



**A REPORT
ON
NINTH ENTERPRISE
DEVELOPMENT NETWORK
MEETING**

January 28, 2005



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ACKNOWLEDGEMENT

We thank and acknowledge the dynamic participation of all the members who attended the Enterprise Development Network Meeting on January 28, 2005 and shared their views and perceptions and eagerly interacted.



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EXECUTIVE SUMMARY

Network meeting on Enterprise Development was organized on January 28, 2005 at SDC. A total of 30 members attended the meeting.

Ms. Muna Shrestha moderated the meeting. Ms. Shrestha recapitulated on the previous Enterprise Development Network Meeting and thanked SDC for organizing the Ninth EDN Forum.

Two presentations were made in the meeting. Mr. Salik Ram Sharma, CMF presented on Development & Outreach of Formal Micro finance Institute/Programmes.

Mr. Saraj Rai, AEPC on Solar Home System (SHS) promotion and role of micro-credit, made the Second Presentation.

Towards the end, Mr. Eak Bahadur Gurung wrapped up the forum.



RATIONALE BEHIND THE MEETING

The fundamental philosophy of initiating this meeting was to recognize the significance of networking which is deficient in a country like Nepal, to play a pivotal role in creating effective networks and to get the network progressing and create an environment where commonalities would be identified and in the long run, working groups are expected to form.

Objectives of the enterprise development Network

During the first meeting on 12 September 2003, the following major objectives of the enterprise development network were identified:

- Facilitate sharing of experiences, ideas and information on enterprise development in Nepal;
- Support and coordinate lobbying and advocacy activities regarding enterprise development in Nepal;
- Facilitate identification of common interests and development of joint programs and activities related to enterprise development;
- Support knowledge exchange and development on strategies, methods and tools regarding enterprise development.



Proceedings of the meeting

1. Review of the previous Enterprise Development Network Meeting

Ms. Muna Shrestha, Assistant Manager Networking Initiatives of Lotus Opportunities moderated the Ninth Enterprise Development Networking meeting held on January 28, 2005. She greeted and welcomed the present participants. She thanked SDC for organizing the Ninth EDN Forum from all the members of the Network and the EDN Secretariat.

She reviewed the issues and decisions of previous eight Enterprise Development Network meetings. The following key agenda have been carried out previously:

- Defining vision and mission, objective and issues of enterprise development network during First EDN on September 12, 2003
- Experience and lessons form other facilitating projects on enterprise development during Second EDN on November 21, 2003
- Women and enterprise development, experiences of women entrepreneurs during Third EDN on Jan. 16, 2004
- Technology Transfer as the theme for the Forth EDN on March 19, 2004
- Public, Private & Civil society partnership as the theme for the Fifth EDN on May 14, 2004
- Marketing- Rural Urban Linkages as the theme for the Sixth EDN on July 16, 2004
- Women and enterprise development as the theme for the Seventh EDN on September 24, 2004
- Technology Transfer as the theme for the Eighth Enterprise Development Network Forum Meeting on November 26, 2004
- Access to Finance as the theme for the Ninth Enterprise Development Network Forum Meeting on January 28, 2005.

As per the discussion held on Eighth EDN the thematic area for the Ninth EDN was finalized as the “Access to Finance”. Ms. Geneve Federspiel was invited for the welcome message.



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2. Ms. Geneve Federspiel, SDC welcomed all the participants.

Ms. Geneve Federspiel, SDC welcomed all the participants wishing a pleasant afternoon. She said that the topic Access to Finance is very important aspect for the current situation of SME development of Nepal, on top of which Enterprise Development is itself important. She addressed that being the member of the network is an advantage and getting an opportunity to organize the forum was a learning experience and prospect to share experience. She shared her experience Bangladesh visit with BDS MaPs & had a fruitful discussion on Business Service Center. She hopes that BSC in Ilam among micro enterprise development in rural and urban linkages is going to be a successful. The connection among Rural and Urban areas is very important not only in big issues but also in reality and down to earth issues. She would like to introduce the vocational and technical education in the market. This is a missing part in the enterprise development in the recent days.

3. Mr. Salik Ram Sharma, CMF presented on Access to Finance.

The first presentation was by Mr. Salik Ram Sharma, CMF. The presentation was on Development & outreach of formal micro finance Institute/Programmes as the other side of the Enterprise Development. He gave the background of Micro finance in general in Nepal. The presentation is about the role of Micro finance in alleviating poverty in the historical prospective of Nepal. The Micro credit system first started from the rural areas where the 13 branches of Nepal Rastriya Bank invested their money. He also mentioned that around 2058 B.S., the Baniijya Bank started giving loan to SMEs without any “Dhito/collateral”. In 2032 B.S., Agriculture Development bank was established which especially focused among the farmers and help them bring latest technologies for better yield. In 2039 B.S., the first loan program only for women and their development was started in collaboration with Nepal Rastriya Bank, Rastriya Baniijya Bank, Agriculture Development Bank, and UNICEF. These banking and credit systems were taken to rural areas as branches. Then in 2047 B.S., The Nirdhan Institute and Nirdhan Utthan Bank started their service. Centre for Self-ware Development started in 2048 B.S. These two organizations were more focused or say on women and enterprise development. In 2050 B.S., Deprosc institute and Deprosc Development Bank started its service as they were recognized as NGO. The institute also promoted women in different district.

Mr. Sharma presented the survey chart, which clearly showed the rate of credits, investments, savings and profits of all the different saving and credit banks. He presented the net results of women benefited by this kind of Micro finance program. And accordingly, he calculated the families benefited with this program. By 2015 A.D., the Tenth Plan and Samyukta Rastra Sangh are planning the poverty alleviation by 30% in Nepal. Poverty alleviation should be given the first priority.



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And like wise he gave a conclusion, by 2015 AD the United Nations has set a goal of reducing the families living below poverty lines to the half of the existing 38 percentages through micro finance. To achieve that, a high level of political commitment, reinstatement of peace and security and maximum priority to be accorded to the cause of poverty alleviation is necessary. With that, the importance and potential of micro finance needs to be highlighted, public awareness regarding it raised and micro finance to be promoted and expanded in such a way that it is easily available to all. The capacities of the micro finance institutions needs to be enhanced such that their access to the poor families is increased. Programs that tend to encourage research and studies in micro finance also need to be implemented.

General Discussion:

Mr. Sneh Sayami, F-SKILL put forward a question asking, how much money has been invested for micro finance and how much have been collected so far?

On this Mr. Sharma said that though we are not able to collect equally, it is no harm.

Participant were eager to know the role of United Nations in micro finance, in this it was suggested that United Nation UN is like an advisor whereas World Bank is our “Sahu” So we implement both their ideas together. We have established few more projects with the help of World Bank.

Mr. Siddha Raj Pant, Soaltee Group put forward a question addressing that some people have taken loan but not used into proper investment. And they pay 2-3 % interest. Can that be seen as proper investment? On this, Mr. Sharma said that if the process is proper in the paper work, they have to give loan. But in the chart it shows the real invested money and profit.

Mr. Sayami expressed his view that almost all Gramin Bikas Banks are in loss. On this Mr. Tulsi, CMF added as his experience in Nepal Rastra Bank for many years it is not totally true that all banks are in loss since many Micro Finance Institutes has helped flourished by such loans provided.

Mr. Eak Bahadur Gurung, SDC expressed his view saying the presentation of Mr. Sharma would have been really appreciable if we could have the name of Organizations benefited by the loans of these Banks. The presentation is mainly focused to Terai Region. According to Mr. Gurung, few programmes should be taken to Hilly/Pahadi areas as well. On this Mr. Sharma said that he had presented this session focusing on Enterprise Development - the credit system, which helps in the field of Enterprise Development; rather than its investments and profits. This is only a warm up session. In the next session he would discuss about the benefited organizations by these facilities. And if he get to present again in future, he would surely bring records of Hilly/Pahadi areas.



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On the same context Mr. Rishi Shah, Lotus Holdings added that having money is not enough for Enterprise Development. Business Incubation has to be there for enterprise development along with money for the proper use of it. Investing small amount embarks a new way of investing money properly. Only investing large amount of money is not the way to promote enterprise. Women creditors are the keys for enterprise development. The first step is loan is not the only step but we are not yet able to find other steps. If there were no support services like business incubation, there would be no loans or vice versa.

3. “Mr. Saraj Rai, AEPC presented on Access to Finance.”

Mr. Saraj Rai, AEPC made the second presentation. He presented on the topic on Solar Home System (SHS) promotion and role of micro-credit being key to continue dissemination of SHS to reach the poor. He talked about connecting SHS with micro finance. He gave a brief intro of his org – Solar Energy Support Programme. He discussed about the role of sector program support, private sectors, technical assistance and marketing factors in the field of SHS. He presented the progress report on the SHS installation in the homes. The SHS product is supported by NGOs, NIPQA, SETS, skill testing and CTEVT. This project has reached the 72 districts of Nepal besides Kathmandu, Bhaktapur and Rautahat. The electricity plays a vital role in Livelihood development in the rural areas. And this SHS is the mean of transferring the basic need in day-to-day life in those areas where such programmes are unreachable. This small project brings light in their lives. It helps in improvement of education, health, skill development, and many direct/indirect impacts.

There still is need of improvement and challenges to be faced. All these projects should mainly focus on poverty alleviation. But we cannot aspect for the immediate result as it is helping in indirect ways. If the situation of our country would have been unlikely this, the financial status of rural area would have been comparatively more strong. He presented a comparative expense of a person using kerosene/Dry cell and SHS. The yearly expense is 1000 rupees and it has duration of 15 to 30 yrs. Then he presented on the Policy Constraints. The risks and loopholes SHS is facing.

As conclusion he said that Electricity triggers hordes of social-economic development opportunities opening up minds and making them ready for other development work. Promotion of micro-credit for SHS will benefit much other development work in rural Nepal. Solar Electricity enables disadvantages rural people to feel “part of the nation”

General Discussion:

Mr. Babu Raja Shrestha, CRE put forward his question addressing if Government involves its project in solar energy for the promotion of “Baikalpic Urja”? On this, Mr.



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Rai said that the in a Policy with Government but there is no program accordingly. The budget is very low to work on something like this.

Dr. Dhan Lal, Danish Embassy said Chaudhary Group is planning to work jointly work with some herbal factory and targeting some 10000 employers. Can't this project think of something similar? On this, Mr. Rai said that something similar had already started. In last year, there was 1000 products, upper Dolpa have SHS. They provide "Yadsa Gumba" and in return they get SHS.

Mr. Poshan KC, Lotus Intellect put forward his question: What about sustainability issue? Are there any funding organizations? On this Mr. Rai said that there is no need of perpetual support while from NGOs. People are motivated by demonstration factor. If they have skill for income generation, banks give loan.

Mr. Salik Ram Sharma, CMF on the same context added saying that the short term insurance policies have started which is very good. Who will give loan for the users of SHS? Micro finance doesn't help poorest of the poor. So to bring them up in the level of poor, government have to have some program. Lets not keep this only in a concept but also to action.

4. Wrap Up and Closure

Mr. Eak Bahadur Gurung took the floor for the wrap up of the forum. He is privileged to have organized the EDN forum in SDC. The topic of the forum was an interesting one. We are ready to promote on this topic further. He mentioned that Mr. Shalik Ram gave historical phase on the development of microfinance and its special impacts on it can be the topic for next session. Mr. Saraj Rai gave difficult but imp presentation. Microfinance related to technology is very imp. Private and Public seems to come together in Saraj ji's presentation. SHS reaching to 72 districts seems incredible. I think this should be shared in bigger forums. This thing should be learnt in detail. The link between technology and microfinance is incredible. This can be interesting if we can share. This could be a lesson for others. – For next topic. SDC since 30-40 yrs working in the field of technology and Micro Enterprise and is still working. SDC would like to learn more on how to bring it in rural areas specifically in the hilly region of Nepal as according to him most of the development programmes are based on Terai region. He would like to discuss more on next forum.

Declaration

The next EDN will be held on April 1st, 2005. The topic for Tenth Enterprise Development Network Forum will be soon notified to the members.