ANNUAL REPORT 2013–2014

SAMRIDDHA PAHAD

2013–2014

THE BLUEBERRY HILL CHARITABLE TRUST

(REFERRED TO AS "SAMRIDDHA PAHAD")

ANNUAL REPORT 2013–2014

Copyright 2014, Samriddha Pahad

All rights reserved. No part of this report may be reproduced in any form without a written agreement with the publisher.

Concept & Content: Sneha Shrestha, Shristi K.C
Design: Dishebh Raj Shrestha
Cover Photo: Rocky Prajapati

Printed at: Bee-Line Communications

ISBN: 978-9937-8772-9-9

www.sp-uk.org

2013–2014

© Rocky Prajapati, Samriddha Pahad

MESSAGE FROM THE BOARD

Samriddha Pahad is a purpose-driven organisation with a commitment to improving the livelihoods of hill and mountain communities through sustainable access to finance and livelihood opportunities. Our value add lies primarily in our holistic approach to facilitating financial linkages between financial institutions and community institutions including by strengthening the institutional capacity of community institutions and providing training to our loan clients in financial literacy and livelihoods development.

For an organisation that has completed three years of operations in the field, Samriddha Pahad has shown strong results and made remarkable progress. It has been great to see it develop from a research phase in 2011, working with various supporters in Nepal, to an organisation with 57 staff in 7 offices, and growing. In the past three years, Samriddha Pahad has facilitated loans of GBP 1.5 million to community institutions through 15 banks and financial institutions and reached 18,000 community members in remote areas of Nepal. Banks are realising that rural mountain areas represent viable investment opportunities for extending access to formal financial services.

In the last fiscal year (2013/14) Samriddha Pahad, with funding from UKaid through DFID, implemented the Sustainable Access to Finance and Livelihoods in Nepal (SAFAL) project, expanding to four districts in the Far Western Development Region. It also diversified with innovative financial models like deficit financing and guarantee funds to facilitate access to finance, improved livelihoods, and market linkages in the hill and mountains regions.

In the upcoming year (2014/15), Samriddha Pahad will continue to expand to more remote areas in the Far Western and Eastern Development Regions of Nepal with a focus on facilitating financial linkages and delivering high-quality financial literacy and livelihood trainings on the topics requested by rural communities.

We, the Board, would like to take this opportunity to extend our sincere thanks to everyone – our partner organisations, banks, donors, board members, country office staff and field staff. Together we have made significant progress in the past year and look forward to growth and expansion in the years ahead.

Board of Advisors
Rameshore Khanal, Member
Shankhar Man Shrestha, Member
Graham Wrigley, Chairperson

© Sudip Shrestha, Samriddha Pahad

ACRONYMS

BFI: Banks and Financial Institutions

CI: Community Institutions

CORES: Compile, Organise, Review, Evaluate, Systematise

DFID: Department for International Development

FLT: Financial Literacy Training

MFI: Micro Finance Institutions

MIS: Management Information System

M&E: Monitoring and Evaluation

RMDC: Rural Microfinance Development Center

SAFAL: Sustainable Access to Finance and Livelihoods in Nepal

SP: Samriddha Pahad

UK: United Kingdom

VDC: Village Development Committee

CONTENTS

INTRODUCTION	6
FOCUS AREAS	7
KEY MILESTONES	8
OUR PRESENCE	10
APPROACH	11
MOUNTAIN FINANCE MODEL	12
CONTEXT AND CHALLENGES	12
AS OF 2013–2014	13
CASE STUDIES	18
FINANCIAL STATEMENT	23
OUR TEAM	24
THE YEAR IN PICTURES	26
OUR PARTNERS	28

INTRODUCTION

The Blueberry Hill Charitable Trust (operating in Nepal as 'Samriddha Pahad'), is a UK-based international non-governmental organisation that has been working in Nepal since 2011. Samriddha Pahad works to improve the livelihoods of hill and mountain communities through sustainable access to finance linked with appropriate livelihood opportunities and local institution strengthening. Samriddha Pahad is currently implementing the Samriddha Pahad Project in Ilam, Pachthat and Taplejung districts and SAFAL project (funded by UKaid through DFID) in Ilam, Panchthar, Doti, Dadeldhura, Achham and Bajura districts.

VISION

To improve the livelihoods of hill and mountain communities through sustainable access to finance linked with appropriate livelihood opportunities and local institution strengthening.

STRATEGIC MISSION

To serve as a catalyst and promote systemic private sector development in the rural hills and mountains of Nepal by bringing together local communities and financial service providers to extend access to formal financial services to low-income households and enterprises.

© Rocky Prajapati, Samriddha Pahad

FOCUS AREAS

A SUSTAINABLE LIVELIHOODS

Samriddha Pahad's approach goes beyond basic finance and provides support for financial literacy, capability-building programmes, market linkages, and enterprise development.

B INSTITUTIONAL SUPPORT

Samriddha Pahad works with community institutions and builds on their existing capacities and skills to enable them to utilise a wide range of financial and non-financial services.

C FINANCIAL DISCIPLINE

Samriddha Pahad educates community members on financial literacy and enterprise finance to help them become financially aware and responsible.

D EFFECTIVE TARGETING

Samriddha Pahad works in areas where there is a high incidence of poverty as well as a high potential for economic development in order to 'crowd-in' financial service providers.

KEY MILESTONES

2009

Consultant hired for baseline research to start Samriddha Pahad

First seed towards Samriddha Pahad sowed - Chairman Graham Wrigley's first meeting with Advisory Board member, Shankar Man Shrestha

AUG 2011

General agreement signed with Social Welfare Council

First 3 staff members hired

JAN 2012

Research to launch Samriddha Pahad's Mountain Finance Model

Programme activities begin in Eastern Nepal

JUNE 2012

First loan facilitated of GBP 12,285 from NMB Bank to Singhadevi Milk Coop in Ilam

JUNE 2013

1,000 loan clients

AUG 2013

SAFAL project funded by DFID launched and programme begins in Far Western and Eastern Nepal

JAN 2014

Total loans facilitated: GBP 500, 000

10,000 member outreach

CONNECT, client feedback and greviance support system introduced through a toll-free mechanism

APR 2014

CORES, an in-house MIS based M&E system launched.

Total loans facilitated: GBP 1,000,000

20,000 member outreach

2,700 loan clients

JUNE 2014

MOU signed with NMB Bank for the guarantee fund model

JULY 2014

End of fiscal year 2013-14

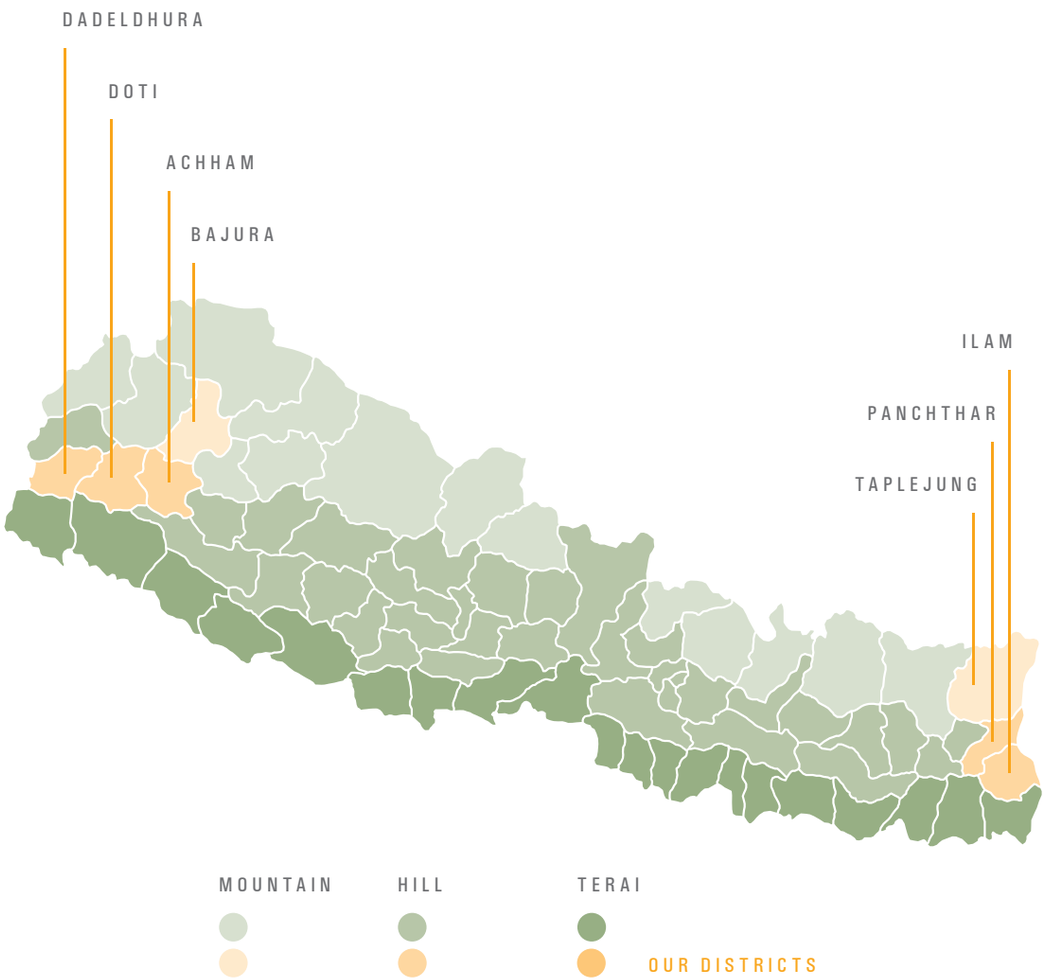
Total loans facilitated: GBP 1,579,257

4,719 loan clients

18,523 member outreach

© Rocky Prajapati, Samriddha Pahad

OUR PRESENCE



APPROACH

STIMULATING DEMAND AND STRENGTHENING SUPPLY

Samriddha Pahad's two-pronged approach involves:

1 **Stimulate demand** for financial services by strengthening community institutions and providing financial literacy training, livelihood support and market linkages.

2 **Strengthen supply** of financial services by supporting financial institutions to design and deliver commercially-viable products and service.

INVESTMENT MODELS

Samriddha Pahad works through the following investment models:

A **Wholesale Financing Model:** We link savings and credit, agriculture, dairy and other cooperatives/community institutions (formal and informal) with banks and financial institutions (BFIs) to facilitate loans to people in rural areas. We also work closely with the people taking these loans to build their financial literacy, provide livelihood support and link them to markets for their products.

B **Guarantee Fund Model:** Innovative practices such as guarantee funds are used to reach out to clients in the most rural and remote areas through financial institutions.

C **Deficit Financing Model:** We provide microfinance institutions with catalytic subsidies to open new microfinance branches in Nepal. We also assist microfinance institutions to provide financial literacy and livelihood training to rural clients.

MOUNTAIN FINANCE MODEL

Samriddha Pahad's 'Mountain Finance' model takes a partnership approach to work with existing 'on-the-ground' lessons and best practices in Nepal to provide solutions that are cost effective and yet leverage local resources, external development funds and commercial investments. Samriddha Pahad's approach includes interventions that are focused on a Finance 'Plus' model that includes market linkages and enterprise development support with a strong focus on working alongside existing development initiatives.

CONTEXT AND CHALLENGES

Access to diverse financial products and services is a prerequisite for full participation in a market economy. Of Nepal's total population of 27 million, 66% lack access to basic formal financial services (CMF Nepal, 2013) . Access to financial services is particularly difficult for those living in the remote hills and mountains due to the difficult terrain, dispersed population, lack of appropriate financial products and services, and widespread market distortion arising from high subsidies and lack of financial discipline.

Samriddha Pahad works in areas where there is a gap between demand for, and access to, financial services, and where significant economic benefits can be reaped by improving access to finance. While Samriddha Pahad understands that a substantial portion of the Terai faces limited economic growth opportunities and a high incidence of poverty, its focus is on the hills and mountains. As the livelihoods of communities in the hills, mountains and Terai are interdependent and interconnected, one of the ways to address challenges in the Terai is to enable mountain communities to cope with emerging challenges such as natural resource management, agricultural production, climate change, and migration.

AS OF 2013–2014

18,000
MEMBER OUTREACH
Number of individuals who have the potential to access financial services from local community institutions

4,500
LOAN CLIENTS
Number of individuals from community institutions to which loans have been facilitated through Samriddha Pahad

£1.5million
LOANS FACILITATED
Amount of loans facilitated through Samriddha Pahad from banks and financial institutions to rural community institutions (cooperatives, groups)

© Rocky Prajapati, Samriddha Pahad

TRAINING PARTICIPANTS

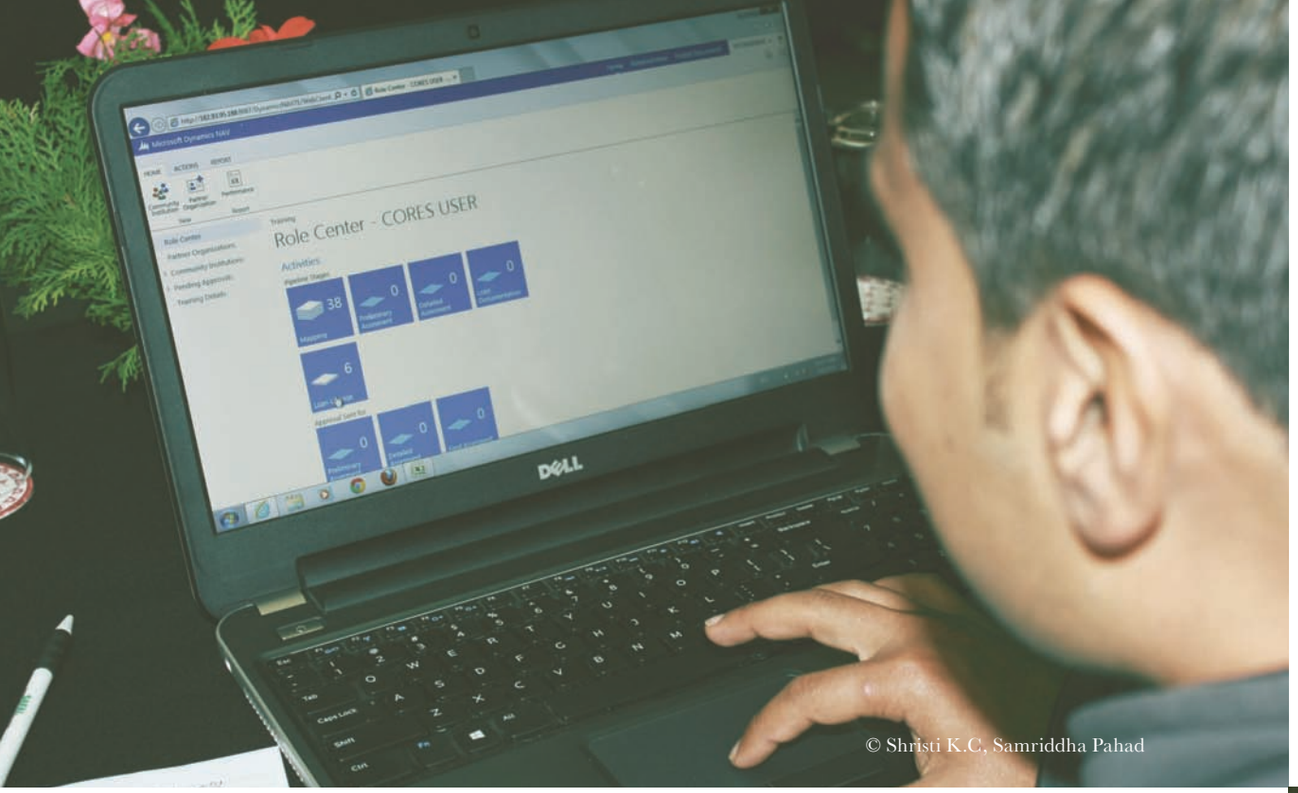
Number of individuals or institutions who have participated in trainings provided by Samriddha Pahad

8,078 PARTICIPANTS
FINANCIAL LITERACY TRAINING

6,416 PARTICIPANTS
LIVELIHOOD TRAINING

63 INSTITUTIONS
INSTITUTIONAL CAPACITY BUILDING TRAINING

© Rocky Prajapati, Samriddha Pahad



© Shristi K.C, Samriddha Pahad

CONNECT

CONNECT is a mechanism for collecting feedback via a toll-free number. Samriddha Pahad's financial institutions, partner community institutions, community institution members, and loan clients, as well as Samriddha Pahad's field and head office staff, can call CONNECT to provide suggestions and feedback or to make a complaint. A mechanism is in place to ensure that suggestions and complaints are followed-up by the respective department and addressed in an adequate and timely manner.

CORES LAUNCHED

COMPILE ORGANISE REVIEW EVALUATE SYSTEMATISE

CORES is a web-based management information system customised for Samriddha Pahad using a Microsoft platform. It stores information in a central database to help the organisation to monitor, access and quickly analyse key information related to programme activities and generate reports on a periodic basis as needed.

© Sneha Shrestha, Samriddha Pahad

CASE STUDIES

BREAKING BARRIERS IN ACHHAM, ONE WOMAN AT A TIME

The number of business women in rural Nepal is much higher than one would expect. Menuka, a 30-year old resident of Kudikhet VDC in Achham district, is one such business woman. Two years ago, while pregnant with her first child, Menuka talked with her husband about her dream to open a grocery store in their hometown of Mujabagar.

Of the 256 cooperatives in Achham, Menuka joined Shree Kshitize Multipurpose Cooperative in Batulasen VDC and started saving money for her grocery store. Through the support and loan facilitation provided by the SAFAL project, Menuka took a loan of NPR 200,000 from Rural Microfinance Development Center (RMDC) at 16% interest rate to expand her grocery store to include a restaurant. With the increased income from her restaurant she believes she will be able to repay the loan. Menuka explains, "The loan will enable me to purchase goods directly from the wholesaler instead of going through a middleman who charges a higher fee. It is going to take time and hard work. The wholesaler is located a 7-hour walk from my home so it will take several mules to carry the goods, but it is worth the price difference. And I'm confident that I can do it!"

> *"The loan will enable me to purchase goods directly from the wholesaler instead of going through a middleman who charges a higher fee. It is going to take time and hard work. The wholesaler is located a 7-hour walk from my home so it will take several mules to carry the goods, but it is worth the price difference. And I'm confident that I can do it!"*

"Everyone has dreams, but many women don't act on theirs; it is hard to make them believe in their potential", shared Pratik Devkota, District Coordinator for Achham district. With the loan she received through SAFAL project, Menuka was able to make her dream come true.

Menuka closing the accounts of her shop for the day, Kudikhet VDC, Achham

With the loan Menuka acquired, she has been able to expand her shop (left) to include a roadside restaurant (right), Kudikhet VDC, Achham.

FINANCIAL LITERACY TRAINING

Financial Literacy Training being conducted by the lead trainer, at Taplejung Women's Cooperative, Phungling VDC, Taplejung

Samriddha Pahad's SAFAL Nepal project Financial Literacy Training kit

> *"From the Financial Literacy Training, I learnt how to budget my income so that I know how much money I have in my hands at the end of the month. I want to be able to build a house in the next 7 years, without needing to take a loan."*

Samriddha Pahad's Financial Literacy Training aims to help low income clients efficiently manage their household finances and effectively use the financial services available to them. Financial Literacy Training uses adult-learning techniques to explain key financial concepts in the four modules: financial planning, cash flow and budgeting, savings, and debt. The content for the Financial Literacy Training is based on ACCION's Financial Literacy Program and contextualised to cater to a rural Nepali audience. The training uses interactive and relevant stories, exercises and games to explain key financial concepts and is targeted at an audience with minimal or no literacy. The training is simple to deliver in an informal setting, making it scalable to reach a wide audience.

Menuka attended the Financial Literacy Training organised through the SAFAL project to figure out how she could save enough from her daily income to build a house next to her shop. She shared, "From the Financial Literacy Training, I learnt how to budget my income so that I know how much money I have in my hands at the end of the month. I want to be able to build a house in the next 7 years, without needing to take a loan."

Menuka relates to the Financial Literacy Training's fictional protagonist, Kanchhi who goes from being unable to afford a candy to opening her own bangle shop within a span of five years. Menuka's house is her version of Kanchhi's bangle store.

Over the next few years, the SAFAL project hopes to be able to change the livelihoods of many men and women in the hill and mountain regions of rural Nepal. We hope to break down the barriers, one person at a time.

LOANS TO SETI DEVI COOPERATIVE IN ILAM THROUGH WHOLESALE FINANCE MODEL

The Cooperative received a loan facilitated through SAFAL project, which enabled it to extend a loan of NPR 50,000 to Devika for ginger farming at 16% interest, the cheapest loan she had ever received.

Devika Dulal is a 34-year old ginger farmer in Ilam district. She lives with her husband, parents-in-law and 9-year old son in Malate village of Maipokhari VDC. Devika is a member of Namuna Mahila Sangha, one of the 21 groups that are part of the Seti Devi Multi-Purpose Cooperative. The Cooperative received a loan facilitated through SAFAL project, which enabled it to extend a loan of NPR 50,000 to Devika for ginger farming at 16% interest, the cheapest loan she had ever received.

Devika suggested that "a grace period for loan repayment would be helpful" and said that she would prefer to repay the loan on a quarterly, instead of monthly, basis as she cannot sell the ginger immediately after harvesting.

Through the SAFAL project's wholesale financing model, a total loan of NPR 5,000,000 was facilitated to the Seti Devi Multi-Purpose Cooperative in Ilam through the First Microfinance Development Bank. The Seti Devi Multi-Purpose Cooperative has 1,810 members (410 male and 1,400 female).

Devika Dulal at a group meeting of Namuna Mahila Sangha, Maipokhari VDC, Ilam

FINANCIAL STATEMENT (UNAUDITED)

	SOURCE OF INCOME	2013-14 (NPR)	2013-14 (USD)
A.	Funds received	98,944,789	986,050
B.	Other income	507,177	5,183
	Total	**99,451,966**	**991,234**

	EXPENDITURE	2013-14 (NPR)	2013-14 (USD)
A.	Capital expenditure (CAPEX)	6,985,804	71,397
B.	Operational expenditure (OPEX)	32,758,926	334,806
C.	Program expenditure	51,815,679	529,571
	Total	**91,560,408**	**935,774**

OUR TEAM

The guiding ethos for Samriddha Pahad's internal governance is to remain a Nepali organisation with world-class standards. We currently have a team of 57 members: 40 in the field and 17 in the country office. The backbone of Samriddha Pahad is our energetic and hardworking support and field staff who continue to take up new challenges and implement our activities in the districts.

COUNTRY OFFICE - Kathmandu

Arun Rana, Chief Executive Officer

Tilak Acharya, Sr. Finance and Admin Manager

Sanjeev Neupane, Program Manager

Sneha Shrestha, Fundraising, Communication, Monitoring and Evaluation Manager

Reema Shrestha, Project Manager

Rishi Ram Wagle, Project Operations Manager

Amit Sah, Finance and Admin Officer

Kranti Puri, Finance and Admin Officer

Jagadish Subedi, Monitoring and Evaluations Officer

Shristi K.C, Jr. Communication Officer

Bharat R Joshi, Project Accountant

Anisha Sharma, Project Accountant

Pradip Acharya, Finance and Admin Assistant

Aayusha Prasain, CONNECT Consultant

Eliza Raut, Receptionist

Laxmi K.C, Support Staff

Min Bahadur Kunwar, Support Staff

FIELD COORDINATORS

Sudip Shrestha, East Cluster

Sushil Ghimire, Far West Cluster

DISTRICTS COORDINATORS

Ganesh Psd. Lamichhane, Panchthar

Chitra Kumari Changsu, Taplejung

Madhav Chaurel, Doti

Pratik Devkota, Accham

Dhokal Bdr.Ale Magar, Bajura

Tarka Bahadur Joshi, Dadeldhura

PROJECT STAFF - PANCHTHAR

Chandra Tamang, District Finance and Admin Incharge

Mahendra Psd. Luitel, Finance Facilitator

Rabin Rai, Finance Facilitator

Sushma Lawati, Finance Facilitator

Saraswoti Neupane, Finance and Admin Assistant

PROJECT STAFF - ILAM

Purna Prasad Gautam, Project Assistant

Pushpa Limbu, District Finance and Admin Incharge

Santosh Gautam, Finance Facilitator

Saroj Katuwal, Finance Facilitator

Sagar Acharya, Finance and Admin Assistant

PROJECT STAFF - TAPLEJUNG

Kushum Gurung, District Finance and Admin Incharge

Dibas Bhandari, Project Assistant

Dev Raj Neupane, Finance Facilitator

PROJECT STAFF - DOTI

Rajesh Shrestha, District Finance and Admin Incharge

Kishor Diyali, District Finance and Admin Assistant

Karna Bahadur Malasi, Finance Facilitator

Shambhu Raj Jaisi, Finance Facilitator

Rukminne Shahi, Finance Facilitator

PROJECT STAFF - ACHHAM

Hansh Bahadur Shahi, District Finance and Admin Incharge

Chamanda Sharma, Finance and Admin Assitant

Binod Kumar Kunwar, Finance Facilitator

Chakrapani Timilsina, Finance Facilitator

Chhatra Psd. Jaishi, Finance Facilitator

PROJECT STAFF - BAJURA

Dilip Kumar Rokaya, District Finance and Admin Incharge

Suresh Bahadur Rokaya, Finance Facilitator

Bhansingh Ayadi, Finance Facilitator

Ganesh Bahadur Shah, Finance Facilitator

DISTRICT OFFICE - Dadeldhura

Damari Upadhyay, District Finance and Admin Incharge

Mahesh Shrestha, Finance Facilitator

Keshav Bahadur Mahata, Finance Facilitator

Krishna Bohora, Finance Facilitator

Manish Malla, District Finance and Admin Assistant

THE YEAR IN PICTURES

Samriddha Pahad signs an MOU with Bank of Kathmandu

Promotional material branding of the SAFAL Nepal project

Focal persons of our partner NGO, attending the Half Yearly meeting, Dhulikhel

Branding for our in house grievance cell and feedback system

Group work on record keeping training in Taplejung

Representatives of various banks, after the financial product promotion workshop

MOU signed between Himalayan Bank and Samriddha Pahad

Financial facilitators tackling an assignment, CORES training workshop, Greenwich Hotel

Annual Review and Planning Meeting, Fulbari Resort, Pokhara

Fun and games at the annual staff picnic

Samriddha Pahad's Board of Advisers, Mr. Shankar Man Shrestha and Mr. Rameshore Khanal (L-R)

Samriddha Pahad team in Last Resort

OUR PARTNERS

FINANCIAL INSTITUTIONS

NMB BANK LIMITED
एनएमबि बैंक लिमिटेड

Clean Energy Development Bank

बैंक अफ काठमाण्डू लिमिटेड
BANK OF KATHMANDU LTD.
We make your life easier

सिभिल बैंक लिमिटेड
CIVIL BANK LTD.
Thinking forward Moving forward

हिमालयन बैंक लिमिटेड
Himalayan Bank Limited
(A Joint Venture with Habib Bank Limited - Pakistan)

Janata Bank Nepal Ltd.
जनता बैंक नेपाल लिमिटेड

फर्स्ट माइक्रोफाइनान्स डेभलपमेण्ट बैंक लि.
First Microfinance Development Bank Ltd.

लक्ष्मी लघुवित्त वित्तीय संस्था लि.
Laxmi Laghubitta Bittiya Sanstha Ltd.

RMDC

UNITED FINANCE

STRATEGIC PARTNERS

MercyCorps
Be the change

ACCION

DONORS

UKaid
from the British people

PARTNER NGOs

Mahila Jagaran Sangh
Ilam Municipality-6/
Phidim, Pancthhar
Phone: 027-520445, 27-521645
Email: mjs_ilam@ntc.net.np
Web: www.mjsilam.org

Integrated Development Society
Amargadhi, Dadeldhura
Phone: 096-420087
Fax: 096-420179
Email: idesddl@gmail.com

Working for Access and Creation (WAC-Nepal)
Mangalsen, Achham
Phone: 097-620364
Fax: 097-625032, Sanfe Bagar
Email: wacnepal09@gmail.com

Environment Conservation & Development Forum
Fungling-4, Taplejung
Phone: 024-460464
Email: ecdftpj@ntc.net.np
Web: www.ecdf.org.np

Samaj Sewa Doti
Silgadi, Doti
Phone: 094-420523
Fax: 094-420523
Email: ssddoti@gmail.com

Gift Bajura
Martadi, Bajura
Phone: 097-541168
Fax: 097-541223
Email: giftbajura@ntc.net.np

© Rocky Prajapati, Samriddhi Pahad

CONTACT

SAMRIDDHA PAHAD
Chakupat, Lalitpur, Nepal
P.O. Box. 8759

Phone: 01-5260585,
01-5260270, 01-5261719
Email: info@sp-uk.org
Web: www.sp-uk.org

ISBN: 978-9937-8772-9-9