that the objective behind CSD's initiation in organizing the program was to build up harmony and understanding among the stakeholders.

The Deputy Governor of the Nepal Rastra Bank, Mr. Shiba Raj Shrestha, graced the



Officials from Nepal Rastra Bank and Microfinance experts during the interaction program

program as the Chief Guest and formally inaugurated the interaction by lighting the traditional lamp - panas. The program was chaired by Mr. Shankar Man Shrestha, Chairman of CSD. The special guests of the program were Mr. Shiva Nath Pandey, Executive Director, Banks and Financial Institutions Regulation Department, NRB; Mr. Upendra Kumar Paudel, Executive Director (Acting), Microfinance Promotion & Supervision Department, NRB and Mr. Dharma Raj Pandey, Chairman of the Nepal Microfinance Bankers Association (NMBA), former Executive Director of NRB Dr. Binod Atreya and Dr. Narahari Dhakal, Executive Director of Centre for Empowerment and Development.

The Chief Guest, Mr. Shiba Raj Shrestha recognized the efforts of the MF sector in reducing poverty in the country as well as empowering women and the overall

social up-liftment. However, he pointed out, "The MF sector has played a major role in social mobilization, financial literacy, entrepreneurship development and women empowerment. Now and then, policy interventions from NRB are required to regulate the sector. We must now focus on a more digital economy and a credit plus approach. More innovative products must be introduced to give continuity to this door-to-door program."

Introducing the program, Mr. Shankar Man Shrestha, who chaired the session, urged the participants to first self-evaluate themselves and to acknowledge both, the right and the wrong things by all stakeholders and to correct the shortcomings, if any. He questioned, "Are we truly engaged in responsible financing? Earlier our cost of fund was

(contd. on page 7...)

## CSD joins the SEEP Network



CSD became the first Nepali NGO to get membership in the SEEP Network in July 5th 2016. The SEEP Network (Small Enterprise Education and Promotion Network) is a non-profit organization that acts as a network for practitioners working in microenterprise development and microfinance fields. Founded in 1985 by Elaine Edgcomb and Candace Nelson

and sponsored by the Bill and Melinda Gates Foundation, Ford Foundation, Citi Foundation, USAID and Omidyar Network. The SEEP Network is a global network of international practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP represents the largest and most diverse

network of its kind, comprising of international development organizations and global, regional, and country-level practitioner networks that promote market development and financial inclusion. Members are active in 170 countries and reach nearly 90 million households.



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