

RMDC Issued 15,60,000 Units of IPO Shares at Premium Price

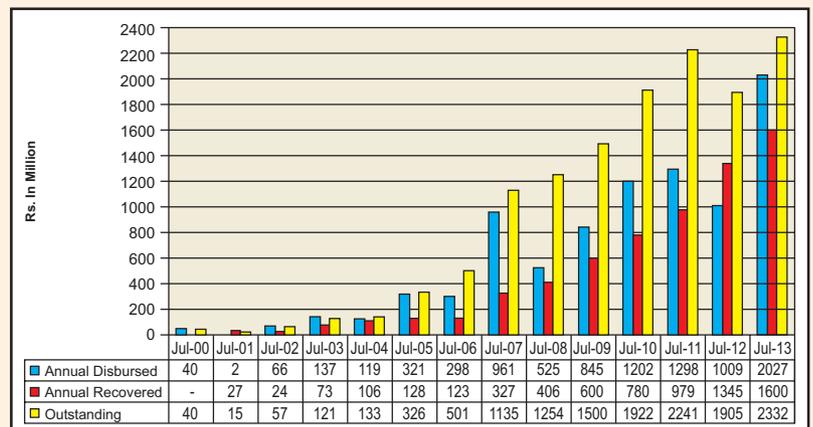
RMDC had issued its Initial Public Offering (IPO) of 15,60,000 units of shares to the general public from July 11-15, 2013. Out of total IPO of 15,60,000 units of shares, 31,200 units have been set aside for the employees of RMDC and 78,000 units for mutual investment fund, as per the rule. Out of the total 78,000 units set aside for mutual investment fund, Citizen Investment Trust, Nabil Balance Fund-1 and Siddhartha Growth Scheme-1 each subscribed 26,000 units of share. The remaining 14,50,800 units have been offered to the general public. The face value per share is Rs.100 each with a premium of Rs.80 per share (total Rs.180 per share). The issue manager of RMDC IPO was Ace Capital Limited. In the Nepalese IPO history of banks and financial institutions, RMDC is the first to issue share with premium. RMDC received great response from the general public. During the four days period, there were collections of more than Rs.3.13 billion from more than 29 thousand applicants, making 12 times oversubscriptions.



A formal share allotment program was held on August 15, 2013 at Trade Tower, Kathmandu. The program was chaired by Mr. Ashoke Shumsher Rana, Chairperson of RMDC. Mr. Shankar Man Shrestha, CEO of RMDC, Mr. Suyog Shrestha, Chairperson of Ace Capital, Mr. Rameshwar Pokharel, MD of Ace Capital, Ms. Sabitri Poudel, Assistant Registrar of Office of the Company Registrar along with other officials of RMDC and Ace Capital were presented in the program. It had allotted 12.15% of share applied to small investors and 6.88% to large investors. Likewise, investors who had applied for less than 70 units were allotted through a lottery system. The paid up capital of RMDC before IPO was Rs. 364 million and after IPO has become Rs. 520 million. The proportion of the promoters share and public share is 70% and 30% respectively. The total number of shareholders of RMDC has become 27,909.

RMDC Disbursed Rs 2.03 Billion Loan to Partner MFIs

In the fiscal year 2012-13, RMDC disbursed Rs. 2.03 billion loan to its partner organizations (POs). With this disbursement, the cumulative loan disbursement of RMDC stood at Rs.8.85 billion and has recovered Rs. 6.5 billion from its partner organizations. RMDC has recovered all loan dues on time and has maintained good loan portfolio quality with 100% loan recovery rate from the very inception of its operation. Till date RMDC has no non performing loan. As of mid July 2013, the outstanding loan of RMDC with its partner organizations stood at Rs. 2.33 billion.



RMDC Convened 14th Annual General Meeting

RMDC convened 14th Annual General Meeting successfully on January 10, 2013 in Kathmandu. The meeting approved the annual progress report presented by the Acting Chairman Mr. Manmohan Kumar Shrestha on behalf of the Board of Directors. It also approved the Balance Sheet, Profit & Loss Account and Cash Flow of the fiscal year (FY) 2011/12. According to the report, during the FY 2011/12, RMDC earned net profit of Rs. 136.52 million. The AGM also

appointed J.B. Rajbhandari & Associates as the auditor of RMDC for the FY 2012/13.

During the meeting, Mr. Manmohan Kumar Shrestha said, "MFIs those which have already been successful financially should utilize part of their profit for the social upliftment of the borrowers and provide credit plus services as well". He urged the Microfinance Institutions which have been running in profit to expand their operation to the remote hills and mountains areas also.

RMDC has planned to further expand microfinance programs for the poor living in the hills and mountains, and continue to extend capacity building supports to its partner organizations from the resources of its own. The Centre aims to extend micro enterprise loans to the graduated clients of MFIs and to other individual micro entrepreneur clients of savings and credit cooperatives focusing on the unemployed youth.



Three Teams of Bangladesh Microfinance Officials Visited RMDC and its Partner MFIs



RMDC organized three exposure visit programs for the microfinance officials from Bangladesh. The participating officials were from the Palli-Karma Sahayak Foundation (PKSF) and its partner organizations. PKSF is a wholesale lending organization in Bangladesh. The purpose of the visit program was to observe and get acquainted with the ongoing practices of microfinance in Nepal. Among the three visit programs two programs were coordinated by Mr. Pritha Bahadur Thapa and Ms. Annapurna Shrestha, managers of RMDC and third program was coordinated by Ms. Annapurna Shrestha and Mr. Roop Bahadur Khadka, managers of RMDC.

The first exposure visit program was held from March 29 - April 5, 2013 for a team of thirteen officials. The team comprised of six officials from PKSF and seven officials representing their seven partner organizations. The team was led by Mr. Akond Mohammad Rafiqul Islam, Deputy General Manager of PKSF.

Similarly the second program was organized from May 26 - June 2, 2013, which was attended by fourteen officials. The team, comprising five officials from PKSF and nine officials from their partner organizations was led by Mr. Dilip Paul, Assistant General Manager of PKSF.



During their visit, the teams visited head offices as well as branch offices of various partner MFIs of RMDC, where they interacted with the field staff, branch manager as well as senior officials about the microfinance modality and practice. During the visit, they also observed the center meetings of those MFIs and had interaction with microfinance clients about microfinance and their projects and had also visited some micro-enterprises of the clients. The teams were overwhelmed by the reception and cooperation they received during the visit.

At the end of the program, each of the teams made a separate presentation on their observation and findings in a session chaired by Mr. Shankar Man Shrestha, CEO of RMDC. According to them,

Likewise the third visit program was held from June 23-30, 2013. It was attended by nine officials including four from PKSF and five from its partner organizations. Mr. Md. Abul Kashem, Deputy General Manager of PKSF was the leader of the third team.

On the first day of the visit program, the teams were given a brief introductory presentation at the RMDC office about the microfinance sector in Nepal focusing on microfinance outreach, and problems & challenges. They were also briefed on RMDC's role in the development of MF sector in Nepal.



they were impressed with the operational process of microfinance and high level of discipline among the MFI field staff and clients. They observed that the savings to loan ratio was high among the clients and the clients were utilizing their loan amounts in income generating activities. However, they suggested that the microfinance programs should deepen their services to the poorest of the poor and adequate monitoring & supervision needs to be carried out. The teams left Kathmandu with new learning experiences and good memories of Nepal microfinance.

CEO of RMDC

Honored by MFIs



CEO of RMDC, Mr. Shankar Man Shrestha, was felicitated by the Microfinance Institutions of the eastern region of the country such as Jeevan Bikas Samaj, SOLVE Nepal and Sahara Nepal Saving and Credit Cooperative Ltd. The felicitation was for his continuous contribution to the microfinance sector of Nepal for improving socio-economic lives of the poor and the deprived women.

Mr. Shrestha was felicitated by Jeevan Bikas Samaj in an inaugural session of the interaction program on March 18, 2013. On the occasion, Mr. Yogendra Mandal, the Executive Chairman of Jeevan Bikas Samaj said, "I achieved more than I expected which was possible due to the guidance of the RMDC especially Mr. Shankar Man Shrestha, the CEO of RMDC. This felicitation is nothing in comparison with his contribution but it is symbolic respect that we remember him as a pioneer in the microfinance sector of the country". On the same occasion Mr. Shrestha urged the participants to initiate financing the youth from poor families. He further said, "You have the power to change the situation

of working Nepalese youth in foreign countries as an unskilled labour in 3D (Dirty, Difficult and Danger) work by creating local employment for the youth, which has not been focused yet." Mr. Shrestha expressed his concern about MFIs being only profit motive. He said "It's not bad to make profit. Make profit. Ask your client to make it too. But spend the major portion of your profit to your clients' for their further development. This is how you can survive forever."

Similarly, on the occasion of 25th Annual General Meeting (AGM) of SOLVE Nepal, Dhankuta, on March 19, 2013, Mr. Shrestha was honored for his invaluable contribution in the development of microfinance industry. He had been invited as chief guest in the program. During the program Mr. Shrestha said, "I am delighted to see the MFIs of eastern Nepal being national players of financial market in the country. The concentration of the big MFIs in the eastern part posed risk of over lending to some of the clients but this can be prevented by collection of proper client information in all

organization." He further added the management of the MFIs should not sit just in the office like other traditional banks instead should go to the clients and know their conditions and help them to get out of poverty.

Sahara Nepal Saving and Credit Cooperative Ltd., Jhapa also felicitated Mr. Shrestha at the closing session of the interaction program of branch managers, senior managers and the board of directors, held on March 22, 2013. He was felicitated as a pioneer contributor of the microfinance sector of the country. On the occasion he showed his concern about overfinancing to clients in microfinance sector. He urged the participants to examine the loan requirement of the clients and lend them as per their need and capacity. Mr. Shrestha said, "It is a time to know how much our client really need. What is the level of duplication? If the client is taking loans from many MFIs due to our small loan size we should modify it and give them adequate loan from single door."



Partner MFIs' Officials Visited MFIs in Bangladesh



RMDC organized two exposure visit programs to Microfinance Institutions in Bangladesh for the officials of its partner MFIs. The visit programs were from March 20-29 and April 22- May 1, 2013. The programs were facilitated by the Integrated Development Foundation (IDF), a well known microfinance NGO, in Bangladesh. The objective of the visits was to get acquainted with the microfinance operation, process and practices in Bangladesh.

The first team comprised of eight board members from seven partner MFIs namely Mr. Narendra Tharu, UNYC Nepal, Bardiya, Mrs. Sharada Sharma, NWCSC, Dang, Mr. Shyam Kant Chaudhary, Mahuli Community Development Center, Saptari, Mr. Padmanath Sharma and Ms. Sita Sharma, CYC Nepal, Baglung, Mr. Shyam Kumar Shrestha, Srijana Community Development Center, Siraha, Mr. Min Prasad Gurung, Muktinath Bikas Bank Ltd, Pokhara, Mr. Upendra Prasad Olee, Sahara Nepal Savings and Credit Cooperative Society, Jhapa and two officials from RMDC Mr. Ram Dayal Rajbanshi, Senior Manager and Mr. Govinda Prasad Paudel officer. The team was coordinated by Mr. Rajbanshi, Senior Manager of RMDC.

Likewise the second team comprised of seven officials from six partner MFIs namely Ms. Aasmani Chaudhary and Mr. Shogat Bir Chaudhary, Rural Women Development Centre, Dang, Mr. Bishnu Bhakta Sharma, Kisan Bahuuddeshiya Sahakari Sanstha Ltd, Kailali, Mr. Purna Bahadur Chand, Udayadev Multipurpose Cooperative Ltd, Kanchanpur, Mr. Ash Narayan Chaudhary, FORWARD, Sunsari, Ms. Shanti Devi Dhakal, Mahila Upakar Manch, Banke, Mr. Bed Nath Adhikari, Chhimek Laghubitta Bikas Bank Ltd, Kathmandu and two officials from RMDC Mr. Pritha Bahadur Thapa, Manager and Mr. Bharat Kumar Singh, officer. The team was coordinated by Mr. Thapa, Manager of RMDC.

During the period, the teams visited branch offices and members' center meetings and interacted with the clients of the MFIs such as Grameen Bank, ASA, BURU and IDF.

The participants visited Jobra Branch of Grameen Bank, the first branch of Grameen Bank. The branch had 3,330 members and almost all of them were borrowers. The branch was in profit, had no overdue loan amount, had savings deposits more than loan outstanding, all children of the clients were going to school, and each client family of the branch had crossed the poverty line. The participants learned that regular close monitoring of clients by field officers, branch managers as well as by area managers is the main reason of the success of the Grameen micro credit program in Bangladesh.

ASA, another well known microfinance organization of Bangladesh was established in 1978 as a social organization. It commenced microfinance in 1992 leaving off the social programs completely. Recently ASA has restarted social programs as complementary programs to microfinance. It has 5 million members, very good loan portfolio and sound financial health (OSS

187% and FSS 143%). Hundred percent client verification before loan approval or disbursement, and standardization of physical facilities at branch offices and procedures are the unique feature of the ASA. Minimization of costs and taking care of each and every resource is another speciality of this organization.

Established in 1990, BURU another reputed MFI of Bangladesh has around 1 million members. Recently it has got alpha+ rating score from MCRIL-India, which might be the highest rate an MFI has got in Asia. Two important features of the MFI that the participants learned are: the MFI treats its each branch as profit center and give freedom (or flexibility) to clients on loan terms and savings deposit and withdrawal.

IDF, the coordinating agency of the visit program was another MFI visited by the team. It was established in 1993. It has been implementing microfinance in 3 hill districts of Bangladesh. It has 100 thousand members. IDF is small in size of operation in Bangladesh, but it provides other social programs benefiting the clients. This has attracted the people towards this organization. IDF still follows the group liability approach for small loans in a time when most MFIs in Bangladesh have already started following individual lending approach.

From the study visit, the participants particularly learned that close and regular monitoring of clients is essential to make a microcredit program successful and sustainable. They found that even branch manager of the MFIs spends most of their time (around 80% of their time) in the field. Hundred percent verification of clients mostly before loan approval is found in almost all MFIs. Because of these approaches, even larger microenterprise loans are provided to clients without collateral. Flexibility and creativity (innovations) are other features of the Bangladeshi microcredit program. Staffs of the MFIs are found well oriented, trained and motivated to their jobs. All MFIs in Bangladesh including ASA implement social programs in addition to the microfinance program.





Chief Executives of RMDC's Partner MFIs Visited MFIs in Indonesia

RMDC organized an exposure visit program for Nepalese Microfinance Institutions to Indonesia, from June 17 to 22, 2013. The purpose of the visit program was to observe and get acquainted with the ongoing practices of microfinance in Indonesia. The visit was coordinated by the Microfinance Innovation Center for Resources and Alternatives (MICRA), an Indonesian development agency for microfinance.

The team of ten officials, comprised of eight chief executives from eight MFIs namely Mr. Mani Kumar Arjyal, Nerude Laghubitta Bikas Bank Ltd, Biratnager, Ms. Bhagbati Chaudhary, Forward, Sunsari, Mr. Yogendra

Mandal, Jeevan Bikas Samaj, Biratnagar, Mr. Mahendra Kumar Giri, Sahara Nepal Cooperative Society Nepal, Jhapa, Mr. Prabhu Narayan Chaudhary, Mahuli Community Development Centre Ltd, Saptari, Mr. Chandi Prasad Sharma, CYC Nepal, Baglung, Ms. Shova Bajracharya, Manushi, Kathmandu, Mr. Bir Bahadur Adhikari, Srijana Development Centre, Pokhara and two officials Mr. Tirtha Ratna Konajo, Senior Manager and Ms. Annapurna Shrestha, manager of RMDC.

The team visited, Amарtha, a cooperative at Bogor; Bank Indonesia, the central bank of Indonesia, in Jakarta; BPR Citra Artha

Sedana, a rural bank and BPR Supra Artapersada another rural bank in Bangung. The organizations had made presentations of their organizational history, functions and activities. The team had fruitful interactions with the presenters and also interacted with the field staff as well as senior officials about the microfinance modality and practice. During the visit, the team observed the center meetings of the MFIs and also had visited some micro-enterprises of the clients.

Indonesia as a fast moving country towards economic development, microfinance programs were found exciting by the visiting team. They said "It was exciting to see all the clients maintaining greenery around their homes and plantation of fruit trees in their premises". Another important point the participants have noticed that clients were able to maintain neat and clean homes though the homes were small but the floor were surfaced with the tiles. BPR Supra Artapersada, Bangung, a rural bank presented with the information directly derived from their software, they were able to satisfy the queries of the participants instantly accessing from the software database. The BPR Supra is also providing microenterprise loan to the police families on the collateral of their certificates of appointments.



RMDC Organized Training on Internal Audit

RMDC organized a training on Internal Audit for the members of the Account Committees of its partner cooperatives. The training was held in Kathmandu from June 19-20, 2013, and was attended by 17 participants from 7 partner cooperatives.

The main objectives of the program were to explain the participants the duty, role & responsibility of the account committee and its members, to provide them theoretical and practical knowledge & skill on internal audit, to enable them to conduct internal audit and prepare internal audit report independently in their organizations. The resource persons of the training were Mr. Roop Bahadur Khadka, Manager of RMDC and Mr. Roshan Kumar Adhikari, Training Consultant to CPI project. The major contents of the training were role & responsibility of account committee, concept and scope of internal audit, internal audit



vs external audit, risk management, financial indicators, fraud management etc.

During the closing ceremony, CEO of RMDC Mr. Shankar Man Shrestha distributed certificates to the participants. In his

remarks, Mr. Shrestha highlighted the importance, role & responsibility of account committee for the healthy growth of cooperatives. He also urged the participants to apply the knowledge and skill gained from the training in their own institutions.

RMDC's Held Interaction with Cooperatives under CIP Project

RMDC organized two interaction programs with the officials of the cooperatives under the districts of the Community Irrigation Project (CIP). The objective of the program was to share the status of cooperatives among the concerned, interact on the role of cooperatives on poverty alleviation and to disseminate the objectives of CIP project to the local cooperatives' officials, explain about the importance of cooperative standard for effective operation and management of cooperative. They were also briefed on the role of RMDC in rural finance.

The first interaction program was held in Dang on May 20, 2013, which was attended by 41 officials from 14 cooperatives based on Rukum, Rolpa, Salyan, Pyuthan and Kailali districts including two officials from Community Irrigation Project district office, Dang. The second program was organized in Kohalpur, Banke on May 24, 2013, which was participated by 24 officials from 9 cooperatives based on Kailali, Kanchanpur, Kapilvastu, Dang and Doti districts. Both the programs were coordinated by Mr. Bharat Kumar Singh, officer of RMDC. The programs were facilitated by Mr. Roop Bahadur Khadka, Manager of RMDC and Mr. Roshan Kumar Adhikari, Training Consultant of RMDC.



Training Program on Microenterprise Credit Appraisal

RMDC organized a training program on Credit Appraisal of Microenterprise Loan for its partner cooperatives. The program conducted in Kathmandu from April 16-18, 2013. It was participated by 25 officials from 25 partner cooperatives. The resource persons of the training were manager duo of RMDC, Mr. Pritha Bahadur Thapa and Mr. Roop Bahadur Khadka.

The objective of the training was to provide participants with knowledge & skill on credit appraisal of microenterprise loan. The major contents of the training were principles of lending, lending procedure & loan limit, methods of individual lending, advantage & disadvantage of individual lending, process of credit appraisal, analysis of enterprise, cash flow, collateral etc.

The participants were divided into four groups and taken them to the field for practical exercise of credit appraisal of microenterprise at Manushi Nepal, a microfinance NGO at Kathmandu. After the field visit, on the next day, the participants made group presentations about their field experiences.

The closing session of the training was chaired by Mr. Shankar Man Shrestha, CEO of RMDC. Mr. Shrestha stressed that loan must be provided on the basis of credit need and capacity of a client to utilize loan and the cash flow of the project concerned. He said haphazard lending should be stopped. At the end of the program Mr. Shrestha distributed certificates to the participants.



(contd. from page 1)

In the fiscal year 2012-13, RMDC added 34 new partner organizations making the total numbers of partners to 136. Among 136 POs, there are 7 microfinance development banks (MFDBs), 10 development banks (DBs), 24 financial intermediary NGOs (FI-NGOs) and 95 cooperatives.

RMDC has been providing financial and technical supports to the partner organizations to strengthen their institutional capacity and to enhance financial literacy and occupational skills of their clients. During the FY 2012-13, RMDC conducted 67 training programs for the staff and the officials of MFIs and they were attended by 2,306 participants. Similarly in the same fiscal year, a total of 66,947 MFI clients have been trained in different in house training programs conducted by MFIs with the financial and technical support of RMDC.

Partnerships Against Poverty Summit 2013

The Microcredit Summit and the Microfinance Council of the Philippines, Inc., together with the sponsorship of the Bangko Sentral Pilipinas, are going to host a Microcredit Summit in Manila from October 9-11, 2013 which will focus on a theme Partnerships Against Poverty. The Summit will promote the partnerships which bring together government agencies, civil societies, financial and social services providers, and other business communities. It holds great potential for catalyzing the next great wave of movement out of severe poverty. Concentrating on Public-Private Partnerships, the upcoming Summit seeks to combine the expertise of the microfinance field and other sectors, such as health, education and agriculture, in order to provide services and infrastructure more efficiently and sustainably. It will be an opportunity for the sectors to meet their counterparts from all over the world to engage in a deep dialogue around challenges and opportunities and to work together on our collective mission to eradicate extreme poverty in the near future. Currently, the registration process is going on and the last day for the registration to attend the Summit is September 30, 2013. Nepal is also going to take an active participation in the Summit. The Chief Executive Officer of RMDC, Nepal, Mr. Shankar Man Shrestha has been nominated as the member of the Advisory Committee of the Summit by the Microcredit Summit, U.S.A. Interested candidates can register to participate in the Summit through <http://partnershipsagainstpoverty.org/>.