

Centre for Self-Help Development and Swabalamban Bikas Bank Ltd

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Brief History

The Centre for Self-Help Development (CSD) was established in 1991 with a focus on poverty alleviation. CSD put an emphasis on participatory approaches in dealing with its beneficiaries and the mobilization of its clients' own resources. In September 1993 CSD established the Self-help Banking Program (SBP), a microfinance initiative based on the Grameen Financial System, set up as a pilot project coordinated in the three Village Development Committees of Siraha, Saptari and Udayapur. With the aim of increasing the outreach of its financial services, CSD established the Swabalamban (Self Help) Bikas (Development) Bank Ltd. (SB Bank). In 2002, SB Bank took over the vast majority of CSD-SBP's assets and liabilities and obtained a license from the Nepal Rastra Bank to provide financial services as a development bank.

Methodology

CSD implements an integrated rural development program that includes a separate community-based microfinance component, involving the transformation of Self Help Groups (SHG) into cooperatives. CSD provides technical assistance to SHGs, which can then transform into cooperatives. SB Bank offers microcredit products such as general loans, seasonal loans, micro enterprise loans, housing loans, medical loans and emergency loans. It also offers access to microsavings, with group savings, voluntary savings, education/pension and festival savings (allowing members to save for a particular festival). More recently, SB Bank has begun to offer microinsurance products: life and housing protection and livestock risk coverage.

Area of Operations

CSD has been forced by regulations of the Central Bank to continue to provide microfinance services through two separate branches in the district of Dang, as it is considered too distant from SB area of operations. SB Bank operates 27 branches in eight districts of the eastern and central development regions. In the eastern development region, it operates in Siraha, Saptari and Udayapur. In the central development region, SB Bank operates in Dhanusha, Mahottari, Sarlahi, Bara, Parsa and Makwanpur

Clients

CSD and SB Bank jointly serve a population of 217,020 people in nine districts. CSD's microfinance operations in Dang reach 17,177 people through 3,123 households. SB Bank reaches 199,843 people in 33,681 families. Both CSD and SB Bank provide microfinance services to families owning less than 0.67 hectare of land and/or have per capita income below Rs. 4,400. They only serve women.

Active clients	Active savers	Active borrowers	Gender
36,804	36,804	29,497	100% women

As Of May 2004

Poverty Focus

CSD and SB Bank's primary objective is to provide the disadvantaged section of the rural poor with easy access to credit, in the hope of raising their socio-economic conditions. They provide financial services to women whose families own not more than 0.67 hectare of land and/or having per capita income of not more than Rs. 4,400.00. As of mid- July 2002, CSD's total loan disbursement reached US\$ 791,852 and total savings of US\$196,867

Average outstanding loan	Average outstanding loan / GNP per capita	Average deposit size
Rs.6,346	37%	Rs.2,331

As Of May 2004

Distinctive Features

CSD not only provides financial services to the poor but also acts as a change agent and development facilitator. SB Bank combines financial services with non-financial services such as pre-group training, natural resource management and leadership development training. SB Bank considers itself to be a 'real' microfinance bank, in a sense that it does not provide large loans and has kept a focus on small loans to low-income clients. However, SB Bank also provides microenterprise loans to graduated clients.

Innovations

SB Bank offers a "Green Card Scheme" to its special clients. Clients who complete a five-year loan cycle and have maintained strict financial discipline are recognised as special clients. These clients are awarded a certificate of appreciation and a special one-year revolving loan facility of up to Rs. 5,000.

SB Bank have also implemented so called 'protection schemes' (similar to insurance products – something which SB Bank is not licensed to provide). SB Bank offers a life and housing protection scheme, which includes compensation to members in the case of housing damage by natural calamities. This scheme also provides compensation upon the death of a member and/or spouse. In addition, SB Bank's protection scheme includes a livestock protection scheme.

Financial Results

SB Bank generated a profit of Rs.6,273,000 in 2003. Both CSD and SB Bank cover all the costs associated with their microfinance activities, posting self-sufficiency ratios higher than the average of South Asia medium organisations (MBB).

Loan Portfolio	Portfolio at risk	Savings Deposits	OSS / FSS	RoE / RoA
Rs.203,304,290	2%	Rs.85,820,472	133%;107%	n/a

As Of May 2004

Inclusion in the Financial Sector

The key shareholders in SB Bank are three commercial banks, Nabil Bank Ltd, Nepal Investment bank Ltd., Himalayan bank Ltd., each with a 12% equity share. In addition, the banking office of the Women Cooperative Society has a 12% stake in the Bank. SHGs formed by CSD need to formally register as a cooperative (minimum 25 members) to be able to obtain funding from commercial banks. In the past commercial banks such as Nepal Bank, Rastriya Banijya Bank have lent to SHGs.

Sources

- Swabalamban Bikas Bank Ltd. (SB Bank) Profile
- CSD Annual Report 2001/02
- Centre for Self-help Development website: www.csdnepal.org.np