


Nepal Experience




The Role of DE: Embracing the Credit Union Differentiation and Promoting Financial Inclusion
In Nepalese Perspective

Bishnu Prasad Pathak
Chief Executive Officer
NEFSCUN

NEPAL









MAP OF NEPAL
Administrative Division
75 Districts, 14 Zones, 8 Provinces

Legend:
International Boundary
National Boundary
Local Boundary
District Boundary

ETH - Kathmandu
STR - Bhairahawa

NEPAL FACT SHEET












- Country: Nepal
- Capital City: Kathmandu
- Total Area: 147,181 sq km
- Border countries: China and India
- Currency (code): Rupee (NPR)
- Population: 26.6 million (Census 2011)
- Ethnic Group: 125
- Languages: 123
- Religion: Secularism
- Major Religions: Hinduism and Buddhism




GEOGRAPHICAL DIVISION






MOUNTAIN REGION 15%

HILLY REGION 68%

PLAIN REGION 17%










Credit Union Differentiation with other Financial Institutions

Credit Unions

- Not-for-profit
- Owned by members
- Operated by mostly volunteer boards
- Charge lower and fewer service fees
- Pay higher saving rates
- Charge lower loan rates
- Social mission

Other Financial Institutions

- For-profit corporations
- Owned by outside stockholders
- Controlled by paid boards
- Charge higher and more service fees
- Pay lower saving rates
- Charge higher loan rates


COOPERATIVES IN NEPAL



More than 26501 cooperatives are registered in Nepal, out of them more than 16000 are engaged in financial sector.




NEFSCUN



Nepal Federation of Savings and Credit Unions (NEFSCUN) is a national apex body of savings and credit co-operatives and district Unions, established in 1988.




CURRENT OUTREACH



1607 Members (SACCOS/DU)

70 districts coverage out of 75

more than **One** million individual members affiliated.




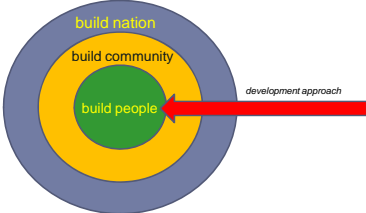

We are referring to SACCOS guided by the following characteristics:

- Financial viability
- Knowledgeable and Involved Board
- Member-customer orientation
- Technological Competence
- Price-competitive Products and Services
- Proficient Staff and Sales Culture
- Focus on Continual Growth




HOW CREDIT UNIONS ARE WORKING FOR HELPING PEOPLE ?





Development Approach to build the people



Microfinance and Financial Inclusion



- Target groups are households living below poverty line, particularly women and those excluded from main stream of financial services
- Savings followed by credit (Savings lead model)
- Small loans (initial loan size <US\$ 300) for short period
- Financial services provided by organizing solidarity groups of 5-10 depending upon density and geographical areas



MF and Financial Inclusion continue

- Credit is provided without collateral on group guarantee
- Services are provided at doorstep during monthly meeting
- Linkages with other agencies for entrepreneurship development and other services




Microfinance Outreach in Nepal

Name of the Organizations	Achievements
Microfinance Development Banks	823,319 clients
Financial Intermediary NGOs	512,661 clients
Microfinance Cooperatives	273,379 members
Small Farmers Agriculture Cooperatives	230,225 members
Total Microfinance Members	1,839,584



Microfinance Models in Nepal

- Grameen Model
- Cooperative Model (CUMI and others)
- Small Farmers Agriculture Cooperative Limited Model (SFCL model)
- Self-Help Group Model
- Village Bank Model



Strategies for Financial Inclusion

- Increase outreach to 200,000 have less households
- Priority to disadvantage women, bottom poor and schedule caste
- Promotion for affiliation and net-working with federation
- Capacity enhancement of leaders and staff
- Monitoring through federation
- MIS system to be developed



Strategies for Financial Inclusion

- Linkage of microfinance with “Central Finance Facility cum Inter-lending”
- Protection by “Cooperative Security Policy” and linking with other insurance schemes
- Entrepreneurship development and other services linking with concern agencies



TRAINING SERVICES

Trainings	<ul style="list-style-type: none"> • Credit Union Manager’s Competency Course (CUMCC) • Credit Union Director’s Competency Course (CUDCC) • Credit Union Loan Officer’s Competency Course (CULCC)
ADVANCE	<ul style="list-style-type: none"> • TOT on 360 degree Financial Literacy • Institutional Development Training (ID) • Business/ Strategic Planning Training • Financial Counseling Training • TOT on SACCOS Management
MEDIUM	<ul style="list-style-type: none"> • PEARLS Monitoring System Training • Loan Management Training • Policy Formulation Training • Annual Planning and Budgeting Training • Micro Finance Training • Good Governance Training
BASIC	<ul style="list-style-type: none"> • Pre-membership and SACCOS Orientation • Account Management Training • SACCOS Management Training • Leadership Development Training



