

# **SANA KISAN BIKAS BANK LTD.**

(Small Farmer Development Bank)

## **In a Nutshell**

**July, 2014**



**Sana Kisan Bikas Bank Ltd.**

Subidhanagar, Kathmandu, Nepal



# Acronym

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<b>ADB</b>	Asian Development Bank
<b>ADBL</b>	Agricultural Development Bank Ltd.
<b>BoDs</b>	Board of Directors
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CICTAB</b>	Centre for International Cooperation and Training in Agricultural Banking
<b>GA</b>	General Assembly
<b>GoN</b>	The Government of Nepal
<b>IDP</b>	Institutional Development Program
<b>IG</b>	Inter-Group
<b>MC</b>	Main Committee
<b>RFSDCP</b>	Rural Finance Sector Development Cluster Program
<b>SFCL</b>	Small Farmer Cooperative Ltd
<b>SFDB</b>	Small Farmers Development Bank
<b>SFDP</b>	Small Farmers Development Program
<b>SFG</b>	Small Farmer Group
<b>VDC</b>	Village Development Committee

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# 1. Introduction to Small Farmers Development Program

## 1.1. Background

Although poverty has decreased to 23.8 percent, however, inequalities in accessing resources by the poor, the gap between the rich and the poor has still been widening. Recent surveys indicate that 10 percent of the urban poor and 35 percent of the rural poor live below



the poverty line. This suggests the deteriorating condition in living standard and hardships borne by rural poor. About 80 percent of the population of Nepal lives in rural areas, while around 70 percent earns their living from agriculture; and agriculture contributes about 36 percent to the Gross National Product (GDP). This clearly shows the weak economic condition of Nepali farmers. The United Nations Human Development Report, 2012 ranks Nepal 157th, with a Human Development Index of 0.463. The achievement of community based Small Farmers Development Program (SFDP) targeted to alleviating rural poverty strongly indicates that this would be possibly an appropriate program to help improve the socio economic condition and uplift the lives of the rural poor.

## 1.2. Initiation of Small Farmers Development Program

SFDP was initiated by the Agricultural Development Bank Limited (ADBL) to uplift the socioeconomic condition and lives of rural poor people. These targeted people are characterized by geographical diversity, traditional modes of farming, under employment, low income and poor living standard. The SFDP was the first credit plus targeted programme to provide microcredit



for income generating activities alongside with a saving program at the doorsteps of poor communities. The program has provided skill development training and socio-economic development programs to improve the living conditions of the rural poor. The program was extended to remote and far flung villages. The ADBL directly implemented the SFDP through sub-project offices; which provided financial and non-financial services to rural and remote communities. At one point of time, before 1990 this programme had been expanded to 652 Village Development Committees (VDCs) covering all the 75 districts of Nepal.

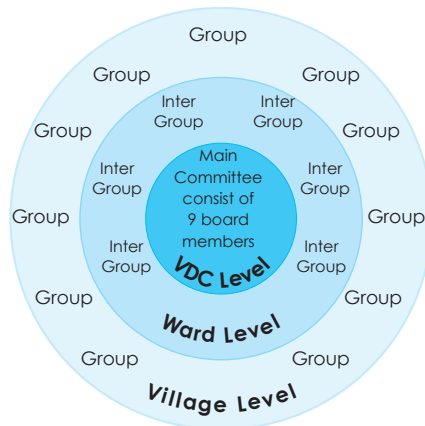
### 1.3. Institutionalization of SFDP

With the expansion and gradual development of SFDP, the need to empower with the active participation of the targeted people to manage the program was deeply felt. In 1985/1986, the Institutional Development Program (IDP) of SFDP was initiated as a joint endeavor of then GTZ and ADBL to make the program cost effective and sustainable by involving the beneficiaries themselves. The targeted farmers were organized in three-tiered organizational structure to ensure the involvement of most of the members in decision making process. In this three-tiered organizational structure, small farmers formed Small Farmer Groups (SFGs) at the grass-root level comprising 5-12 members. SFGs are federated at the Ward level to form an inter-group and a representative of the inter-group form a main committee at the VDC level named as Small Farmer Cooperatives Ltd (SFCLs).

## 2. Small Farmer Cooperative Ltd (SFCLs)

Small Farmer Cooperatives Ltd are members managed community based microfinance institutions with three-tiered organizational structure, which ensures the involvement of most of the members in the decision making process. The three-tiered Organizational Structure is depicted below.

### 2.1 Organizational structure of SFCLs



### 2.2 The formation of SFGs, IGs and MC and their functions

- **SFGs:** Representatives of Small Farmer members (5-12 members) form a SFG at the grass-roots level. The SFGs decide on collection of savings, providing credit and community development programs in the villages.
- **Inter-Groups (IGs):** Two or more SFGs form an IG at the ward level. The IG supervises, coordinates activities of SFGs.
- **Main Committee (MC)-a Board of Directors (BoDs) of SFCLs:** All IG Chairpersons from each IG form the BoDs at the VDC level. The BoD as a governing body of SFCLs, formulates plans, policies and appoints staff to carry out activities. The BOD is accountable to the General Assembly (GA) of the SFCLs.





SFCL's daily operation is carried out by a manager, appointed by the BoD at the VDC level. The assistant manager and staff assist the manager in the day to day functioning of SFCL.

### 2.3 Characteristics of Small Farmers Cooperatives

- A three-tiered Community based structure representing targeted groups
- Equal opportunities for participation by the poor, irrespective of caste, gender and occupation
- Ownership and management by small farmers
- Three-tiered structure at the village, ward and VDC levels
- A one door credit plus service including savings, credits, insurance, remittances and other non-financial services
- Low administrative cost
- Business planning and implementation
- An agro-based institution with principles of cooperative
- Replication of new SFCLs in neighbouring VDCs
- Undertakes social mobilization and community development programs to raise the living standard of the poor
- Limited banking services
- Suitable for the hills and mountains areas

The Sub Project Offices of SFDP were institutionalized as SFCLs and handed over to the communities gradually. By the end of fiscal year 2006/2007 the management of 219 SFCLs (including the replicated SFCLs) has been handed-over to communities. Till, July 2014, 355 SFCLs are operating and 99 SFCLs are organizing under SFCLs replication program with the control, full ownership and management by small farmers.

### 2.4. Networking of SFCLs

Small farmers need both financial and non-financial services. Thirty District Federations of SFCLs and a central federation - the Nepal Agriculture Cooperatives Central Federation limited (promoted by Small Farmers), have been established to support them with non-financial services. Established federations have been continuously helping with institutional strengthening, market management, linkages and coordination to enhance financial self-sufficiency of SFCLs.





## 3. Establishment of Small Farmers Development Bank (SFDB)

The transformation of SFDP into SFCLs was a pioneer initiation. The need of a wholesale microfinance development bank was realized by the ADBL to continuously provide financial and non-financial services to these institutions, and also to supervise and build their institutional capacities. To continue with the purposes and targets of SFDP, the need for an apex institution was felt to deliver financial services in efficient ways. Owing to these necessities, SFDB was established with the initiation of ADBL in 2001. It is a 'D' class financial institution with share investments of SFCLs, ADBL and two commercial banks.

SFDB has set itself as an exemplary model in the formation process by allowing representation of self-empowered institution of small farmers. This bank has been continuously fulfilling the credit needs of SFCLs and other partner cooperatives by mobilizing share capital, savings, and loans from commercial banks, development banks and financial institutions, funds from donor agencies, and the resources provided by the GoN. Along with this, it has also started replication programs to increase outreach, livestock insurance, social and community based programs and institutional capacity building program in coordination with the GoN and other international supporting agencies. Till July 2014, the number of partner institutions of this bank has reached 428; among them are 355 SFCLs and 73 other microfinance institutions in 55 districts out of total 75 districts of Nepal.

### 3.1. Vision, Mission and Objectives of the Bank

**Vision:** A leading, financially viable, microfinance wholesale bank, largely owned by SFCLs and similar rural MFIs, to substantially improve the quality of life of the rural poor.

**Mission:** The bank's core business is wholesale financing to SFCLs and other rural MFIs, advocates and supports capacity building of these institutions in cooperation with partners.



## Values

- Business and financial viability
- Political neutrality
- Committed to serve the rural poor
- Quality services to the customer
- Transparency in policies and operations

## Objectives

- To provide wholesale credit and refinance facilities to SFCLs and other Micro-finance Institutions (MFIs) for lending to low income households.
- To monitor and supervise client MFIs' activities to ascertain adherence to prudential and non-prudential regulations.
- To provide technical assistance for institutional strengthening and capacity building of SFCLs and other MFIs
- To pool-out resources from the government and donors for social mobilization and community development activities through client MFIs.
- To undertake replication program to expand microfinance services to the underserved and un-served areas, especially in the hills and mountains; targeting Women, Dalits, Madhesis, Janjatis, indigenous groups and other backward communities.
- To provide technical and financial support to client MFIs to expand their businesses to potential microfinance clients.

## 3.2. Organizational Structure

General Assembly is the highest body of the bank. BoDs hold operational and policy level decision-making authority. Under the BoD, an Audit Committee insures internal control and risk management of the bank. A Chief Executive Officer manages the day-to-day administration and management of the bank. Different departments, sections and regional offices carry out day to day functions of the bank.

### 3.3. Progress at a Glance

As of July 2014, partner institutions have reached 428 and additional 99 SFCLs which are being replicated are in the pipeline. These institutions are providing services to 367 thousand poor and underprivileged households of the country, where delinquent loans are below 0.50 percent, while repayment rate is above 99 percent. The provisional financial statement as of July 2014 shows that the bank has earned a net profit of Rs. 114.13 million.

**Table -1: Summary of progress of SFDB/SFCLs (as of July, 2014)**

	Particulars	Units	Year (end of July 15)						
			2008	2009	2010	2011	2012	2013	July, 2014
<b>1. Outreach</b>									
1.1	No. of SFCLs/MFIs	No	220	224	234	251	291	391	428
1.2	Total No. of clients of partner SFCLs/MFIs	No	139,368	145,962	159,767	189,877	230225	323384	366542
1.3	Share Capital of SFCL members (000)	NPR	86,796	131,060	260,930	452,964	624612	1048761	1359676
1.4	Internal Resources of SFCLs (000)	NPR	909,293	1,281,614	1,902,109	2,992,873	3949913	6527290	8358523
1.5	Outstanding loan of SFCLs (000)	NPR	2,429,170	2,332,859	3,355,144	4,981,624	6568689	10442201	13778526
<b>2. Financial Status and staff strength</b>									
2.1	Outstanding loan of SFDB (000)	NPR	1,445,424	752,701	1,116,096	1,877,479	2676159	3632667	5366226
2.2	Total Assets (000)	NPR	1,735,004	1,161,500	1,349,650	2,757,684	3948310	4894095	6606649
2.3	Loan Recovery Rate	%	87	100	99	98	99	99	99
2.4	Net profit of the bank (000)		7148	15164	19040	29070	63390	86441	114132
2.5	Staff	No	50	49	48	47	47	47	42

### 3.4. Ownership Structure

The ADBL, Nepal Bank Limited, Nabil Bank and 21 SFCLs were its initial

promoters. The bank, established in 2001 for SFCLs, a major portion of invested shares of the ADBL and the entire share holdings of the GoN have been divested to 231 SFCLs. The bank has been completed the initial public offer (IPO) process. The general public hold 30.2 percent shares. The ownership structure as of July, 2014 is shown in Table -2.

**Table -2: Ownership Structure**

SN	Name of Shareholders	Amount in Rs millions	Percent
1	Agriculture Development Bank Ltd	50.661	21.96
2	Nepal Bank Ltd	13.963	6.05
3	Nabil Bank Ltd	6.981	3.03
4	SFCLs	89.404	38.76
5	General Public	69.673	30.20
	<b>Total</b>	<b>230.682</b>	<b>100</b>

### 3.5. Network of SFDB

Its central office is in Kathmandu, with 8 regional offices incorporating all geographical regions to provide financial and technical services with convenience and ease. The regional offices at Birtamod for Mechi zone, Itahari for Koshi zone, Janakpur for Janakpur and Sagarmatha zones, Hetauda for Narayani zone, Gajuri for Bagmati zone, Butwal for Lumbini zone, Pokhara for Gandaki and Dhaulagiri zones, and Nepalgunj for Rapti, Bheri, Karnali, Seti and Mahakali zones have been established. Regional offices provide financial and technical services to SFCLs and other microfinance institutions.





## 4. The Programs of the Bank

### 4.1. Microfinance Wholesale Credit

In order to extend and increase the impact of microfinance services to rural women, Dalits, poor, and deprived communities, the bank provides wholesale credit to SFCLs and other MFIs. Those institutions not sufficient to meet demand for microcredit with their internal resources, can borrow wholesale credit from the bank.



Targeted communities:

- Families or persons with less than 30 ropanis or less land holdings in the hills and 3 bigha or less land holdings in the Terai, and unable to live by the yearly harvest.
- Families or persons who do not have regular earnings and find difficulty in meeting day-to-day needs.
- Families or persons who do not owe overdue credit to the government and other financial institutions.
- Dalits, Madhesis, backward communities, poor, women and micro entrepreneurs.

The bank since its establishment has cumulatively invested Rs. 18.80 billion on microfinance and collected Rs. 13.44 billion from 428 client institutions.

### 4.2. Credit for increasing meat production

The need to promote animal husbandry was realized, to help substitute the massive import of meat. With credit from the GoN, the bank has started an animal husbandry program to increase meat production. The meat based livestock credit program has been implementing by the bank since fiscal



### Minimum Eligibility Criteria for obtaining credit

1. Cooperatives working in microfinance or non-governmental institutions with license to conduct limited banking transactions from Nepal Rastra Bank
2. Institutions implementing microfinance activities for the last two years
3. Minimum of 300 members with at least 50 percent of women
4. Maintain an account in double entry book-keeping and conduct yearly audit
5. The employees and executive members are paying loans within the criteria set by the institution
6. Minimum financial indicators:
  - i. Yearly repayment rate: > 85%
  - ii. Internal resource ratio on outstanding loan: >40%
  - iii. Operational self-sufficiency: > 100%
  - iv. Equity: > 5%
  - v. Net worth: positive

year 2010-11. Up to fiscal year 2014-15, for this program, the Government of Nepal provided Rs. 2 billion to extend credit for animal husbandry at a comparatively lower interest rate through SFCLs and other MFIs, with the aim to promote export of surplus meat also, with plans to provide 23 thousand aspiring poor and small farmers towards animal husbandry. By the



end of July, 2014, more than 38 thousand members had already received credit and Rs 2.72 billion of credit have already been provided in 46 districts. Total disbursements include: 42 percent in goat-rearing, 9 percent in pigs, 5 percent in buffalo calves, and 44 percent in buffaloes. For efficient use



of credit and to increase meat production; community-based livestock insurance with veterinary and technical services have been provided to member farmers. The estimated production contribution from this program is equivalent to NRs 3.80 billion (NRs. 2.42 billion form meat and NRs. 1.38 billion form milk production) annually.

### 4.3. Self-employment Credit Program

Coordinating with the GoN, the Ministry of Finance and Youth and Small Entrepreneurs Self-employment Fund, SFDB has started a self-employment credit program for the unemployed, Dalits, women, Indigenous, marginalized, poor and small farmers. Its intention is to encourage these communities towards agriculture, in traditional skill based enterprises, improve skills, abilities and capacities to initiate micro enterprises, to help in investments and to create opportunities for jobs within the country.



There is an agreement between the fund and bank to extend a sum of Rs. 1 billion as credit to promote self-employment, of which, Rs. 90 million received in the First Year 2010/2011, disbursed as credit to 642 entrepreneurs at a low interest rate through associated 49 cooperatives for: agriculture, floriculture, animal husbandry, poultry farming, micro enterprises, self-employment and income generating enterprises, small groceries, small pharmacies, vet shops, fertilizers, seed centers and service enterprises. As of July 2014, almost all the borrowed fund for self-employment credit has been repaid to the bank by the client institutions.

### 4.4. Farmer to Farmer Replication Program

The SFCLs were given responsibility to replicate SFCLs in neighbouring villages. Of the 255, ongoing replications programs, 146 have transformed into SFCLs and managed successfully by small farmers and remaining 99 are in the pipeline. Upon availability of sufficient support from the government and aid





agencies, the bank will be able to expand programs at an increased pace based on the principle of demand and supply. Clusters of such institutions will be developed to enhance access to microfinance services for the poor people.

### Features of Replication Program

- Promotion of a new institution in areas where people are deprived of microfinance services through capable SFCLs.
- Low cost of promotion
- Inclusiveness with empowerment of women
- Launch microfinance and social development programs for the socio-economic development of small farmers
- Capital formation, ownership and self-sufficiency
- Independent institutions, to provide services to the targeted population with competent management
- A three tiered structure: groups, inter-groups and a board of directors.
- Financial intermediary with banks to provide financial services as per the need of members
- An appropriate model for hills and remote areas, deprived of microfinance services

## 4.5. Business Expansion Program

To extend services to the deprived poor, women, Dalits, indigenous and backward communities at a faster pace, the bank implemented a business expansion competition program, with the assistance of GIZ. Fifty institutions took part in the competition at different times and prizes were awarded to those SFCLs who participated successfully in the business expansion competition program. The business expansion competition program's impact has resulted in expanding their working areas within VDCs and also in neighbouring VDCs. The program helped to provide microfinance services to poor communities at adjoining areas. The program has helped to increase their businesses by providing services to a larger number of members.



## 4.6. Livestock Insurance Program

About 40 percent of the total credit disbursed by SFCLs to members is in livestock, especially goat, pig, cattle and buffaloes. Animal husbandry is a risky but also profitable business; therefore to protect small farmers from financial stress with loss of animals, a livestock



insurance program has been started with the initiative of SFCLs. Community livestock insurance program, with the management of small farmers' cooperative, for insuring animals has been launched. An animal evaluation committee administers the livestock insurance program. Five percent of the evaluated price of livestock is deposited as premium in a livestock insurance fund, 5 percent is provided by the GoN as grant, is deposited in the fund. The fund pays for rural livestock health workers and compensation. Up to July, 2014, 91 thousand animals, valued at Rs 1.50 billion were insured; Rs 80 million was collected as premium. To date, Rs. 169 million as livestock insurance fund has been collected by 197 cooperatives. This suggests the huge acceptance of the program to avert the possible risk factor.

## 4.7. Capacity Development Programs

### A. International training, seminars and observational tours

The bank continuously takes part in training and observational tours and other programs conducted by Centre for International Cooperation and Training in Agricultural Banking (CICTAB). The bank has sent employees to various countries to participate in training, seminars and observation tours. This initiation will be continued, to provide exposure to employees of the bank and SFCLs.

### B. Organizational capacity development program through training and seminars

The bank has continuously organized review workshop, training and



seminars for capacity development of SFCLs. Training programs include: financial management, financial evaluation, cooperative management, book-keeping, SFCL replication program, supervision and evaluation of cooperatives. The financial resources provided by the GoN have contributed significantly to these activities. Up to July 2014, 1798 activities were conducted with about 170 thousand benefiting from capacity development programs and seminars.

#### 4.8. Community development program

As microfinance services alone cannot uplift the living standard of small farmers, SFCLs have conducted many programs by utilizing their internal resources and supports from GoN for the overall development of small farmers. These programs include: training to communities, construction of office building of SFCLs, social programs on education, health, drinking water, environmental conservation, maternal and infant welfare scheme, community development programs, construction of bridges, roads, schools, irrigation facilities and reforestation. These programs are implemented with the voluntary labour of farmers and the financial resources of SFCLs. Only one-third, of the expenditure of community development program is provided from outside. Up to July 2014, 1479 activities were conducted with about 446 thousand benefiting from community development programs.





## 4.9. Rural Finance Sector Development Cluster Program (RFSDCP)

### 4.9.1 RFSDCP Sub Program-I

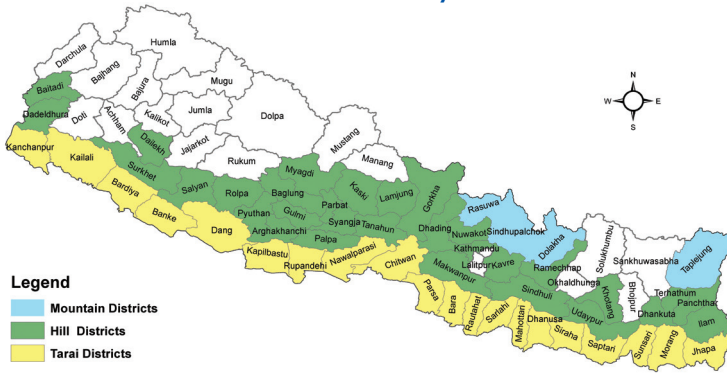
The Asian Development Bank (ADB), in 2004/2005, conducted a thorough evaluation of the financial and managerial performance of the bank and formulated a restructuring plan. After a study of the quality of credit, disbursed by the bank and SFCLs, the report suggested ways to increase the quality of credit and to improve management practices of the bank.

According to the restructuring plan, the following were implemented

- A. Formulated and adopted a code of conduct
- B. Strengthened internal control system by making the auditing committee more effective.
- C. Improved existing institutional structure where, employees' responsibilities were clearly defined, human resource development plans were developed and the CEO appointed through open competition
- D. Formulated a five year business plan (2012-2016).
- E. Strengthened SFCLs by improving credit management, forming new SFCLs through replication, expanding services and implementing a five-year business plan.
- F. Purchased required computer hardware and software to manage information system, and initiated the collection, processing and using information for decision making more efficiently
- G. Diversified clients by providing wholesale credit to cooperatives other than SFCLs
- H. Divested shareholding of the GoN to SFCLs
- I. Provided training and technical support to prepare business plan for SFCLs
- J. Restructured poor performing SFCLs: Although SFCLs are an important model of rural microfinance, some cooperatives were weak and graded as "C" and "D" categories. To enhance the quality of weak SFCLs, 57 cooperatives were restructured with the help of the ADB. These institutions were upgraded to "A" and "B" classes after restructuring program.



### Districts covered by SKBBL



#### 4.9.2. RFSDCP Sub Program-II

After evaluating the progress of implementation and suggestions from the previous restructuring plan, ADB, has prepared a second restructuring plan for restructuring and strengthening SFDB. To extend access to finance, the plan emphasizes diversification of the client base. The ADB has agreed to provide USD 3 million as grant support to implement the following programs.

- **Expanding microfinance services in hills and mountains**

Even after four decades of microfinance services, the poor and underprivileged of the hills and mountains are still deprived of these services. By accepting this reality, the expansion of microfinance services in the hills and mountains, is an important element of the second restructuring plan. The ADB has supported USD \$ 2 million as line of credit, which was effectively disbursed to hills and mountains based partner SFCLs and cooperatives. The program has planned to provide



microfinance services to an additional 20,000 low income families. As of March, 2014, the program has provided microfinance services to an additional 68,000 low income families.

- **Restructuring and improvement in management of Small Farmers Development Bank**

With improvements through technical assistance, training, policy planning, management information system, this would improve the bank as a financially sustainable leading national bank; providing whole sale credit to microfinance institutions.

- **Improvements of management information system of Small Farmers Development Bank**

To develop an effective information system of SFDB and partner institutions, appropriate computer software system has been procured and installed. Training on information technology has been provided to staff of the bank and other institutions. 100 laptops have been distributed to the selected 100 SFCLs with several criteria designed by the Bank.

- **Portfolio Audit of SFCLs**

The quality of portfolio of SFDB depends on the quality of portfolio of SFCLs. Therefore, with financial and technical support from the ADB, the bank has conducted a portfolio audit of SFCLs during fiscal year 2012/2013 to ascertain the quality of portfolio. The bank has adopted the regular monitoring and supervision program to maintain the portfolio quality of partner SFCLs and cooperatives.

- **Capacity building of partner organisations**

With financial and technical support from the ADB, the bank is providing training and capacity building in areas of accounting, record keeping system, product design, financial management, business planning, delinquency management, particularly to partner cooperatives in the hills and mountains and to other partner cooperatives.







## 5. Partner Organizations

### 5.1. The Government of Nepal

The GoN, since establishment of SFDP, has provided significant assistance. As a promoting shareholder, the GoN invested Rs 20 million, which it divested to SFCLs in 2010. The GoN has continuously provided support for training and upgrading of SFCLs. In fiscal year 2013-14 budget, the GoN allocated Rs 63.25 million for replication and capacity development program of the SFCLs. It is also supporting a livestock insurance program, managed by SFCLs. In this fiscal year, the GoN has provided Rs 500 million for meat production.

### 5.2. Nepal Rastra Bank

SFDB, to extend microfinance services, has continuously received credit from the Rural Self Reliant Fund, of Nepal Rastra Bank. Along with this, the bank has received Rs 10.8 million through ground water irrigation sector project for irrigation programs in partnership with SFCLs. 11 SFCLs have been granted limited banking licenses from Nepal Rastra Bank. As a regulatory body, it has continuously provided support to SFDB.

### 5.3. Agriculture Development Bank Ltd.

As a major promoter in the establishment stage of SFDB, ADBL has continuously managed the SFDB and helped with human resources for longer time support to it. A credit portfolio of 1.27 billion of SFCLs has been handed over to SFDB by the ADBL which is almost paid bank to them.

### 5.4. Asian Development Bank

The ADB has extended support in restructuring SFDB and SFCLs. This assistance included: review of the bank's performance, formulation of a restructuring plan, support for procuring software, hardware, a generator and strengthening of poor performing SFCLs. During the second phase of restructuring, the ADB has provided credit and technical support amounting to USD 3 million to strengthen SFDB and expand microfinance services in the hills and mountains.





## 5.5. GIZ

Since the establishment of SFDB, GIZ has provided significant assistance. GIZ helped to establish the bank, upgrade and develop SFCLs through replication, business expansion program, human resource development and support for international observational tours.

## 5.6. Nepal Agriculture Central Cooperatives Federation

Nepal Agriculture Central Cooperatives Federation since its establishment in 2008 has continuously providing non-financial services and helps with human resource development of SFCLs. It has been involved in SFCLs' replication program also.

## 5.7. Banks and financial institutions

Under deprived sector lending policy set by Nepal Rastra Bank, several banks and financial institutions have been providing financial resources to SFDB. These banks and financial institutions include: Nabil Bank Ltd. and Nepal Bank Ltd., as shareholders, are helping to provide microcredit services to underprivileged communities for a long time. Other banks and financial institutions providing financial resources are: Rastriya Banijya Bank, Himalayan Bank Ltd., Everest Bank Ltd., NIC Asia Bank Ltd., Nepal Credit and Commerce Bank Ltd., Bank of Kathmandu Ltd., NMB Bank Ltd., Prime Commercial Bank Ltd., Siddhartha Bank Ltd., Sanima Bank Ltd., Grand Bank Nepal Ltd., Globle IME Bank Ltd., Machhapuchchhre Bank Ltd., Civil Bank Ltd., Janata Bank Ltd., Century Commercial Bank Ltd., Kumari Bank Ltd., Prabhu Bank Ltd., Nepal SBI Bank Ltd., Mega Bank Ltd., Citizen Bank Ltd, Sunrise Bank Ltd., Nepal Investment Bank Ltd., Nepal Bangladesh Bank, Standard Chartered Bank, Vibor Bikas Bank Ltd., International Development Bank Ltd., H & B Development Bank, NDEP Development Bank Ltd., Siddharth Development Bank, NIDC Capital Markets Ltd., ICFC Finance Ltd., Siddharth Finance Ltd., Premier Finance Company Ltd., United Finance Ltd. and Mahalaxmi Finance Ltd.

## 5.8. International Fund for Agriculture Development (IFAD)

SFDB has been involved in replicating 30 SFCLs in the six project districts (Gulmi, Arghakhachi, Rukum, Rolpa, Salyan and Phuthan) of Mid-Western and Western Development region under Kisanka lagi Unnat Biu-Bijan Karyakram (Improved Seeds for Farmers Programme). By the end of the project period (2013-2019), these 30 SFCLs will enhance access to finance to about 18 thousand small farmers' households.



### **5.9. Agriculture Training Program (Learn and Earn Program)**

With the support from Israeli Embassy in Nepal, SFDB has initiated 10-11 months long training program in the field of agriculture in Israel to the children of small farmers who have completed at least academic course of +2 and between the age limits of 22-30 years. The program is fully supported and encouraged by Ministry of Finance and Ministry of Agricultural Development.

First batch of about 200 students had completed the training and return as of September, 2014. In the second batch about 515 students will participate in the program in 2014/15. The Ambassador from Israel His Excellency Mr. Hanan Goder coined the name as the student learn in class room training and earn in working and applying the knowledge in the agriculture fields in Israel.

### **5.10. CleanStart**

The bank and United Nations Capital Development Fund (UNCDF)/United Nations Development Program (UNDP) has signed on the financing grant agreement on 29/04/2014 to implement "Clean Start" program to assist poor households for installing 40 thousands renewable energy technologies (biogas, improved cook stove and solar Home System). The program is providing technical support during the period of May, 2014 - April, 2017 to achieve the intended target.



## 6. Membership

The bank is member with Asia-Pacific Rural and Agricultural Credit Association (APRACA) and Centre for International Cooperation and Training in Agricultural Banking (CICTAB).



APRACA



## 7. Prizes and Awards

Extending financial services to a larger number of the very poor families continues to be one of the biggest challenges facing the microfinance. Consultative Group to Assist the Poor (CGAP) poverty agenda has, therefore, always focused on a commitment to demonstrate that the financial frontier be deepened to reach poorer people and that services be designed to reduce their vulnerability and increase their economic well-being. The Pro-Poor Innovation Challenge (PPIC) has been a cornerstone of this agenda, funding institutions that demonstrate effective models and methodologies for deepening poverty outreach and impact, while working towards' sustainability. In 2003, SFDB received PPIC Award of \$50,000, to create a revolving fund for replication of SFCLs in rural areas of Nepal in order to enhance access to finance by the poor on sustainable basis. Sana Kisan Bikas Bank Ltd. was the recipient of BEST PERFORMING MICROFINANCE COMPANY 2014 organized by 2nd Nepalbiz Business-Conclave and Award.



**World Bank / CGAP Pro-Poor  
Innovation Challenge Award**

**2003**



**2nd Nepalbiz Business-Conclave  
and Award**





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