

Nepal MFIs Awarded for Exemplary Performance in Microfinance Operation

On June 5 2009, the Rural Microfinance Development Centre Ltd. (RMDC), an apex organization of microfinance in Nepal organized a function to felicitate the three MFIs which have made an exemplary performance in microfinance operation in the Fiscal Year 2007/08. The occasion was graced by Mr. Deependra Bahadur Kshetry, the Governor of the Nepal Rastra Bank; the Central Bank of Nepal as the chief guest. He distributed the awards to the Chief Executives of the winner MFIs - the Chhimek Bikas Bank Ltd., Hetauda; the Sahara Nepal Savings and Credit Cooperative, Jhapa and the Centre for Self-help Development (CSD), a national level financial intermediary NGO. RMDC



Governor of NRB with the winner MFI Heads

has been awarding the best performing MFIs for the last four years. On the occasion, Governor Kshetry also released the Nepali version of the Microfinance Industry Assessment Report published by the Banking with the Poor, Network Australia in collaboration with RMDC, Nepal. The function was attended by over 100 stakeholders of microfinance in Nepal. Each one of the participants was provided with a copy of the Nepali version of the Nepal Microfinance Industry Assessment Report.

On the occasion, Governor Kshetry asked the MFIs to continue to maintain industry standards and plan for reaching the poor

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RMDC Board Members Visit to Cambodia Microfinance Institutions

During March 23-29, 2009, the members of the Board of Directors of RMDC visited Cambodia with the objective of exploring the best practices of microfinance and getting acquainted with the policies and regulatory system in the country on the invitation of the Cambodia Microfinance Association (CMA). The delegation comprised Chairman Mr. Ashoke Rana, Directors Mr. Trilochan Pangen, Mr. Amrit C. Shrestha, Mr. Anil K. Shrestha, Mr. Bimal Daga, Mr. Vijaya Pant, Ms. Sadhana Upadhyay and Chief Executive Officer Mr. Shankar man Shrestha. During the visit, the officials visited a number of small, medium and large microfinance institutions, such as Amret, Maxima and HKL.

It was found that Cambodia has made a very rapid progress in the field of microfinance. The government and the National Bank of Cambodia (NBC), the central bank have been creating conducive policy environment

in the country. Most MFIs have been obtaining investment and loans from foreign investors. They have been charging 3 to 3.5% interest rate per month to their clients.

The delegation had held discussions with the senior officials of NBC and the Rural Development Bank, the wholesale lending institution in Cambodia on policy matters and regulatory arrangements.

Cambodia's microfinance programs in general are rated as successful in the Asia-Pacific region. They have made good progress in a short period of time. Although different operating methodologies are being used, the individual lending methodology has been the more popular one among the Cambodian MFIs.



RMDC Board Members with CMA Secretary General

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Grameen Indicators for Clients' Evaluation

The Grameen Bank (GB) of Bangladesh evaluates the impact of microcredit on their borrower by using the following 10 indicators.

Every year, GB staff evaluates and check the socio-economic condition of GB borrowers. A member is considered to have moved out of poverty if her family fulfills the following criteria.

1. The family lives in house worth at least Tk. 25,000 (US\$373) or house with a tin roof, and each member of the family is able to sleep on bed instead of on the floor.
2. The family members drink pure water of tube-wells, a boiled water or water purified by using alum, arsenic-free, purifying tablets or pitcher filters.
3. All children in the family over six years of age are going to school or finished primary school.
4. Minimum weekly loan installment of the borrower is Tk. 200 (US\$3) or more.
5. The family uses sanitary latrine.
6. The family members have adequate clothing for every day use, warm clothing for winter, such as shawls, sweaters, blankets, etc, and mosquito-nets to protect themselves from mosquitoes.
7. The family has sources of additional income, such as vegetable garden, fruit bearing trees, etc, so that they are able to fall back

on these sources of income when they need additional money.

8. The borrower maintains an average annual balance of Tk.5,000 (US\$75) in her savings account.
9. The family experiences no difficulty in having three square meals a day throughout the year, i.e. no member of the family goes hungry any time of the year.
10. The family can take care of the health. If any member of the family falls ill, family can afford to take all necessary steps to seek adequate healthcare.

Source: www.Grameen.com

Over 750 Thousand Poor Families Received Microcredit from RMDC's Partner Organizations

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The MFI partners of the Rural Microfinance Development Centre Ltd. (RMDC), a wholesale lending institution for microfinance in Nepal, have extended financial services to over 750 thousand women of the low-income families. They have made cumulative disbursement of Rs. 35 billion and collected back Rs.29 billion at the end of 13 April, 2009 RMDC has been providing the MFIs with wholesale loans and capacity building supports for strengthening their institutional capacities, and upgrading occupational skills of their clients.

As of 15 July 2009, RMDC has made partnership with 79 MFIs for disbursing loans to the poor

without collateral security. The partners comprise 7 microfinance development banks (MFDBs), 9 development banks (DBs), 24 financial-intermediary NGOs (FINGOs) and 39 savings and credit cooperatives (SCCs). Till the date, RMDC has approved Rs. 4.03 billion for the institutions, and out of that Rs. 3.31 billion have been disbursed and Rs 1.81 billion recovered. Since its inception RMDC has been maintaining 100% repayment from its MFI borrowers.

RMDC makes tireless efforts for developing required institutional capacities of its POs for maintaining quality portfolio and sound financial health while expanding their outreach. It provides

need-based training supports, conducts regular monitoring and supervisions as well as provides on-site technical assistances to its POs so that their executive committee members, top management and field staff have comprehensive knowledge and skills on microfinance operations, business planning and general management. RMDC also facilitates its POs in developing occupational skills and maintaining financial discipline among their clients.

Bangladesh Senior Bankers' Visit Microfinance Programs in Nepal

A Bangladeshi team consisting of 12 senior bankers made an exposure visit to microfinance programs in Nepal during February 22-28, 2009. RMDC had hosted the program.

During the visit, they made visit microfinance programs of the Centre for Self-help Development (CSD) operating in Banepa and of NESDO and Srijana Bikas Kendra in Pokhara to get idea about the operating methodologies and performance of microfinance programs at the grass-root level in the country. They also visited RMDC, the apex microfinance organization, which briefed them about the state of the Nepalese microfinance sector as well as its activities and performances. Moreover, they had an opportunity to talk with the officials of the central bank and a few senior bankers of Nepal at a farewell dinner party organized by RMDC.

The visiting team members were: Md. Abdul Hamid Miah, Managing Director, Rupali Bank Ltd., Pradip Kumar Gupta, Deputy Managing Director, Sonali Bank Ltd., Mohammad Enamul Islam Khan, General Manager, Rupali Bank Ltd., Shihabuddin Md. Shahajahan, General Manager, Janata Bank Ltd. Md. Nazrul Hossain, Executive Vice President, Mercantile Bank Ltd., Syeda Farhad Fatema, M. Abu Bakar Laskar, Senior Vice President, Bank Asia Ltd., Shahanaz Akter Shahain, Executive Officer, Bank Asia Ltd., Syed Golam Maruf, Head of Structured Finance, BRAC Bank Ltd., Mohammad Iqbal, Assistant Vice President, Mutual Trust Bank Ltd., A.B.M. Aminul Karim Mazumder, Finance Officer, BURO Bangladesh and Md. Abdul Awal, Director, CDF.

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living in the far flung remote areas of Nepal as well. Speaking on the occasion Mr. Ashoke Rana, the chairman of RMDC Board of Directors who has chaired the function said "MFIs of Nepal should follow not only group approach in their lending but also direct individual lending for SME financing to graduated clients". RMDC, Chief Executive Officer Mr. Shankar Man Shrestha, highlighted on the role of RMDC in promoting and developing MFI institutional development and providing wholesale funds and advised MFIs to expand outreach to the poorest of the poor living in the remote districts and extend right size loans to clients to avoid multiple borrowing from MFIs and improve institutional self sufficiency as such that they do not need to depend on outside subsidy or grant. He also appealed the central bank to allow the microfinance development banks to collect savings and deposits from non borrowers also to enable them to access resources internally and reduce dependency on external borrowings.

RMDC Training Events

1. Quality Management for POs

RMDC organized a two days training program on "Quality Management" from 8-9 April, 2009 in Kathmandu for the senior officials of its partner organizations. The training was organized to enhance the quality of its partners in their operation and performances. It is necessary for any MFI to implement its program effectively and efficiently.

In the training 19 senior officials of RMDC partner MFIs have participated. The program focused on the concept and principles of quality, importance of internal and external customers in an institution; the tools and techniques of analyzing the existing situation, identifying issues and designing appropriate action plans through group discussions and case studies. The training program was facilitated by RMDC officials Mr. Ram Dayal Rajbanshi and Mr. Megh Raj Gajurel.

2. Interaction Program on Microfinance

RMDC organized a training program for the Savings and Credit Cooperatives (SCOs) on the basics of microfinance operation. The training was conducted for 2 days from February 4-5, 2009 in Kathmandu. The main objective of the training was to enhance the knowledge and skills of the Savings and Credit Cooperatives officials on microfinance operation.

The training program was attended by 25 board members of the SCOs. They shared and discussed their experiences, confusions and issues related to microfinance. The program focused on the essentials of microfinance operation, factors affecting financial viability and sustainability of an MFI, setting an appropriate interest rate, RMDC's criteria of selecting an institution for lending and its loan policy and procedures, etc. This training was facilitated by RMDC's Senior Manager Mr. Megh Raj Gajurel and Senior Officer Mr. Prith Bahadur Thapa.

The participating cooperatives comprises : 1) Janasewa Savings and Credit cooperative Ltd., Kanchanpur, 2) Sarswotisthan Multipurpose Cooperative Ltd, Doti 3) Bhimkul Savings and

Credit cooperative Ltd., Gorkha, 4) Chaturbhujeswor Multipurpose Women Cooperative Ltd., Sarlahi, 5) Sana Kissan Agriculture Cooperative Ltd., Rupandehi , and 6) Janahit Kosh Saving and Credit Cooperative Ltd., Ramechhap.

3. Accounting Training for Account Officers

Accounting system plays vital roles in the Microfinance institutions (MFI). Without a proper accounting of financial transactions, an MFI cannot operate well and expand its outreach. Most of MFIs still have the manual system due to small size of operation, high cost of computer software and limited physical infrastructures such as electricity and telecommunication.

RMDC has been organizing trainings, workshops and exposure visit programs to MFIs for improving their knowledge and skills on accounting and record keeping. The training was held from 26-30 February, 2009 in Pokhara. RMDC's Senior Officer Mr. Roop Bahadur Khadka and Officer Mr. Prakash Pokharel were the resource persons of the training. Altogether 25 participants of 9 MFIs have participated in the program.



A view of Training

Review and Planning workshop of Partner Organizations

RMDC organized a 3 day program "Review and Planning" workshop from 3 to 5 June, 2009 for the RMDC's partner organizations. This is fourth "Review and Planning" workshop organized by RMDC where the POs make presentation on their organizational progresses, innovative works and share their problems. They shared and discussed the difficulties that they had faced during the course of program implementation. Altogether 44 Chief Executives of Partner MFI have attended the program. The program was chaired by Mr. Shankar Man Shrestha, CEO of RMDC.



A view of Review Workshop

RMDC officials' participation in national & international programs

CEO of RMDC participated in HBS- ACCION Program on Strategic Leadership for Microfinance

Harvard Business School and ACCION, U.S.A organized a program on Strategic Leadership for Microfinance at Harvard Business School, Boston, Massachusetts, USA from April 13-18, 2009. The leaders of microfinance from over 30 countries were invited to attend the program. Mr. Shankar Man Shrestha, Chief Executive Officer of Rural Microfinance Development Centre Ltd. (RMDC) also was invited to the program to participate on the discussions on various issues and share Nepal experience on microfinance.

Two RMDC Officers attended "Trainings of Trainers" (TOT)

Two officers of RMDC, Senior Officer, Mr. Roop Bahadur Khadka and Officer Mr. Prakash Pokharel have attended a training course on "Trainings of Trainers" (TOT). The training was organized by Empowerment and Learning Development Centre (ELD) in Jawalakhel, Lalitpur from 13-17 April, 2009. The training course aimed to provide participants with theory, skills, tools and opportunity to develop and facilitate effective training programs. It also aimed to enhance sensitivity to issues encountered in the learning process and to access learning needs and set learning objectives.

Senior Manager Mr. Ram Dayal Rajbanshi's enrollment for higher studies in US

Senior Manager of RMDC, Mr. Ram Dayal Rajbanshi has been awarded scholarship to study the Masters in Economics and Business Administration under the program of Future Leaders Development Program. The program was organized by Academy for Educational Development with the financial support of USAID. It is a two year study. He is enrolled in University of Seattle, Washington D.C., U.S.A.

Nepalese Delegation Attended the Conference on 'Rethinking Microfinance' in India

A conference on 'Rethinking Microfinance' was organized by Plural India from January 29-30, 2009 in Gurgaon, India. Over 100 microfinance professionals and practitioners of eight countries (i.e., Nepal, India, Sri Lanka, Bangladesh, Laos, Vietnam, Cambodia and Britain) participated in the international program. The themes in the conference were:

- news and information services to the poor,
- current financial crisis and its consequences,
- credit alone or credit plus,
- use of mobile phone in microfinance,
- challenges of MFIs,
- interest rate debates/mission drift,
- enhancing the social impact of microfinance, and
- financing earned income ventures.

The delegation comprised of Mr. Shankar Man Shrestha CEO of RMDC, Dr Harihar Dev Pant, Chairman of the Nirdhan Utthan Bank Ltd. Bhairahwa, Mr. Mukund Bahadur Bista CEO, Centre for Self-help Development, Kathmandu, Mr. Keshar Bahadur Shrestha of the Swabalamban Microfinance Development Bank Ltd. Janakpur, Mr. Ram Chandra Joshi, Executive Director the Chhimek Bikas Bank Ltd. Hetauda, Mr. Bishnu Prasad Pathak, CEO of the Deprosc Bikas Bank Ltd. Bharatpur, Mr. Mani Kumar Arjyal, ED of the Nerude Microfinance Development Bank Ltd. Biratnagar and Mr. Yogendra Mandal, ED the Jeevan Bikas Samaj, Biratnagar and Mr. Mahendra Giri of

the Sahara, Nepal Savings and Credit Cooperatives Ltd., Jhapa and RMDC senior manager Mr. Megh Raj Gajurel.



A Photograph of Nepali Delegates

Nepal MFIs' Officials Visit to Bangladesh

RMDC organized two study visits to Bangladesh for the officials of its partner MFI for giving them exposure to Bangladesh microfinance industry. The first one was organized from November 14-21, 2008 and the second one during December 1-8, 2008. A total of 14 officials of six MFIs and two RMDC officials participated in the program.

During the visits, the visiting officials observed the program of the popular microfinance institutions of Bangladesh – the Grameen Bank, ASA and Integrated Development Foundation (IDF). The Grameen Bank serves over 7.5 million low-income families, which is the highest number in terms of outreach at global level. It is known to all that the Grameen Bank and its founder Prof. Muhammad Yunus were jointly awarded with the 2006 Nobel Peace Prize for their outstanding contribution to the peace and development through microfinance program. ASA is yet another outstanding



Nepal MFI Official's interacting with Bangladeshi MFI Officials

achiever of microfinance among the world's largest microfinance institutions (MFIs), which serve over 6.6 million poor families in the country. And IDF is recognized as a successful MFI operating in the hill tracts of Bangladesh and also for implementing health and

community development programs along with microfinance. All of these institutions have maintained over 98% loan recovery rate.

The participants visited the MFIs' field offices and their clients' group meetings, and tried to know how they operate and maintain quality portfolio, expand outreach improve staff quality and follow up centre meetings. They also got some insight in the lending program' of the Grameen Bank to the beggars and enterprise development program for the graduated clients.

The participating MFIs were the Chhimek Bikas Bank Ltd., the Swablamban Microfinance Development Bank Ltd, the Centre of Self-help Development, the Jeevan Bikas Samaj, the Nerude Microfinance Development Bank Ltd. and the Forum for Rural Women Ardency Development (FORWARD).

Regional Conference on Inclusive Finance

A regional conference titled 'Asia Regional Forum on Policy and Regulation of Financial Inclusion' was held from May 6-7, 2009 in Kuala Lumpur, Malaysia. The program was jointly organized by the UN Advisory Group on Inclusive Financial Sector and the Bank Niagra Malaysia, the central bank of Malaysia. The issues such as the commercial microfinance, IT in microfinance, branchless banking, implications of the financial crisis for access, social performance and inclusive finance were shared and discussed among the delegates in the conference. In the key note address, Dr. Zeti Akhttar Aziz, the Governor of Bank Niagra Malaysia stated "whilst much attention and effort will need to be channeled into stabilizing the financial system, we must not lose sight of the



Group Photograph of Conference Participations

financial inclusion agenda as it is vital for creating a balanced economy which provides ladders of opportunity for all members of society and leads to share prosperity". In the address to the

conference, Her Royal Highness Princess Maxima of the Netherlands said "Access to a wide variety of financial services and products can be a powerful tool to generate income, build capital and protect people against risks. However, over 2 billion people remain excluded from the financial services that we take for granted". The conference was attended by the central bank governors, chief executives of apex microfinance organizations, senior officers of international organizations and a few larger MFIS. The Governor of the Nepal Rastra Bank (the central bank of Nepal) Mr. Deependra Bahadur Kshetry and the Chief Executive Officer, Mr. Shankar Man Shrestha of the Rural Microfinance Development Centre Ltd. (RMDC) attended the program from Nepal.



Rural Microfinance Development Centre Ltd.

Putalisadak, Kathmandu, Nepal

P. O. Box 20789, Tel : 977-1-4268019 / 4268020, Fax : 977-1-4247702

Email : rmdc@wlink.com.np Web : www.rmdcnepal.com