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STUDY ON
HOUSING MICROFINANCE IN NEPAL: STATE OF THE ART AND FUTURE DIRECTION



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ABSTRACT

Housing microfinance consist mainly the loans to low-income people for renovation or expansion of an existing home, construction of a new home, land acquisition, and management of basic infrastructure. To date, most of the successes in this new field have been with home improvement loans and management of basic infrastructures such as water supply, sanitation, electricity supply management, etc. Housing microfinance is not uncommon in Nepal and this study focuses at documenting the status, practices, opportunities and challenges for housing microfinance in Nepal. Information used in this research was used through a review of secondary information and observation and studies on housing microfinance implemented by Jeevan Bikas Samaj in Morang district and SAHARA Savings and Credit Cooperatives in Jhapa district of Nepal.

Nepalese MFIs are yet to commercialize housing microfinance approaches. Due to high capital involved, activities like construction of a new home and land acquisition are yet to be brought under the ambient of housing microfinance. As such housing microfinance loan product offered by HFH's partner MFIs to their clients are very simple and easy to implement. Key features of this product includes clients' capacity to pay, loan repayment period, pricing, affordability, construction assistance, security requirements, land issues and capital adequacy. Where-ever feasible, these MFIs have forged partnership with potential stakeholders for promoting housing microfinance among the poor and disadvantaged groups. The best/most viable MFIs for housing microfinance are regional, district and local level MFDBs, FI-NGOs and SCCs.

Despite existence of proven and workable methodology for promoting housing microfinance among Nepalese MFIs, the depth and breadth of outreach of this approach is very much limited due to lack of access to medium and long-term capital, insufficient understanding of appropriate relationship between subsidies and financial services, insecure land tenure, and provision of housing plus support for ease on loan repayment and ensuring on-time loan recovery. It is less likely that housing microfinance could gain momentum in Nepal without focus on liquidity management especially in increasing access to medium and long-term capital, reducing cost of fund (i.e. increasing spread), maintaining on-time repayment rate, support on cash flow management for the poor, attracting banks and financial institutions on housing microfinance operation and land tenure security management, among others. Technology transfer and management of raw materials (e.g. treated bamboo) is another issue to be addressed for promoting housing program.

Expanding depth and breadth of housing microfinance requires awareness and acceptance of this modality by more number of MFIs including banks and financial institutions. For this to happen, it has been recommended to increase number of partner MFIs, support for capacity development of their board, management and staff on design and delivery of housing microfinance products and services, undertake awareness and education to their client on improved housing and cash management for ensuring on-time loan repayment, provide technical support on new product development to partner MFIs, provision of housing plus loan support, etc. among others.

Necessary conditions for promoting housing microfinance includes creation of enabling policy environment for low cost shelter promotion, continue research and development to develop tested and workable housing microfinance model, expand the scope of deprived sector lending requirement, develop mechanism for enhancing enhance access to medium and

long-term capital to the potential MFIs and collaborate and coordinate with government bodies to develop infrastructure such as linked roads, drinking water and electricity supply in the settlements where housing program is being implemented.

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ACRONYMS AND ABBREVIATIONS

ADBL	:	Agricultural Development Bank Ltd.
AsDB	:	Asian Development Bank
BAFIA	:	Bank and Financial Institutions Act
BFIO	:	Bank and Finance Institutions Ordinance
BOD	:	Board of Directors
CBs	:	Commercial Banks
CEO	:	Chief Executive Officer
CGAP	:	Consultative Group to Assist the Poorest
CGT	:	Compulsory Group Training
CLDP	:	Community Livestock Development Project
CMF	:	Centre for Microfinance
COs	:	Community Organizations
CSD	:	Centre for Self-help Development
CSI	:	Cottage and Small Scale Industries
DBs	:	Development Banks
DICGC	:	Deposit Insurance and Credit Guarantee Corporation
DOC	:	Department of Cooperatives
DSL	:	Deprived Sector Lending
FAO	:	Food and Agriculture Organization
FCs	:	Finance Companies
FI-NGOs	:	Financial Intermediary NGOs
GB	:	Grameen Bank
GBBs	:	Grameen Bikas Bank
GGS	:	Grameen Generalized System
GDP	:	Gross Domestic Product
GON	:	Government of Nepal
GTZ	:	German Technical Cooperation, Nepal
HDI	:	Human Development Index
IBP	:	Intensive Banking Programme
INAFI	:	Institutional Network for Alternative Financial Institutions
LDF	:	Local Development Fund
MBAN	:	Micro-Bankers' Associations of Nepal
MCPW	:	Micro-credit Project for Women
MDBs	:	Microfinance Development Banks
MDGs	:	Millennium Development Goals
MIFAN	:	Microfinance Institutions' Association of Nepal
MOAC	:	Ministry of Agriculture and Cooperatives
NBL	:	Nepal Bank Ltd.
NBTI	:	National Bankers' Training Institute
NEFSCUN	:	Nepalese Federation for Savings and Credit Cooperatives Union Ltd.
NGOs	:	Non Government Organizations
NIDC	:	Nepal Industrial Development Corporation
NLSS	:	National Living Standards Survey
NBA	:	Nepal Bankers Association
NMBA	:	Nepal Microfinance Bankers' Association
NRB	:	Nepal Rastra Bank

NUBL	:	Nirdhan Uthan Bank Ltd.
PACT	:	Private Sector Agency Collaborating Together
PAF	:	Poverty Alleviation Fund
PCRW	:	Production Credit for Rural Women
PGT	:	Pre-group Training
POS	:	Point of Sale
PRA	:	Participatory Rural Appraisal
PWR	:	Participatory Wealth Ranking
RBB	:	Rastriya Banijya Bank
RMDC	:	Rural Microfinance Development Centre
RSRF	:	Rural Self Reliance Fund
SCCs	:	Savings and Credit Cooperatives
SCGs	:	Savings and Credit Groups
SFCL	:	Small Farmers' Cooperatives Ltd.
SFDB	:	Small Farmer's Development Bank
SFDP	:	Small Farmer Development Program
SHG	:	Self-help Group
SPO	:	Sub-Project Office
SRG	:	Self Reliance Group
VB	:	Village Bank
VDC	:	Village Development Committee
WEP	:	Women Empowerment Project

1. INTRODUCTION

1.1 Background

Housing has been identified as one of the five major elements of social and economic infrastructure, critical to the quality of life in rural areas, along-with health, education, drinking water and roads. In recognition of the importance of shelter as one of the basic requirements for leading a secure and dignified life, a number of schemes have been implemented to facilitate provision of quality shelter for all. Rural housing and housing support schemes, which are currently in operation, are often found not adequate to meet the growing housing deficit in the country. Housing problem is very chronic among poor and disadvantaged groups who are beyond the reach of access to housing finance from formal financial institutions.

National Living Standard Survey 2010/11 has estimated that 89.9% family own their house and remaining 10.1% are homeless. There are 56% households with access to toilet, 83% households with access to safe drinking water and 70% households with access to electricity. Further, the survey found that about 49% lives in a house space and facilities below the international standard. This indicates that there is significant housing gap in Nepal.

Housing microfinance is emerging as an important tool in the struggle to help alleviate the housing needs of poor people around the world. It is also becoming standard product for many MFIs in different parts of the world. At present, it's most useful and widespread application consists in a series of incremental loans allowing poor household to build according to established microfinance strategies.

There have been efforts to provide housing support to poor and disadvantaged groups through different government, non-government, bi-lateral and multilateral agencies. Habitat for Humanity (HFH) is one of the non-government organizations that support the poor and disadvantaged groups to address the housing problems. HFH works with various partners ranging from bilateral aid agencies to non-government organizations and village banks. The former include Canadian and South Korean government international aid agencies. It also joined hands with microfinance institutions (MFIs) to build homes using Habitat's Save and Build housing microfinance model and incremental housing models. Its MFI partners are two Savings and Credit Cooperatives (SCCs): Sahara Nepal and Nava Prativa and three financial intermediary NGOs (FI-NGOs): Jeewan Bikash Samaj (JBS), Mahuli Community Development Centre and Shrijana Community Development Centre. These MFIs operate in the eastern and central Terai regions.

Typically, a Habitat house measures about 31 sq. m. in area and made with bamboo wall panels on a timber frame finished with cement plaster. Sun-dried blocks are also used. In some projects roofs are made from galvanized iron sheets, though increasingly, the preference is for using locally-sourced and more environmentally-sustainable materials. HFH Nepal promotes local construction technologies in various project areas based on the availability of materials.

To properly response the immense need for housing among the poor and disadvantaged groups, as of July 2011, HFH and its partner has assisted 10,195 families to improve their

lives through better housing. Excited by initial success on improving housing support among poor and disadvantaged groups in partnership with financial services providers, recently HFH has launched 100,000 housing campaign.

HFH has realized that partners make transformation possible and role of access to finance for transforming housing campaign is quite significant. In cognizance to this, HFH has been working towards promoting partnership with different financial service providers. To start with, HFH seeks to increase participation of different financial service providers (financial cooperatives, financial intermediary NGOs, microfinance development banks, finance companies, development banks and commercial banks) directly or indirectly by bringing them into a common platform on devising mutually beneficial and workable strategies. In this endeavor, HFH is realized the need to demonstrate all the stakeholders that there is significant un-met demand on access to finance for house improvement and there is a viable business case for all financial service providers to be the part of promoting housing microfinance to poor and disadvantaged groups.

1.2 Objectives

This study focuses at documenting status, practices, opportunities and challenges for housing microfinance in Nepal. The specific objectives of this study are the following.

- Document the state of the art on housing microfinance in Nepal.
- Identify the strengths, weaknesses, opportunities and challenges on housing microfinance in Nepal.
- Assess the capacity development need among financial services providers for ensuring equitable access to housing microfinance among the poor and disadvantaged groups across ecological and development regions.
- Recommend strategies for increasing functional participation of array of financial services providers and prepare the implementation plan for the success of 100,000 housing campaign.

1.3 Scope

The scope of this study was the following.

- State of the art on housing microfinance in Nepal.
  - Review the extent of involvement of MFIs in housing microfinance,
  - Conduct one-to-one meeting and consultative meeting to assess the status of existing products and services for promoting housing microfinance operation, ,
  - Assess internal and external environmental (policy, acts and rules) to institute housing microfinance operation,
  - Identify risk and challenges inherent to mainstreaming housing microfinance operation,
  - Document current strategies and practices adopted by financial institutions to streamline housing microfinance among the poor and disadvantaged groups,
- SWOT analysis of housing microfinance operation among poor and disadvantaged groups.
  - Identify strengths, weakness, opportunities and challenges of housing microfinance for poor and disadvantaged groups,

  - Document challenges to establish business cases for financial institutions to cater the services poor and disadvantaged groups,
- Capacity development need assessment to enable Nepalese MFIs to either actively play or streamline housing microfinance operation
  - Develop a strategy for enhancing integration of housing microfinance products into their service delivery methodologies that will enable Nepalese MFIs realize existing and emerging opportunities as well as overcome challenges for their successful entry in the remittance market,
  - Identify areas of interventions (training, exposure visit, technical advice, etc.) required to develop the capacity of the Nepalese MFIs to adopt housing microfinance as a campaign,
  - Develop implementation plan for promoting housing microfinance so as to support the 100,000 housing campaign.

1.4 Methodology

Following methodology were followed while conducting this study.

- Review of secondary information on housing microfinance at national, regional and global level,
- Collect secondary information on housing microfinance services extended by different financial institutions: commercial banks (CBs), development banks (DBs), finance companies (FCs), microfinance development banks (MDBs), savings and credit cooperatives (SCCs), small farmers cooperatives limited (SFCLs) and FI-NGOs,
- Undertake one-to-one consultations with executives and management of selected financial institutions,
- Organize consultative meeting with financial service providers, regulators and promoters,
- Undertake field studies to observe the status of implementation and analyze the features of housing loan products such as term, interest, delivery methods, collateral, target clientele and other services in the target market of two MFIs (Sahara SCCs and JBS),
- Review the status of key elements of housing microfinance product design such as clients' capacity to pay, loan repayment period, pricing, affordability, construction assistance, security requirements, land issues, and capital adequacy.
- Undertake SWOT analysis of housing microfinance among poor and disadvantaged groups in Nepalese microfinance market,
- Prepare the business case for housing microfinance,
- Information processing and analysis,
- Draft report preparation,
- Report finalization,

1.5 Report Organization

This report is organized into seven sections. After this introductory section, section two provides overview of financial sector in Nepal and that of section three presents an snap-shot of Nepalese microfinance sector. Section four outlines Nepalese experiences on housing finance and housing microfinance and section five assesses the experiences and grassroots realities of housing microfinance. Overall assessment and way forward are analyzed in section six and the report ends with conclusions and recommendation in section seven.

2. FINANCIAL SECTOR

Nepalese financial sector is governed by annual monetary policy, microfinance policy 2008 and related acts, rules and regulations. Some of the acts governing Nepalese financial sector include Bank and Financial Institutions Act 2006, Act for NGOs involved in financial intermediation 1998 and Cooperative Act 1991. Within this legal and regulatory framework, there are arrays of financial institutions active in Nepalese financial sector. The snap shot of Nepalese financial sector follows hereunder.

2.1 Informal Financial Sector

2.1.1. Overview

Informal lenders provide credit without procedural complexities and are flexible regarding repayments and collaterals. Formal sector do not provide micro-credit support without collateral. ADB and NRB (1994) estimate proportion of households borrowing from informal sources at 34 % and there is no latest updates. Survey of access to financial services 2006 estimates that only 26 % Nepalese households have a bank account, and banks procedures are perceived as being the most cumbersome among financial institutions and about 38 % households have an outstanding loan exclusively from the informal sector and 16 % from both the informal and formal sector. Families and friends are by far the largest informal providers of loans to households and contrary to common belief, family and friends often charge interest rate. Informal financial sector comprises of either individual lenders or informal groups/institutions.

2.1.2. Individual Lenders

Individual lenders consisting of landlords, merchants, farmer-lenders, goldsmiths, pawnbrokers, friends and relatives, etc. exist in almost all the villages. They lend money with or without interest or collateral. It is only the moneylenders who charge interest and loan is highly secured. They lend either with collateral (gold or silver) or without collateral albeit linked with labor and/or land transaction as security. The interest charged by moneylenders is generally very high, ranging between 36 % and over 100 % per annum. In addition, they often receive either labor services or other small gifts as part of the loan request. Owing to high effective interest rate, loans from moneylenders are generally used for emergency purposes such as medical crises and socio-cultural obligations.

2.1.3. Informal Groups/Institutions

There are several informal groups and traditional institutions engaged in money lending and these groups/institutions comprises of traditional rotating savings and credit groups such as dhikuties, dharam bhakari, guthies, etc. and they are well established and widespread throughout Nepal and represent a truly local and indigenous response to credit needs of people. Savings mobilized and credit delivered through informal rotating savings and credit mechanisms like dhikuties represent an enormous level of financial activity[1] indicating that

[1] Refer DEPROSC Nepal and J. Ledgerwood. 1997. “Critical Issues in Nepalese Microfinance Circumstances” IRIS Center, Maryland and CMF. 2003. "A Directory of MFIs in Nepal" Kathmandu, Nepal.

local propensity to save and invest are yet to be fully tapped by formal and semi-formal sectors[2]. These informal arrangements have tremendous roles for meeting the financing needs of the people at local level.

Dhikuties are groups formed within villages for the purposes of savings and credit activities. Members of the Dhikuties are mainly business communities. They are particularly popular amongst Nepal's ethnic trading communities such as Newars and Thakalies or in urban areas like Kathmandu, Pokhara, Nepalgunj, Bhairahawa, etc. They are based upon the collection of equal amounts of savings each month (or other period) which are then lent out to each member in a rotating sequence. The rotation is generally determined by a bidding process where the bid with the highest interest rate or premium receives the loan. Dhikuties have an average membership of 20 to 30 people with individual savings amounts ranging from Rs. 100 to Rs. 10,000 or even more[3]. At the end of the rotation, the surplus from interest paid or accumulated surplus is distributed equally to all the members. The main risks are that those who borrow will not repay principal or interest due to business setbacks or that a contributing member will drop out once s/he has received the group collection.

Dharam bhakari (literally, "religious storage") are group grain associations. Each member provides an equal contribution of grain at harvest; and "borrows" it in the off-season, repaying at rates between 1.25 and 1.5 times the borrowed amount at the next harvest. These practices exist among small to medium farmers and are a good safeguard against starvation. In general farmers with surplus production will contribute on savings while the poor and disadvantaged groups borrow from the accumulated collection.

Guthi are cultural heritage associations and this practice is common amongst Newari and some tribal groups. They are like dhikuti in their form of standard collections of amounts from group members, but accumulated funds are largely used for funerals or community welfare activities such as festivals or build on accumulated surplus. The group decides whether user pays interest or not on funds and whether they are a loan or grant, based on the relative wealth and situation of the person requesting funds.

2.2 Formal Financial Sector

Nepalese formal financial sector is composed of banking and non-banking sector. Banking sector comprises NRB and CBs and that of the non-banking sector includes DBs, FCs, MDBs, SCCs, SFCLs and FI-NGOs[4] and other financial institutions such as insurance companies, Employee's Provident Fund, Citizen Investment Trust, Postal Saving Offices and Nepal Stock Exchange.

[2] CECI. 1996. "Community Based Savings and Credit Organizations in Nepal: Current Status and Future Prospects", Kathmandu.
[3] Ibid
[4] Those considered are the SCCs and NGOs performing limited banking activities.

2.2.1.Banking Sector

Nepal Rastra Bank

NRB was established in 1956 and is responsible for regulating and supervising country's overall formal financial sector. Nepalese financial system has grown significantly during the last three decades. At the beginning of 1980s, there were only two commercial banks and two development banks in Nepal and after the adoption of economic liberalization policy, particularly financial sector liberalization, there have been significant growth in the establishment of new banks and non-bank financial institutions. Consequently, by July 2011, there are over 245 banks and non- bank financial institutions licensed by NRB. The bank and financial institutions licensed by NRB includes 31 "A" class CBs, 87 "B" class DBs, 79 "C" class FCs, 18 "D" class MDBs, 16 SCCs and 37 FI-NGOs as presented in Table 1.

Table 1: Growth of Financial Institutions (1980-2011)

S.N.	Types of Financial Institutions	Mid – July											
		1980	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Commercial Banks	2	3	5	10	13	17	18	20	25	26	29	31
2	Development Banks	2	2	2	3	7	26	28	38	58	63	79	87
3	Finance Companies	-	-	-	21	45	60	70	74	78	77	79	79
4	MDBs	-	-	-	4	7	11	11	12	12	15	18	21
5	SCCs with Limited Banking Activities	-	-	-	6	19	20	19	17	16	16	16	16
6	FI-NGOs	-	-	-		7	47	47	47	46	45	43	37
	Total	4	5	7	44	98	181	193	208	235	242	264	271

Source: Source: Nepal Rastra Bank, Banking and Financial Statistics, No. 53. July 2011.

CBs held dominant share on the major balance sheet components of financial system. The number of CBs branches operating in the country increased to over 1000 branches in mid January 2011 from 850 in mid July 2010. Among the total bank branches, 50.59 % bank branches are concentrated in the central region alone. By the end of mid–January 2010, total 430 branches are being operating in this region. However, in the western, eastern, mid-western and far- western region are 18.94 % (161), 17.65 % (150), 7.41 % (63) and 5.41 % (46) respectively.

The outstanding of deprived sector credit of CBs also increased from by 17.40 % in the mid-January 2010 compared to 76.36 % in the mid-July 2009. By the end of mid- January 2010, it reached to Rs. 15925.8 million from Rs. 13565.1 million in mid-July 2009. The ratio of deprived sector credit to total outstanding of product wise loans and advances stood at 3.33 % in the current period. Last year it was 2.96 %.

2.2.2.Non-Banking Sector

The total number of DBs increased to 87 in July 2011 from 79 in mid-July 2010. Out of them, twelve are national level and rests are district level development banks. Some regional level DBs such as Muktinath, Kamana, Gaurishankar, etc. are gradually entering in Nepalese

microfinance sector and have pre-dominant role to enhance access to finance to the poor and disadvantaged groups.

Following the liberalization of financial sector, the number of new financial institutions i.e. FCs came into operation in Nepalese financial sector. The total number of FCs increased to 79 in mid – July 2011 from 78 in mid - July 2009. During this period, Narayani Finance Ltd. and National Finance Ltd. get merged to Narayani National Finance Ltd. and two new FCs are started operation.

Microfinance sector is quite complex in Nepalese financial sector. This sector comprises of financial service providers such as GBBs, MDBs, FI-NGOs, SCCs, and SFCLs. In addition, there are three wholesale financial service providers. First, the RSRF established in 1991 by the government with secretariat in NRB to provide wholesale loan to SCCs and NGOs. Second, the RMDC established in 1998 to provide wholesale funding to regulated FSPs. Finally, the SFDB established in 2001 to outsource wholesale funding to SFCLs and similar institutions. As of July 16, 2011 there are 5 GBBs, 21 MDBs, 37 FI-NGOs, over 11000 SCCs and 254 SFCLs. Based on their ownership and nature of operations, these FSPs can be broadly grouped into two categories: commercial oriented and community based. The former includes GBBs, MDBs and FI-NGOs while SCCs, SFCLs and Savings and Credit Groups (SCGs) falls on later category. FSPs generally target to poor and excluded groups and focuses to address poverty problems.

To sum-up, the transactions of CBs, DBs and FCs are characterized by larger loan sizes, commercial oriented, concentrated in industrial productive activities and provided majority of loans to men[5]. CBs, DBs and FCs are also involved in providing microfinance service through their obligation to meet Deprived Sector Lending (DSL) requirements. In general, commercial banks meet the DSL requirements imposed by NRB either providing block loans or investment as share capital to MFIs or pay penalties or a combination of all three. Some CBs like ADBN, RBB and NBL have extended microfinance services through their branches in all the 75 districts.

[5] ADB and NRB (1994) estimates proportion of rural households reporting borrowing from formal sources during 1991/92 at 8 percent. Across regions, proportions are 4 percent, 8 percent and 9 percent for the Mountains, the Hills and the Terai regions respectively."

3. MICROFINANCE SECTOR

3.1 Background

History of micro finance is relatively short but eventful in Nepal marked by costly process of trial and errors. Access to financial services is regarded as one of the essential services to address poverty problems in Nepal since the advent of planned development efforts in mid fifties. The cooperative movement became the first vehicle of Nepalese microfinance industry as 13 cooperatives provided access to financial services to flood victims resettled in Chitwan district. Following the success of these self-help concepts, more societies were promoted in other parts of the country. In parallel, rural finance institutions were established namely as Agricultural Development Bank of Nepal (ADB/N), which aimed at providing credit and marketing support to agriculture modernization and development (AsDB, Manila and NRB, Kathmandu. 1994). NRB has been conducting various microfinance programs in order to uplift the economic conditions of the poor, marginalized, minorities and backward people. Several microfinance service providers active in Nepalese microfinance sector can be broadly grouped into two: retail MFIs and wholesale MFIs. The wholesale MFIs provided access to wholesale loan to retail MFIs to expand their operation for enhancing access to finance to the poor and disadvantaged groups.

Due to political instability, legal and regulatory compliance issue, procedural complexities, there has been virtually no foreign direct investment in microfinance sector. As a result, except in Nirdhan Uthan Bank Ltd., there is no foreign ownership in Nepalese MFIs.

3.2 Retail Microfinance Institutions

Retail MFIs are MDBs, FI-NGOs, SCCs and SFCLs. These MFIs are further grouped into commercial oriented (MDBs and FI-NGOs) and community based (SCCs and SFCLs). Community based MFIs are mainly members owned.

3.2.1. Microfinance Development Banks

MDBs are class D financial institutions established according to Bank and Financial Institutions Act 2063. As of July 2011, there are 21 MDBs in Nepal. Based on ownership and promotion, these MDBs can be broadly grouped into two: state owned/promoted and private sector owned/promoted. Grameen Bikas Banks (GBBs) are state owned/promoted MDBs, one each located in five development regions of Nepal. Private sector owned/promoted MDBs can be considered to be the outcome of the financial liberalization of Nepal initiated since 1990s. In general, MDBs are replicating Grameen model either as such or through some modification and share basic objectives to improve access of financial services to women for promoting income-generating activities.

Grameen Bikas Banks: There are five GBBs promoted by government in each of the five development regions to replicate the Grameen Bank model of Bangladesh to provide financial services to rural poor (mainly women). GON established two GBBs in 1992, two more in 1995 and fifth one in 1996. To be consistent to NRB Act 2058 and Bank and Financial Institution Act (BAFIA) 2063, NRB has started to divest its shares in eastern, central, western and mid-western GBBs has already been divested. NRB share in far-western

GBBs is yet to be divested. Repayment rate fluctuates across GBBs between 25 and 90 percent. Interest rate is almost same across GBBs which is 20% per annum calculated on declining balance. Their sources of fund include internal savings mobilization and borrowing from deprived sector lending and RMDC.

Private Microfinance Development Banks: The private MDBs are outcome of transformation of microfinance operation of leading NGO with operational history back to early 1990 and four NGOs transformed themselves into MDB between 1998 and 2002. As of July 2011, there are 16 private MDBs. These MDBs are replicating Grameen model with some modification and confining their services in Tarai and accessible areas. Repayment rate of private MDBs is close to 100%. Interest rate varies and ranges between 21 and 24% per annum calculated on declining balance. Their sources of fund include internal savings mobilization and borrowing from deprived sector lending and RMDC.

3.2.2. Financial Intermediary NGOs

There are thousands of NGOs active in Nepalese microfinance sector both as promoters and practitioners. Most of the NGOs facilitate to organizing poor and disadvantaged people into groups that generate internal resources through members' savings and use the fund for on-lending to group members. NGOs occasionally provide seed money to these groups. The groups often disintegrate when programs implemented by the NGOs come to an end and cease to provide technical support. NGOs have also supported to transform some promising groups into SCCs. Some NGOs transformed into FI obtaining license from NRB to involve as practitioners on enhancing access to financial services started from 2000. First FI-NGO was registered in 2001 and as of July 2009, there are 47 FI-NGOs, of which three of them drop-out and as of July 2010, there are 44 FI-NGOs active in Nepalese financial sector. Further, in 2001, 7 more FI-NGOs dropped and there are 37 FI-NGOs as of July 2011. Most of the FI-NGOs are involved as practitioner to enhance access to financial services. FI-NGOs mobilize savings and borrow loanable fund from (i) two apexes namely RSRF and RMDC[6] and (ii) DSL window of the CBs, DBs and FCs. Repayment rate of FI-NGOs is close to 100%. Interest rate varies and ranges between 14 and 24% per annum calculated on declining balance. Being NGOs, they are inadequately regulated and their owners are not very clear.

3.2.3. Savings and Credit Cooperatives

SCCs are formal body characterized by democratic and highly participatory decision making process. They are community based organizations (CBOs) either self emerged or promoted by I/NGOs with a track record back to 1954. The sector gained momentum in 1990s with the enactment of a new Cooperative Act 1991 that focused on capturing spirit of cooperative norms and values. SCCs have largest presence. There are two types of SCCs: those operating receiving limited banking license from NRB and those operating entirely under Cooperative Act 2048. As of mid July 2011, there are 16 SCCs licensed by NRB to conduct limited banking activities. Number of general SCCs exceeded 11,000 by the end of July 2011. These SCCs exist in all 75 districts of Nepal. Most SCCs lack access to loan fund. Depending upon their competency, some of the SCCs have borrowed from RMDC and deprived sector lending scheme of the commercial banks. On lending interest rate is low mainly due to member based

[6] The RSRF wholesale loans up to NRs. 2.0 millions to SCCs/FI-NGOs, the RMDC can on-lend up to NRs. 200.0 millions to MFIs and Commercial Bank can on-lend based on their assessment criteria.

nature and it ranges between 12 and 24% with majority of SCCs charging at 18%. Repayment rate is in general low ranging between 40 and 70% in most cases. There are only few SCCs with over 95% repayment rate.

3.2.4. Small Farmers Cooperatives Limited

SFCLs are member-owned and controlled multi-service cooperative agency promoted under external influence to deliver both financial and non-financial services. It consists of three-tiered organization[7] and plays an important role in the rural civil society, by pooling joint resources to meet basic needs and to defend members' interests. Formation of SFCLs started in 1993. In comparison to SCCs, SFCLs are characterized by improved cohesion and communication within shareholders. They are quite innovative to ensure access to wholesale funds to them and instrumental to expand the frontier of financial services. Number of SFCLs reached to 254 by the end of July 2011 and they are spread in 37 out of 75 districts of Nepal. SFCLs access wholesale loans from SFDB. On lending interest rate is low mainly due to member based nature and it ranges between 12 and 18% with majority of SCCs charging at 15%. Repayment rate fluctuates between 75 and 100% and fairly better than SCCs.

3.3 Wholesale Microfinance Institutions

There are four wholesale microfinance service providers in Nepalese microfinance sector. These wholesale financial service providers are: RSRF, RMDC, SFDB and CBs/DBs/FCs.

3.3.1. Rural Self Reliance Fund

In March 1991, the government decided to create RSRF for providing wholesale credit to qualified SCCs and NGOs, which in turn provide necessary micro credit services to the poor and the destitute living in backward village for enabling them to generate employment opportunities and uplift economic conditions. To start with the size of RSRF was Rs. 20 million contributed by the government. The government made additional contribution of Rs. 70 million during 2005 and 2007 and NRB made addition contribution of Rs. 253.4 million from its profit to enhance access to finance to small farmer tea growers of Eastern Nepal. RSRF is managed by a Steering Committee headed by the Deputy Governor of the NRB. The fund provides access to wholesale loans to the potential and qualified SCCs and NGOs that meets the specified requirements set forth by the fund and SCCs and NGOs borrowing from RSRF have to disburse fund thus borrowed to the target poor and disadvantaged group for agriculture, horticulture, livestock, micro enterprises, self-employment/income earning activities, renewable energy and irrigation purposes.

RSRF does not have specific micro-lending methodology. Its partner NGOs/SCCs on-lend the funds as per their own policy and procedure. Loan size to partner NGOs/SCCs is Rs. 1.5 million or more than 20 times of its primary share whichever is lower in the first cycle. In the second cycle, loan size is Rs. 2 million or 15 times of its primary share whichever is lower. Loan size in the third cycle is Rs. 2.5 million or 15 times of its primary share whichever is lower depending on the performance of the FSP. Partner NGOs/SCCs repaying all the three cycles of loan is entitled for getting refinance facility upto Rs. 3 million. RSRF aims at

[7] This includes solidarity groups at village level, inter-groups at ward level and main committees at VDC level. Main committee is registered as cooperatives under Cooperative Act 1990.

assisting the rural poor to get out of poverty by making provision of microfinance services through local NGOs and SCCs. As of July 2011, RSRF has enhanced access to finance to 14,862 clients. On-lending rate from RSRF to its partners is 8% per annum and it provides interest rebate of 6% for those partners repaying the loan on-time, with on-time loan payment rate of 2% per annum. It has been felt the low rate of effective interest rate has crowded-out[8] the RSRF fund. RSRF operation is criticized on level of institutionalization of operation and professionalism on management. Operation and management cost of the fund is covered by RSRF. It does not prepare the balance sheet and profit and loss accounts of its transaction. Repayment rate is estimated at 75%.

3.3.2. Rural Microfinance Development Centre

RMDC was established in 1998 with the authorized and paid up capital of Rs. 80 million. Later the authorized capital was raised to Rs. 640 million and the issued and paid up capital to Rs. 320 million. Its promoters and share holders are NRB, 13 CBs, five GBBs, the Deposit Insurance and Credit Guarantee Corporation (DICGC) and Nirdhan NGO. The promoting CBs and NRB hold 90.1% and 6.6% of the total paid-up capital respectively. RMDC aims at improving socio-economic condition of the majority of the rural poor, the landless and the asset-less women by increasing their access to financial services for productive undertakings that generates income and employments. It provides wholesale loans to FSPs for on-lending to ultimate borrowers for undertaking productive activities. RMDC also provides supports for strengthening institutional capacity of the partner organizations (POs) and extends financial and technical supports for upgrading skills and confidence of the client for undertaking income generation activities. Its clients are all the MFIs and some class B regional level financial institutions. RMDC has been able to maintain 100% loan recovery rate from its inception to date which has been possible due to its adherence on zero tolerance rate. RMDC is supporting the transformation of the potential NGOs and SCCs into capable MFIs. It's institutional development programs aims at (i) developing itself as the lead institution to deliver micro credit facilities to FSPs, (ii) making its POs financially viable and sustainable, (iii) creating more FSPs sufficient to serve the un-served masses of the poor, and (iv) assisting to create conducive policy and legal environment through organizing seminars, workshops and dialogues of key stakeholders. RMDC also imparts induction training on microfinance's best practices to potential MFIs. It has a separate division for supervising its POs which prepares an annual plan for their supervision. It plans to supervise each active PO at least once every six months. In addition to regular follow-up and supervision, RMDC also makes surprise check of its POs. Sources of fund for RMDC includes loans from Asian Development Bank and borrowing from deprived sector lending. Interest rate varies and it is 2% for POs from designated remote hill districts and 7% for POs from accessible areas.

3.3.3. Small Farmer Development Bank

SFDB was established in July 2001 by the GON, ADBL and commercial banks with an objective to provide wholesale loan to SFCLs. It has an authorized share capital of Rs. 245 million and paid-up capital of Rs. 123 million. SFDB is the prime source of funding for the SFCLs. Borrowing from CBs and GON is the main sources of finance for SFDB. SFDB also monitors SFCLs as per the guidelines provided by NRB including technical assistance and

[8] This is evidenced by excess demand for loan from RSRF and significant time and efforts it has made to screen out the applicants and credit appraisal process.

capacity building training. Overall, SFDB helps in the process of poverty reduction by promoting self-employment opportunities to small farmers. It has eight branch offices providing supervision and other support services to 254 SFCLs. Branch offices of SFDB management and skill training to small farmers in addition to developing new SFCLs. SFDB charges 9% interest to the SFCLs but the yield on loan portfolio for the three years is below the interest charged indicating the existence of huge sums of overdue loans. Operating efficiency of SFDB is positive and is greater than one. The repayment rate is quite fluctuating between 89.2% and 92.5%. On the other hand repayment rate of partner SFCLs is low due to access to cheap fund, governance problems and poor prudential regulation system. Interest rate charged by SFDB to SFCLs ranges between 9 and 11%.

3.3.4. Commercial Banks, Development Banks and Finance Companies

At present CBs, DBs and FCs are the main sources of finance for MFIs. With a view to increase access to financial services, Monetary Policy 2011 has raised a mandatory provision of deprived sector lending for CBs, DBs and FCs respectively to 3.5%, 3.0% and 2.5% of their total loan and advances to the deprived sector. Banks and financial institutions either lend out loans to the poor and low income people directly or they could pass on this amount to MFIs for on-lending to their clients. There are some MFIs that have not been able to fully disburse the funds they receive from CBs. They are maintaining fixed deposits (fund parking) in the various banks. In general, most CBs, DBs and FCs lend deprived sector funds to FSPs that are qualified by RMDC[9]. The FSPs have been getting loan funds for on-lending from CBs at 4 to 9% interest rate depending on the mutual loan negotiations based on demand for and the supply of funds and financial health of borrowing MFIs. CBs do not have a system of conducting onsite follow up and supervision operations of borrowing MFIs to check loan utilization. In general, they provide loans for one year and get it renewed for another year, if they find that the concerned MFI's performance is satisfactory.

3.4 Lending Modalities

Nepalese MFIs have adopted different pro-poor lending modalities for microfinance service delivery. These models are (i) Grameen Bank Model, (ii) Savings and Credit Cooperatives Model, (iii) Small Farmer Co-operatives Ltd. model, (iv) Self-Help Group/Community Organizations Model, (v) Village Banking Model and (vi) Self-Reliant Group Model. Of these six models, Grameen Bank Model targets to women while other models target to both men and women below poverty line.

3.4.1. Grameen Model

The Grameen model is based on the Grameen Bank concept of lending propounded by Prof. Muhammad Yunus of Bangladesh. The model was first introduced in Nepal by the GON and NRB by establishing regional GBB in each of the five development regions of Nepal. During the same time, two national level NGOs namely Nirdhan and Centre for Self-help Development (CSD) also launched microfinance programs replicating same Grameen model and later they also established two MDBs namely Nirdhan Uthan Bank Limited (NUBL) at Bhairawa and SLBBL at Janakpur adopting the Grameen model. Similarly, other prominent NGOs - Chhimek, DEPROSC, NRDSC, FORWARD, and Jeevan Bikas Samaj - also started

[9] CBs consider POs of the RMDC to be risk free due to its stringent supervision and follow up mechanism.

their microfinance programs following this model. At present, GBBs, MDBs, over 70% FI-NGOs and some SCCs are implementing microfinance program using this model.

This model is based on the formation of peer groups each comprising five members. Three to ten such peer groups form a center at a particular location – close to a village, where they meet once every week or fortnight or month as decided by the members. Each group elects a group chairperson and each center has a center chief to oversee activities of group members and maintain group discipline, check utilization of loans and ensure timely repayment of loan installment. In such meeting, group members collect savings and make demand for loans and also settle loans or interest due and repay loan installments as per schedule. They do not need to provide collateral security for loans but need to provide group guarantee for repayment. To begin with, the potential target groups are identified with Participatory Rural Appraisal (PRA) techniques or Participatory Wealth Ranking (PRW) exercise to identify the target groups. After the target groups are identified, eligible members participate in a weeklong pre-group training (PGT) or a compulsory group training (CGT) on microfinance procedures and organization and operation of groups and centers. The FSP field staff facilitates the fortnightly or monthly meeting, where they also collect mandatory and voluntary savings, loan repayment installments and loan demands from the members and also verifies the utilization of disbursed loans. The GBBs still follow the weekly meeting and other procedures of the traditional Grameen Bank model, while the replicating MDBs and FI-NGOs have adjusted the model to suit their local conditions and requirements. Some of the institutions following Grameen Bank model also have diversified saving schemes such as education savings, pension fund savings, micro-insurance covering risks related to loans, life, health and their livestock as in Grameen Generalized System (GGS). Some dynamic groups also deal with other social problems and issues related to community and take necessary actions to resolve these problems.
This model is comparatively more successful in areas with well developed market and road infrastructure and vibrant economic activities and not feasible in inaccessible/remote areas.

3.4.2. Savings and Credit Cooperatives Model

The history of cooperative societies in Nepal dates back to 1956, when the government first started 13 cooperatives societies in Chitwan district. In 1963, the government established the Cooperative Bank, which later was merged into the ADBL in 1968. Rural based cooperatives were established mainly to disburse loans for agricultural inputs to farmers, trading of agricultural inputs and consumer goods to the local people both in cash and credit. These cooperatives were initially managed by the members and supervised by the DOC. Later, in 1973 government decided to hand-over management of these cooperatives to ADBL initially for a period of five years, which was subsequently extended by another five years. Later, the management of the cooperatives was again handed over to the members themselves in 1992.

In 1991, the GON enacted the Cooperative Act 1992. Under this Act, a group of 25 persons from a community can form a cooperative by registering it with DOC/MOAC. The SCCs do not come under the regulatory framework of the NRB. However, some cooperatives that have been licensed from NRB for limited banking services have been providing services to non-members and they come under NRB's regulation and supervision. SCCs can target all community members in a given locality irrespective of their social and economic status. Twenty-five people can get together to run a cooperative in their respective locality/village.

Currently, most of the members of these cooperatives belong to well to do families who can make savings and average membership is around 100 per cooperative[10]. These cooperatives take savings from their members and extend membership to who-ever wants to put savings in their cooperative. They also provide loans to their members for a number of purposes. Loans provided to the members have a minimum term of three months to three years covering specific areas such as agriculture, housing, microenterprises or some social purposes.

This model provides financial services to members in a homely atmosphere without much of bureaucratic process. This model is considered to be a suitable financing model for enhancing access to finance for people in hills and mountains. Due to low cost operation, their interest rates also are lower than other financial institutions.

3.4.3. Small Farmers Cooperatives Model

ADBL initiated SFDP as a pilot project in 1975 with financial support of US$ 30,000 from Food and Agriculture Organization (FAO) to initiate pilot testing of SFDP at two sites, Sakhuwa Mahendranagar in Dhanusha district (Terai) and Tupche in Nuwakot district (Hills). After finding the successful implementation of the program in two pilot sites, the ADBN expanded the SFDP gradually to 446 sites by 1990/19 covering a total of 652 VDCs in 75 districts. Program catered to around 188,000 small farmer families[11]. Quality of service was somehow affected by higher speed of expansion without developing staff capabilities and failure to remain away from political pressure in implementation. In cognizance to the failure of SFDP implementation in 1988, an attempt was made to implement institutional development program with the technical and financial support of German Technical Cooperation Nepal under its Rural Finance Nepal Project to convert SPOs into SFCLs. In 1993, four SPOs of Dhading district were first registered as SFCL. At present, there are 254 SFCLs in 41 districts with over 160,000 members and 115,000 borrowers. Out of this, 11 SFCLs are entirely managed by women members and all are affiliated to SFDB[12]. SFDB is a bank established in 2001 to provide wholesale finance to SFCLs. Wholesale loans have one to five years tenure and carry an interest rate of 10 %.

SFCL has a three tiers structure. At the village level, promoters facilitate local household members to form groups. At the ward level, farmers' groups with common interest and proximity are integrated into intergroup and at VDC level, all groups and inter-groups are represented in a Main Committee. For SFCL operation, Main Committee is formed of the members elected by GA. Main Committee is responsible for hiring Manager and other staffs and for deciding on rules and regulation needed to ensure smooth and effective SFCL operation.

3.4.4. Self-Help Group/Community Organizations Model

Several forms of informal self-help groups such as '*dhukuti*', mothers' group, and many other groups with specific objectives that exist in Nepal are not necessarily pro-poor with the domination of the lower middle or middle class people. *Aama Samuha* (mothers' group) is most popular informal self-help group mainly formed and activated by local women with one

[10] Microfinance Industry Report, 2008
[11] Source: Impact Evaluation of Microfinance Programs on Poverty Reduction, June 2004
[12] Source: SFCL Model – Problems and Prospects – a paper presented in Microfinance Summit 2008.

or more objectives that could be related to income generation aspect and/or removing social evils and bringing about positive changes in the society. Women empowerment is the main objective of most mothers' groups. These mothers' groups organize campaigns against alcoholism, injustice to women, girl trafficking, and other social evils. They also mobilize their savings and provide credit to the needy members. The group which is very common in hills and mountains does not necessarily target at the poor. They have been in practice now for more than 3 decades, but there is no record on their existence anywhere.

SHGs or Community Organizations (COs) are formed and promoted under a number of rural development programs implemented by different agencies, such as PCRW, different UNDP supported projects and Poverty Alleviation Fund (PAF) funded by the World Bank. These programs organize COs or SHGs as vehicles for expediting people's participation. Such programs focus on poverty reduction through local capacity building. COs are organized for separate groups for men or women or both. They mobilize compulsory and other types of savings. Generally they charge 10-12% interest per annum to borrowers under their lending schemes. COs conduct regular meetings in which members apply for loans and collect due installments. COs determine the interest rates and other terms and conditions of loans if they lend money using their own savings.

3.4.5. Village Banking Model

Village Bank (VB) model was evolved from Latin America and tried in Nepal during 1998 and 2001 in the USAID funded Women Empowerment Project (WEP) by Private Agency Collaborating Together (PACT) Nepal. VBs are grassroots level community-managed SCGs aimed at providing financial services to women by mobilizing their own resources and support them to achieve financial self-reliance. VBs were promoted by local NGOs and Cooperatives in the Terai region under the technical backstopping support of PACT Nepal. The project provided some seed money to VBs which was used for lending to their members. Unfortunately, none of the VBs were linked with formal financial institutions and they became non-functional after the phase out of the project.

A typical VB consists of 40-50 women. The member of the VB participates in the literacy class of six months where basic related to the savings credit operation process was taught. Later, VB mobilized members' savings for providing loans for both productive and consumption purposes to needy women members and also provides support for VBs capacity development. A member generally gets loans amount Rs. 3,000 to 10,000 at a time and loan term is 16 weeks. In general, the loan size depends on amount of savings available in the VB. At the end of the loan term, loan cycle ends and all the loans must be paid back to get new loans released. This is also called zero gathering wherein old loans are settled and new loans are given in this gathering making a zero balance. Interest is not given on savings deposits; however, at the end of each loan cycle, benefits from proceeds are shared in proportion to savings deposits. Benefits are distributed in the form of savings to corresponding savings accounts based on a minimum balance kept for at least nine weeks instead of providing cash to member depositors. Most VBs charged 24% interest per annum and interest is collected on upfront basis. The management of the VB is generally done by the chair, the secretary and the treasurer elected by the members. They maintains the records, minutes and books of accounts; and all the documents are put in a box with triple locks, one each kept by all the three officials. The box is opened and locked in the meeting in front of all the members.

Things are all kept transparent to the members. There are instances where some VBs are linked with one SCC in Nawalparasi and Jhapa district and one FI-NGO in Banke district.

3.4.6. Self-Reliant Group Model

Self Reliant Group (SRG) model is a linkage banking model. SRG model is the combination of Grameen Bank (GB) and Village Bank (VB) model. In Nepal the model is piloted by NUBL in Bardiya, Banke, Palpa, Ilam and Panchthar districts under the financial support of Plan International Nepal and MercyCrops. SRG are the larger (25-30 members), self-managed solidarity groups that link directly to MDBs for financial assistance. MDB provides wholesale loans to SRG which later on-lend to SRG members. This model has demonstrated initial success in enhancing access to finance in hill areas. As a new initiative, the SRG model is effective, relevant and moderately efficient with significant impact albeit prospects for long-term sustainability that addresses issue of equity and empowerment adequately. Each SRG has executive committee members. They elect relatively matured person with leadership quality as chairperson while they have provided special attempt to include more educated women as secretary, treasurer and alternative treasurer.

SRGs have a very simple book keeping and accounting system. A typical SRG has meeting register, main ledger, savings ledger, and loan ledger. They neither has inventory register nor have a system of getting receipts or providing payments slip, chart of accounts and maintain voucher of their transaction. They have distributed pass-book to their members. They are operating based on simple operating rules and regulations agreed, decided and recorded in meeting register. SRGs lack operational policy such as code of conduct for their operation, SRG operational rules and regulation, savings policy, loan policy and financial management policy. SRG members participate in savings mobilization activities. Loan operation in SRGs starts with internal lending of savings collected from members. Loan operation of SRG consists of two aspects: borrowing from NUBL and lending to SRG members. Though theoretically its looks that SRG can borrow wholesale loans from NUBL however in practice NUBL lends to individual member of SRG limiting its operation within the approved line of credit. Capacity of SRGs is the matter of great concern. In general, most of them are capable of managing centre meeting independently but require support from NUBL for proper operation and management. Thus, there are two categories of SRG: those with (i) superior capacity and (ii) poor capacity. NUBL provides wholesale loan to former category of SRG which eventually on-lend to its members with overall responsibility of loan management while in later category NUBL provides loan to individual member of the SRG with group performing oversight roles only.

3.5 Networking and Support Structures

Networks are an important support structure for MFIs in Nepal. They act as forums for disseminating best practice methodologies; avenues to share experience and learn from other institutions and advocacy groups. These networks, through their members, are involved directly or indirectly in promoting MF sector. Following networks and support structures effective and operable in Nepalese microfinance sector.

- Nepal Federation of Savings and Credit Cooperatives Union Limited (NEFSCUN)
- Grameen Nepal Network (GNN)
- Center for Micro-finance (CMF)

- Microfinance Association of Nepal (MIFAN)
- International Network of Alternative Financial Institutions (INAFI)
- Nepal Microfinance Bankers' Association (NMBA)
- Nepal Bankers Association (NBA)
- Association of Development Bankers in Nepal (ADBN)
- Nepal Finance Company Association (NFCA)

4. HOUSING FINANCE AND HOUSING MICROFINANCE

4.1 Housing Finance

4.1.1. Overview

Findings of the three National Living Standard Survey (NLSS) i.e. 1995/96, 2003/04 and 2010/11 presented in Table 1 indicates that households that owned houses have decreased while those renting houses have increased. However, access to power, LPG for cooking safe drinking water and toilet has substantially increased. There is some point supply side consideration. There are cases of prolong power cuts and taps running dry. Increase in households with LPG for cooking explains why Nepal Oil Corporation (NOC) is losing out they money on LPG.

Table 2: Housing and household facilities (% of household)

S.N.	Particulars	1995/96	2003/04	2010/11
1	House owner	93.8	91.6	89.7
2	House renter	2.2	5.4	7.8
3	Access to power	14.1	37.2	69.9
4	Access to drinking water	70.4	81.2	83
5	LPG for cooking	1	8.2	17.7
6	Access to toilet	21.6	38.7	56

Source: National Living Standard Survey, 2010/11

Further, NLSS 2010/11 indicates that about 49% families have houses below international standard and are in need to improvement and only 51% families own houses that meet designated international standard.

4.1.2. Constraints to House Construction

House is a basic necessity in the place of origin of the family but having a house in urban centre and emerging market towns is at times a luxury to many families. Building own house is a main goal of any family and primary means of having social safety net. Land ownership, access to financial resources and appropriate design consideration are fundamentals to house construction to many families. Constraints to house construction revolve around these fundamental realities. In view of these, lack of necessary financial resources[13] is the main constraint for house construction. Household savings is the main sources of finance for house construction this is followed by sale of land and properties. The second constraint is the unavailability of the land. Though most families are fortunate to inherit land from their

[13] The per capita income is Rs 41,659 in the country (NLSS 2010). The national per capita consumption is Rs 34,829 of which only 8 per cent is on housing that too on housing rent. About 47 per cent of loans are borrowed for household consumption, 29 percent for personal use and 24 percent for business or farm use. One finds no loans taken for the purpose of housing (NLSS 2010). In the urban areas, 51.9 per cent of the people feel that cash savings was the most important source while 19.5 per cent felt that land sale was the most important for purchasing the land. Similarly, the cash savings and the land sale were the most important source for the construction of house for 48.5 and 20 per cent of the people. The employee loan and the bank loan were mentioned as the most important sources by 7.7 and 4.6 per cent respectively (NHS 1991).

parents, but a majority lack plot for house construction is areas with access to basic infrastructures. In view of this, most are compelled to buy the land for making a house. Lack of availability of good design is another constraint for house construction. Owing to this, there are cases where houses are designed in a very modern style even in the periphery of the World Heritage Sites and most houses do not meet the earthquake resistant measures and standards.

4.1.3. Access to Housing Finance

Overview

There was lack of access to finance for house construction to most from the financial institutions to commoners in the past. Access to finance was confined among the employees of financial institutions such as Banks as an incentive. Karmachari Sanchaya Kosh (KSK) was the first institutional effort to provide access to housing loan which dates back to 1971/72 A.D and this was confined among the depositors in KSK and interest rate was 8 to 12 percent. Loan term was highly flexible which was as long as 25 years or until the age of retirement with land title and 2 year salary as a personal guarantee.

KSK has gradually expanded access to housing loan to the depositors for the areas in (i) Pokhara, Biratnagar and Lekhnath municipalities, (ii) all municipalities of Kathmandu valley and (iii) adjacent villages. Loan size is calculated based on salary amount equal to ten years with the salary of the first year as the basis. The interest rate is 8 per cent and loan term is a maximum of 20 years.

Nepal Housing Development Finance Company (NHFDC), established in the year 1989, is the first finance company that provides housing loans and deposit products in Nepal. It grants loans for existing housing improvement, new house construction, and other housing related services. In addition, it offers fixed deposits and saving accounts. NHFDC main slogan is to our effort to everybody have home. So from establish upto now we provide home loan from 1 year upto 15 years as per the clients EMI.

Access to housing finance

Banks and financial institutions providing access to finance for home construction were very few in the past but their number is increasing in the recent year. Presently, most of the financial institutions including cooperatives are offering housing loan.

At present, Nepalese financial sector is fairly well developed, though it is dominated by banking sector. In the recent years there has been considerable focus of the commercial banks, development banks and finance companies to promote housing finance. Access to finance in housing sector can be broadly grouped into finance in (i) purchase of real estate, (ii) construction of commercial complex, and (iii) construction of individual houses in urban and peri-urban areas. Access to finance for the purchase of real estate has received added priorities in Nepalese banking and financial sector and owing to poor portfolio management most of the banks and financial institutions faced liquidity problems in the recent years. Monetary policy 2010/11 states that banking sector liquidity could not expand to an expected level due to slowdown in deposit growth led by slow-down in government expenditure, share market and real estate transaction. Some banks and financial institutions which concentrated their lending on real estate experienced liquidity management problems.

Housing Loan Product

Almost all the commercial banks, development banks and finance companies of Nepal offers housing loan products to their clients to purchase readymade / under construction building (including land cost), construct a building on an already owned land, for purchase of adjacent land or extension of existing building. This is a security backed loan and land where houses are constructed inclusive of houses under construction is taken as collateral and in some cases, repayment is backed by monthly salary of the employee.

Box 1 provides overview of the typical housing loan product offered by a typical commercial bank.

Typical Housing Loan Product

Requirements:

- Age: at least 21 years and are under an employment having a take away pay sufficient to cover the installments

Available Products

- House construction loan
- Readymade house purchase
- Plot purchase
- Renovation / Extension of existing house
- Loan against your House (Home Advantage)
- Refinancing from existing financier.

Features

- Minimum 30% equity contribution
- Maximum tenor of 18 years
- Maximum loan amount up to NPR 20 million

Benefits

- Convenient repayment plan (equal monthly installment spread over a maximum period of 18 years
- Competitive interest rates
- Quick Processing Time
- Easy documentation
- Personalized service

Documentation Requirements

- Passport size photo of applicants / guarantor
- Copy of citizenship document of borrowers / guarantor
- Copy of Land ownership document (lal purja)
- Copy of Transfer deed (Rajinama)
- Blue Print of Land
- Building construction approval from Municipality / VDC along with drawing plans (applicable where building is involved).
- Char Killa (four boundary)
- Land revenue Tax Receipt (malpot receipt)
- Income certifying document (Salary letter, Audited balance sheet, rental agreement etc.)
- Firm / company registration and PAN in case of business entity.

Interest rate

There is great variation on interest rate charged by the banks and financial institutions for home construction. Information presented in Table 3 provides that interest rate for housing

finance ranges between 6.5 and 15.5 percent in July 2006. On the other hand interest rate for housing loan witnesses an increase in November 2011 which ranges 9.99 and 20 percent. All the financial institutions have increased the rate of housing loan during this period. It appears that interest rate is still high.

Table 3: Interest Rate Charged by Financial Institutions on Housing Finance (2006-2011)

S.N.	Financial Institutions	Interest Rate (%)	
		July 2006	November 2011
A	Commercial Banks		
	Rastriya Banijya Bank	6.5 – 9.0	12-14
	Nepal Bank Limited	7.5	12-15
	Agriculture Development Bank Ltd.	-	13-14.5
	NABIL Bank	8.5 - 9.5	14.5-17.5
	Nepal Investment Bank	10 – 11	15-16
	Bank of Kathmandu	9 - 9.5	14-16
	Machapuchare Bank	8.25 - 9.5	14.5-16.5
	KIST Bank	-	14.5-16
	Nepal Bangladesh Bank	9	14-15.5
	NIC Bank	6.99 – 9.99	9.99-16.99
	Lumbini Bank	8 – 10	15-16.5
	Laxmi Bank	8 – 10	15-19
	Standard and Chartered Bank	8 – 9.5	12.99-14.5
	Everest Bank	8 – 9.5	13.5-15.5
B	Development Bank		
	Infrastructure Development Bank	11.5 - 12.5	16-18
	Sanima Bank	9.5 - 10.5	15-17
C	Finance Companies		
	Birgunj Finance Ltd.	10-15	14-20
	Kist Merchant	14-15.5	-

Source: Kantipur National Daily 30th July 2006 and Internet Survey, November 2011

Ironically, services of banks and financial institutions have been concentrated in urban and peri-urban areas where slightly more than 20% of Nepalese households reside and access to housing finance from commercial banks, development banks and finance companies are limited to these sections of the population. Slightly less than 80% population living in rural areas, inaccessible hills and mountains lacks access to housing finance and MFIs has a pivotal role to play to ensure access to finance to these sections of population.

4.2 Housing Microfinance

Housing microfinance is a subset of microfinance, designed to meet the housing needs of the poor, especially those without access to banking sector or formal mortgage loans. It is designed for low-income households who wish to expand or improve their dwellings, or to build a home in incremental steps, relying on sequential small loans. It differs from formal mortgage lending in four key ways:

- Loans are smaller and shorter term than conventional mortgage loans,
- Loans are not used to purchase a home but are generally used for home improvements, incremental building, or development of a starter dwelling in sites and services initiatives, mainly due to small loan size;

- Loans are not usually collateralized by property; and
- Loans are offered by MFIs and clients generally cannot qualify for formal mortgage loans for a variety of reasons, including low income, informal sources of income, lack of land title, and inability to meet formal building standards.

Housing loans and micro-enterprise loans may sometimes be indistinguishable: many micro businesses are conducted in whole or in part from the home, and many micro lenders have learned that some portion of their loans are being used for housing. In general, micro-enterprise finance provides working capital and fixed assets loans to micro-entrepreneurs and loan appraisal is generally based on assessment of ability to pay and assumed willingness to pay of the clients. Business equipment and various assets, including property, are often used as collateral. Housing loans, in contrast, are specifically targeted to housing development or improvement. In some cases previous success with micro-enterprise loans is used to underwrite housing loans. However, as not all housing loans borrowers may be entrepreneurs and not all housing loans are offered by micro-lenders, underwriting generally includes a variety of approaches to reducing credit risk. Lenders rely on mandatory savings over a specified period, membership in savings groups, members past credit history, household cash flow and/or co-signers. On the other hand, housing loan may in fact expand or improve households dwelling for the purpose of conducting its business, or selling or storing goods being produced. In addition, expanding dwelling by building a shop in front of the home or adding extra rooms for rental purposes, and thus producing an income stream, also emphasize the numerous links between housing and micro-enterprise loans.

There are two types of housing microfinance loans products offered by MFIs in Nepalese financial market. These products are: linked and stand-alone housing microfinance product. Key differences on these two loan products are provided in Table 4.

Table 4: Housing Loan Products

Parameter	Linked housing microfinance product	Stand-alone housing microfinance product
Why	• Fit mindset that micro-financing is incremental with income generation loans as steps towards asset building. • Can be powerful tool for client retention • Client's history with MFIs offers good proxy for capacity to pay analysis.	• Provides housing loan based on a generally accepted microfinance principles and independently of prior history with MFI.
What	• Provide housing loan as part of a "graduation" process after client has established a lending or savings history with the MFI. • Can be a longer term loan financing a complete core house or a home improvement loan	• Works within a vision of housing as one of many products MFI can offer the poor alongside more established products. • Can be a tool for diversification (and retention) of clientele. • Can help with risk management by diversifying product line.
Issues		Client qualification must be rigorous as there is no prior history with MFI.

Nepalese MFIs have tried both types of housing loan product for the provision of housing support to its clients. In general loan extended by most Nepalese MFIs are eventually linked to house construction and improvement, but only limited numbers of MFIs are engaged on

promoting stand-alone housing loan product. There are two Savings and Credit Cooperatives (SCCs): Sahara Nepal and Nava Prativa and three financial intermediary NGOs (FI-NGOs): Jeewan Bikash Samaj, Mahuli Community Development Centre and Shrijana Community Development Centre that are implementing housing loan products adopted stand-alone principles.

In the course of conducting this study, field studies were undertaken to observe and analyze the housing microfinance services provided by three MFIs namely Sahara and Navaprativa (as SCCs) and Jeevan Bikas Samaj (as FI-NGO) from eastern and western Nepal.

4.2.1. Housing Loan Product

Basic features of the housing loan products extended by three MFIs covering aspects such as loan term, interest rate, service charge, interest rate calculation method, loan installment payment process, loan size and support activities are outlined hereunder.

Table 5: Basic Features of Housing Loan Products

S.N.	Particulars	Unit	Jeevan Bikas Samaj	Sahara SCC	Navaprativa SCC
1	Loan term	Months	30	24	18
2	Interest rate	%	14	18	22
3	Service charge	%	2	1	1
4	Interest rate calculation	Method	Declining balance	Declining balance	Declining balance
5	Loan installment payment	Type	Terai: Fortnightly Hill: Monthly	Monthly	Monthly
6	Loan size				
	Maximum	Rs.	35,000/-	50,000/-	60,000/-
	Minimum	Rs.	5,000/-	10,000/-	35,000/-
7	Support activities	Type	Toilet, meter, tube-well	No	No
	Loan for support activities	Rs.	Max. 15,000/-	No	No

Source: Field Survey, December 2011

It is apparent from the table that loan terms are longer than and that of interest on loan are lower than general microfinance loans. There is some in-build service charge and loan installment (monthly or fortnightly) is similar to general microfinance loans. Loan size is fairly larger and JBS also provide loans for support activities (toilet, meter, tube-well, etc.).

4.2.2. Eligibility Criteria

These MFIs have clear criteria for the clients to be eligible for getting housing microfinance loan. To be the group member, having work experiences with MFIs, people below the poverty line, etc. are the common criteria among these MFIs.

Other criteria are MFI specific which are directly linked towards reducing the credit risk and maintaining credit disciplines. For instance, eligibility criteria of JBS includes (i) residing in the working areas of its branch offices since last five years, (ii) having at least 80% attendance in the centre meeting over the last one years, (iii) ability to make 20% cash contribution on housing microfinance loan, (iv) literate, (v) having regular sources of income and (vi) have significantly uplift the economic status with the loan services received in the

earlier cycle. Other MFIs (Sahara and Navaprativa) also have location specific eligibility criteria.

Table 6: Eligibility Criteria for Housing Loan Products

Jeevan Bikas Samaj	Sahara SCC	Navaprativa SCC
• Need for house for shelter, • Attached to a centre, completed first cycle of general loan, • Residing in the working areas of the concerned branch office since last five years, • Literate, • Maintained at least 80% attendance in the centre meeting over the last one year, • Ability to make at least 20% cash contribution for home construction, • Proven evidences of improved economic status from earlier loans / borrowing, • Have regular sources of income for loan repayment • Belonging to poor and disadvantaged group categories	• Affiliated in microfinance program, • Group guarantee, • Holder of Nepalese citizenship, • Married, • Belonging to poor and disadvantaged group categories	• Affiliated in microfinance program, • Participation in housing savings scheme • Quality of the centre • Approval by the centre • Within the loan ceiling to individual member (Rs. 100,000/-)

Source: Field Survey, December 2011

In general criteria vary according to housing model (i) new and (ii) repair cases. In case of new house, clients are mainly homeless and loan is used to build the house using HFH model. There are cases of land issues as well. On the other hand, in case of repair, clients are not home-less and there is no land issue. Loan is used to change roof or wall or both with extension of latrine, electrification, drainage, kitchen improvement, etc.

4.2.3.Support Organizations

All three MFIs have implemented housing microfinance in direct or indirect partnership with different support organizations (Table 7). They have received technical and financial support from HFH and loanable fund from commercial banks and RMDC. These are the main agencies whose roles have been a catalytic role for expanding housing microfinance.

Table 7: Role of Support Organization for Promoting Housing Program

Support Organization	Role in		
	Jeevan Bikas Samaj	Sahara SCC	Navaprativa SCC
Habitat for Humanity	Technical and financial support	Technical and financial support	Technology, awareness, training and bamboo treatment
Commercial banks	Deprived sector loans	Deprived sector loans	Deprived sector loan
RMDC	Wholesale loans	Wholesale loans	Wholesale loans
Nepal Rastra Bank	Regulation, supervision and technical support	-	Policy and enabling environment
Government of Nepal	License	Coordination and partnership	-
Media	Mass communication	Mass communication	-
Local bodies	-	Coordination, partnership and feedback	-

Source: Field Survey, December 2011

Role of NRB, GON, media and local bodies for these MFIs to promote housing program in their areas has been quite marginal. In contrast role of HFH, CBs and NRB is quite critical to facilitate the expansion of depth and breadth of outreach of housing microfinance in their working areas.

4.2.4.Problems/Challenges

Problems/challenges to promote housing microfinance revolves around aspects such as acceptance of improved housing, home constructed using local materials, community mobilization, raw materials/equipment management, under-financing, liquidity management, managing credit risk and timely completion of house construction.

Table 8: Problems and Solutions Measures for Promoting Housing Microfinance

Jeevan Bikas Samaj		Sahara SCC		Navaprativa SCC	
Problems	Solutions	Problems	Solutions	Problems	Solutions
• House construction not completed in time	• Continuous follow-up and supervision,	• Mass mis-understanding that house constructed using local materials is not strong.	• Demonstration of house constructed using locally available materials (bamboo)	• Acceptance	• Awareness campaign
• Incomplete house	• Additional loan disbursement in installment	• Difficulties for beneficiaries households to manage required financial and physical resources	• Integration of income generating activities with low cost housing support	• Community mobilization	• Awareness campaign
• Problem on reporting	• Continuous mobilization of human capital	• Lack of identification of locally available construction materials	• Orientation on using locally available construction materials for house construction	• Understanding house ownership	• Awareness campaign
• Long process for HFH	• Continuous dialogue			• Fund management	• Special arrangement through policy lobbying
				• Raw materials and equipment management	• Awareness raising • Technical training to local meson.

Source: Field Survey, December 2011

Addressing the problems faced by these MFIs for promoting depth and breadth of outreach requires creating of special fund for housing microfinance, continuous follow-up and supervision, appropriate costing of house design, avoid under financing, continuous mobilization of human capital, community awareness, demonstration of house constructed using locally available materials (bamboo), integration of income generating activities with low cost housing support, orientation on using locally available materials for home construction and awareness campaign.

5. EXPERIENCES AND GRASSROOTS REALITIES ON HOUSING MICROFINANCE

In order to gain insight on experiences and grassroots realities on housing microfinance, household survey of 95 clients (45 JBS and 50 SAHARA SCC) was done. An outline of the survey findings is presented in this section.

5.1 Client Profile

Clients of housing microfinance are all the clients of the MFI who are below the poverty line and without house of acceptable standard. These clients are generally young with an average age of 40 years.

Table 9: Profile of the Housing Microfinance Clients

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Age of the clients	Year	40.3	39.6	39.9
3	Education of the clients	Years of schooling	0.0	7.6	4.0
4	Involvement in MFI				
	> 5 years	%	75.6	34.0	53.7
	3-5 years	%	22.2	66.0	45.3
	< 3 years	%	2.2	0.0	1.1
5	Family size	No. of people	5.6	4.6	5.1
6	Literacy rate	%	42.8	86.6	63.8
	Male	%	52.4	91.9	70.9
	Female	%	33.1	81.7	57.0
7	Occupation				
	Agriculture	%	46.7	42.0	44.2
	Wage earning	%	42.2	14.0	27.4
	Service	%	2.2	10.0	6.3
	Business	%	8.9	32.0	21.1
	Other	%	0.0	2.0	1.1
8	Farm size	Ha.	0.36	0.26	0.31
9	Livestock holding				
a	Cattle	No	0.7	0.4	0.5
b	Buffalo	No	0.1	0.1	0.1
c	Cattle heifer	No	0.2	0.1	0.2
d	Buffalo heifer	No	0.1	0.0	0.0
e	Goat	No	1.3	0.2	0.7
f	Pig	No	0.2	0.0	0.1
g	Chicken	No	1.6	0.8	1.2
h	Ducks	No	0.4	0.0	0.2

Source: Field Survey, December 2011

There is difference in culture, ethnicity, income level and employment opportunities across the clients of JBS and SAHARA. They have average educational level of 4 years. Clients of JBS are less educated compared to SAHARA. Majority of the sample clients have joined MFIs since last 5 years or more. Housing microfinance clients of JBS are relatively more years of microfinance operation experiences that SAHARA.

Average family size of these clients was 5.1 years with more number of women in the family compared to men. Average literacy rate of the sample housing microfinance clients was 63.8%, more in case of men (71%) than women (57%). Average literacy rate was more among the families served by SAHARA than JBS.

Agriculture is the primary business of the majority of the clients surveyed. This was followed by wage earning and business. As far as secondary business is concerned, majority of the client surveyed rely on wage earning. This is followed by business and agricultural activity. It is quite clear that wage earning is the main sources of livelihood to majority of clients surveyed in this study.

Almost all the housing microfinance clients surveyed were land owner with small parcel of land of their own. There are cases where some clients have built the house in the unregistered land and they are quite concerned to get it registered on their name for the safety and security reasons. Average farm size of these clients was 0.31 hectare (0.36 hectare among clients of JBS and 0.26 among clients of SAHARA).

Livestock holding is the integral part of the livelihood of the majority of the clients surveyed. Typical livestock raised by the clients surveyed include cattle, buffalo, heifers (cattle and buffalo), goat, pig, chicken and ducks. Almost all the clients were found to have few head of cattle in their home.

5.2 Status of the House

It has been found that some of the houses of the clients surveyed under this study were more than five years old, while a majority of them has constructed their houses within last 3-5 years old. Investment cost for home construction was fairly high. It is significantly higher among clients served by SAHARA compared to JBS. Loan from MFI covers a fraction of the total investment cost. Owners' contribution for housing loan is estimated at 84.5%.

Significant improvement on home construction has been observed on using the roofing materials. Tin is the most common roofing material used in majority of houses of housing microfinance clients. There are instances of RCC used roofing materials in the house of some clients. There is one house where thatch has been used as a roofing material. Mud, brick, bamboo plaster, and bamboo are the materials used by the housing microfinance client for wall construction. Wall of the house among the clients served by JBS is mud and that of SAHARA is bricks.

Housing microfinance clients of SAHARA are quite innovative to on using modern materials for wall construction in the house. Floor of the houses of the housing microfinance clients of the MFIs are made of with dust, bricks, RCC and pillar plus plank. There is significance

difference on flooring materials used by housing microfinance clients across MFIs covered in this study.

Table 10: Status of House Constructed under Housing Microfinance Support

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Year of construction				
	> 5 years	%	2.2	16.0	9.5
	3-5 years	%	80.0	60.0	69.5
	< 3 years	%	17.8	24.0	21.1
3	Investment cost	Rs. '000	80.7	292.5	192.2
4	Loan from MFI	Rs. '000	25.2	30.5	28.0
5	Own contribution	Rs. '000	55.5	262.1	164.2
6	Owner's contribution rate	%	68.8	89.6	85.4
7	Roof of the house				
	Thatch	%	2.2	0.0	1.1
	Tin	%	97.8	96.0	96.8
	RCC	%	0.0	4.0	2.1
8	Wall of the house				
	Mud	%	88.9	0.0	42.1
	Brick	%	8.9	62.0	36.8
	Bamboo plaster	%	2.2	18.0	10.5
	Bamboo	%	0.0	18.0	9.5
	Yet to be made	%	0.0	2.0	1.1
9	Floor of the house				
	Dust	%	88.9	0.0	42.1
	Brick	%	8.9	0.0	4.2
	RCC	%	0.0	90.0	47.4
	Pillar + Plank	%	2.2	10.0	6.3
10	Room in the house				
	2 rooms	%	80.0	34.0	55.8
	3-4 rooms	%	20.0	64.0	43.2
	> 4 rooms	%	0.0	2.0	1.1

Source: Field Survey, December 2011

Most of the houses constructed by housing microfinance clients consist of 2 rooms (55.8%). This is followed by 3-4 rooms (43.2%) houses. There are cases of houses constructed by the housing clients with more than 4 rooms.

Close scrutiny of basic features of the houses constructed under housing microfinance support reveals that the newly constructed houses of housing microfinance clients are fairly better which indicates improved quality of life of the microfinance clients.

5.3 Features of the Improved Houses

Houses constructed by the housing microfinance clients under the financial support of the MFIs under study reveal that these houses not only protected the clients from sun and rain, but also provided them quality shelter in terms of provision of cross ventilation, controllable window, drainage system and protection from earthquake.

Table 11: Features of Improved House of the Housing Microfinance Clients

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Features of the house				
a	Protect from sun and rain	%	100.0	100.0	100.0
b	Cross ventilation	%	4.4	64.0	35.8
c	Controllable window	%	42.2	58.0	50.5
d	Drainage system	%	40.0	46.0	43.2
e	Protection from earthquake	%	93.3	74.0	83.2

Source: Field Survey, December 2011

In view of cross cultural considerations, these houses lack adequate provisions for cross ventilation, controllable windows and drainage system. These should be the important design consideration in promoting housing scheme for microfinance clients in future.

5.4 Loan Operation

Average total borrowing of the sample housing microfinance clients was Rs. 52.5 thousand, of which Rs. 26.3 thousands have been repaid with an outstanding loan balance of Rs. 26.2 thousand. Purpose of loan includes consumption and both production and consumption.

Table 12: Status of Loan Operation by Housing Microfinance Clients

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Total borrowing	Rs. '000	60.0	45.7	52.5
3	Total repayment	Rs. '000	27.8	24.9	26.3
4	Outstanding loan balance	Rs. '000	32.2	20.8	26.2
5	Purpose of loan				
	Production	%	0.0	0.0	0.0
	Consumption	%	13.3	60.0	37.9
	Both	%	86.7	40.0	62.1
6	Overdue loan	Rs. '000	0.0	0.9	0.5
7	Repayment rate	%	100.0	96.7	98.3
8	Interest rate	%	24	24	24

Source: Field Survey, December 2011

Interest rate charged for loan was 24%, the same in both MFIs included in this study. There is close to 100% on-time repayment rate on the loan disbursed by these MFIs on housing

promotion and repayment rate has been estimated at 98%. Overall performance of the loan operation by housing microfinance clients was fairly better in terms of borrowing and on-time loan repayment.

5.5 Housing Loan

Housing microfinance is one of the loan product offered by the two MFIs included for in-depth assessment in this study. Those microfinance clients meeting the eligibility criteria of these MFIs have obtained housing loan services. Outstanding loan in housing as a percentage of total loan portfolios in JBS is 2.74% and that of SAHARA is 0.54% in 2010/11 (See Annex 3 for details).

Table 13: Status of Housing Loan Operation by Housing Microfinance Clients

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Type of house				
	New	%	95.6	98.0	96.8
	Repair	%	4.4	2.0	3.2
2	Total borrowing	Rs. '000	25.2	30.5	28.0
3	Interest rate	%	14.0	14.0	14.0
4	Duration	Months	30.0	24.0	27.0
5	Loan installment payment				
	Fortnightly	%	100.0	0.0	47.4
	Monthly	%	0.0	100.0	52.6
6	Total repayment	Rs. '000	12.3	17.9	15.2
7	Outstanding loan balance	Rs. '000	12.9	12.6	12.8
8	Overdue loan	Rs. '000	0.0	1.9	1.0
9	Sources of loan repayment				
	Farming	%	42.2	40.0	41.1
	Livestock	%	6.7	36.0	22.1
	Wage earning	%	86.7	44.0	64.2
	Trade	%	13.3	44.0	29.5
	Household works	%	0.0	20.0	10.5
	Others	%	6.7	64.0	36.8

Source: Field Survey, December 2011

Majority of the clients (97%) surveyed have used loan received from MFI for construction of the new houses while remaining (3.2%) have used the loan for repair of the existing house. Total borrowing for house construction was Rs. 28 thousand and as of the survey time, they have repaid a sum of Rs. 15.2 thousand. The outstanding loan balance has been estimated to be Rs. 12.8 thousand. In general, there was on-time loan repayment with a sum of Rs. 1.9 thousand overdue with the clients surveyed. Lack of smooth cash flow for loan repayment and high client contribution was the main reasons for housing microfinance clients to ensure on-time repayment of the borrowed capital to the MFI. Loan term was 30 months in one MFI (JBS) and 24 months in another MFI (SAHARA). Loan was collected in fortnightly equal installment and equal monthly installment.

Sources of income for housing loan repayment includes farming, livestock enterprise, wage earning, trade, household works and others (overseas employment). Wage earning is the primary source for loan repayment, followed by agriculture and overseas employment.

5.6 Role of Support Agencies

Support agencies have a paramount role to play for the successful housing microfinance operation in these MFIs. As such, Habitat for Humanity (HFH) has initiated the low cost housing scheme in collaboration with partner MFIs in the community. In this sense, HFH has instrumental role to institute housing microfinance operation. Various support provided by can be grouped into three: cash, in-kind and technical support. HFH has provided cash transfer support in the initial years in order to motivate the clients of these MFIs for borrowing for house improvement and technical support to educate the executives and management of these MFIs on the design and delivery of housing microfinance products.

Considering the multiplier effects of the improved and upgrade house for enhanced livelihood and quality of life of microfinance clients in aspects such as sanitation, safety, quality of life and health improvement, support from the external agencies both technical and financial will be highly instrumental to enable MFIs on design and delivery of housing microfinance product to their clients.

5.7 Problems/Challenges

Access to finance to build new house or repair the existing house is one of the emerging opportunities for the clients of these MFIs who are in need of building new house or improving existing house.

Table 14: Problems Realized by Housing Microfinance Clients on Improved Houses

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Problems from improved house				
a	Financial management	%	0.0	58.0	30.5
b	Land management	%	0.0	8.0	4.2
3	Problem faced on housing MF				
	Loan operation	%	8.9	0.0	4.2
	On-time loan repayment	%	86.7	44.0	64.2
	Home construction	%	97.8	100.0	98.9
	House repairs	%	2.2	4.0	3.2

Source: Field Survey, December 2011

During field studies, housing microfinance clients surveyed were inquired if they face problems on financial management, repair and maintenance of the house, livestock raising and management, storage of food grains and land management. Findings of the survey revealed that they have faced the problems on financial management and land management. These are the quite generic problems which client express as their awareness level increases.

Problems on housing microfinance realized these clients are related to loan operation, on-time loan repayment, home construction and house repairs. Most of the problem faced by these clients is related to on-time loan repayment. This is partly due to lack of adequate cash flow management by these clients to repay the housing loan.

5.8 Suggestions for Future

Housing microfinance clients have provided suggestions for improving and strengthening housing microfinance operation by these MFIs. These clients have provided suggestions for MFIs, supporting institutions, local bodies, government and other agencies.

Table 15: Suggestions for Future for Promoting Housing Microfinance

S.N.	Particulars	Unit	Value by MFIs		
			JBS	SAHARA	Total
1	Sample size	No	45.0	50.0	95.0
2	Suggestions on improvement				
	MFIs (increase loan size, reduce interest rate)	%	97.8	100.0	98.9
	Supporting Institutions (provide capital subsidy)	%	44.4	22.0	32.6
	Local bodies (collaboration for subsidy and materials supports and support to infrastructure such as road, electricity, drinking water, sanitation, etc.)	%	0.0	4.0	2.1
	Government (housing policy)	%	31.1	38.0	34.7

Source: Field Survey, December 2011

Suggestions provided to MFIs are related to design and delivery of housing microfinance products on aspects related to loan term, loan size, pricing and provision of housing plus support. Supporting institutions are advised to provide technical support on housing design, construction support and subsidy (capital and interest) for housing loan. Local bodies are advised to demonstrate their functional commitment to promote improved shelter to poor and disadvantaged groups by allocating portion of their resources for housing activities. Government role to formulate policies and strategies for creating enabling environment to make housing microfinance more broad-based whereby more and more banks and financial institutions will participate in promoting shelter program.

6. ASSESSMENT AND WAY FORWARD

The demand for housing microfinance is high and there are cases where clients have already channeled a good portion of microenterprise loans to home improvement. This is due to the fact that (i) shelter is a basic human need that helps ensure personal safety and health, (ii) home is a personal asset that usually appreciates in value over time[14] and (iii) clients often use their homes as productive assets in generating income as the home serve as place to produce goods, store inventory, and conduct business.

6.1 Current Status

Housing microfinance offers small, incremental loans that fit with the way poor people build their houses progressively and over time. Housing finance and microfinance intersects each other. Emerging practice encompasses financial services that allow poor and low-income earning people to finance their habitat needs with methods adapted from the success of the microfinance experience.

Table 16: SWOT Analysis of Housing Microfinance Implementation

Parameter	Explanation
Strengths	• Support to human development of microfinance clients, • Time and cost effectiveness, • Client protection, cleanliness and education, • Demonstrated effectiveness and efficiency of microfinance services, • Maximum use of locally available materials, • Technology transfer, • Suitable to low income people
Weaknesses	• Difficulties to match between access to finance and housing investment need, • Inability to ensure access to finance to all the potential clients • Inability to create mass awareness on low cost house and improved shelter, • Integration of social mobilization support on house construction • Lack of coordination with government bodies
Opportunities	• High demand for housing microfinance services, • Improvement on human development, • Availability of local raw materials, • Integration of housing program with access to finance and linkages to housing plus support, • Brings large number of banks and financial institutions within housing microfinance network
Challenges	• Liquidity management - Limited access to medium- and long-term capital, • High cost of fund and low spread, • Maintaining on-time repayment rate, • Cash flow management of the poor, • Attracting banks and financial institutions on housing microfinance operation • Insecure land tenure

Source: Field Survey, December 2011

[14] Home improvement not only enhances living conditions but helps in create in asset and it is an investment.

Loans are for relatively small amounts and are based on clients' capacity to repay. Repayment periods are relatively short (especially in comparison to mortgage lending) and are on par with mid- to high-end microfinance individual loans. Loan pricing is expected to cover the real, long run costs - operational and financial - of providing the service. The loans are not heavily collateralized, if at all, and collateral substitutes are often used and loans tend to finance habitat needs in an incremental manner, a function of the purchasing power of loans with short repayment periods and relatively low monthly payments. If the provider is an MFI, credit services for housing can be linked to prior participation in savings or more traditional microenterprise loan services.

SWOT analysis was done in FGD conducted in different MFIs in order to clearly depict the current status of housing microfinance. Close scrutiny of the findings of SWOT analysis reveals that there are more strengths and prominent opportunities of the housing microfinance schemes that the weaknesses and challenges. Despite proven system of access to housing microfinance support to the poor and disadvantaged groups, housing microfinance has not been promoted as anticipated due to inherent challenges on promoting the services. Some of the outstanding challenges include the following.

- Limited access to medium and long-term capital: Housing loans should be funded with capital that matches their longer term structure. Yet much MFI funding tends to be short-term, a year or less. And while some housing microfinance providers capture savings, they rarely collect enough to cover the demand for housing loans. Adequate funding instruments would allow institutions to expand their portfolios and avoid a mismatch between the source and use of funds.
- Insufficient understanding of the appropriate relationship between subsidies and financial services: There are good reasons for governments to subsidize low-income housing. Housing microfinance can complement subsidies, but financial services should be kept distinct from the subsidy element. For example, in a slum improvement program, loans to individual slum-dwellers should be managed separately from state subsidies for infrastructure and sanitation. Most MFIs' comparative advantage lies in providing financial services, not administering subsidies. MFIs usually weaken themselves when they try to do both.
- Insecure land tenure: In general poor families do not possess formal proof of land ownership. While formal land titles are not necessary in housing microfinance, land security is essential. Households are more likely to invest in their homes when they know they will not be evicted. This security is also important for financial institutions' risk management.
- Housing plus support: There is a link between housing and income generating activity of the poor and low income households. In order to enable poor repay the housing loan, there is a need to support them for housing plus initiatives that is more focused on promoting income generating activities.

6.2 Strategy for Integration of Housing Microfinance Products

Integration of housing microfinance products into the service delivery methodologies of the Nepalese MFIs, banks and financial institution requires measures to utilize the strengths, minimize weaknesses, utilize existing and emerging opportunities and overcome challenges outlined under SWOT analysis exercises.

Increase the number of partner MFIs: There is a need to increase the number of partner MFIs in order to expand the number of houses supported under the program. This requires clear-cut partnership terms and conductions with the MFIs. It is always better to include national, regional and preferably level MFIs working in eastern, central, western, mid-western and far-western regions of the country.

Capacity development of MFI board, management and staff: Unless MFI board of directors, management and staff are motivated on salient features of the housing microfinance products and services, it is less likely that they will start the housing microfinance program. There is a need to develop their capacity through on the job training, technical support, exposure visits and consultative workshops.

Education for microfinance client on improved housing: There is insufficient understanding of the appropriate relationship between subsidies and financial services. Further, there are instances where microfinance clients have invested on home construction or improvement using accumulated surplus of different microenterprise they have managed. Poor should be educated on improved housing and cash management for improved housing. Education should focus on importance of improved house, difference between general and housing loans and basic features of improved houses.

New product development – linked versus stand-alone microfinance products: MFI requires support for new product development either it is linked or stand-alone microfinance product to ensure that poor have access to affordable and convenience housing loan product. MFI may require conducting market research for product development which includes research design, implementation, piloting and evaluation.

Enabling policy environment for low cost shelter promotion: Two types of shelter support schemes prevail in the shelter market. First is subsidized housing/shelter schemes where all the cost related to house construction are subsidized and second is the housing/shelter program under housing microfinance, where clients built the house using borrowed fund. There are good reasons for governments to subsidize low-income housing. Housing microfinance can complement subsidies, but financial services should be kept distinct from the subsidy element. For example, in a slum improvement program, loans to individual slum-dwellers should be managed separately from state subsidies for infrastructure and sanitation. Most MFIs' comparative advantage lies in providing financial services, not administering subsidies. MFIs usually weaken themselves when they try to do both. There should be a mechanism that ensures win-win situations for implementing housing microfinance.

Research and development: Continues research and development is very important to develop the tested and workable housing microfinance model. Such a model should be disseminated among the existing and potential stakeholders for its wider replication.

Housing plus loan support: In order to address the issue of cash flow management by the housing microfinance clients to ensure on-time loan repayment, MFIs must integrate housing plus loan support to housing microfinance clients. This should be backed by adequate research and development. Housing plus loan support include loans for microenterprise development. Necessary skill development program is necessary in collaboration with other concern agencies.

Expansion of the scope of deprived sector lending requirement: GON and NRB need to acknowledge the housing problems related to the poor and disadvantaged groups and revise existing deprived sector lending requirements to support MFIs to expand housing microfinance among their clients. Promoting housing microfinance should be mandatory provision under deprived sector lending requirement. Further, there is a need to enhance the access to medium and long-term capital for sustained implementation of housing microfinance initiatives.

6.3 Areas of Interventions

There is a need of a coordinated support to enhance the capacity of all the stakeholders for the growth and development of housing microfinance sector. There should be capacity development support both at demand and supply side. There is a need of a coordinated support to enhance the capacity of all the stakeholders for the growth and development of housing microfinance sector. There should be capacity development support both at demand and supply side. During field study areas of interventions for promoting housing microfinance for the poor and disadvantaged groups has been assessed. It has been found that such interventions are required for MFI management, workforce in MFIs, potential MFI clients, planners/policy makers and promotion materials.

Table 17: Areas of Interventions for Promoting Housing Microfinance

S.N.	Dimensions	Areas of Interventions
1	MFI management	• Liquidity management, • Housing loan product (linked and stand-alone housing microfinance product) design • Housing plus microfinance support
2	Field Staff	• Clients selection and loan appraisal process, • Theoretical and practical dimensions of low cost house construction, • Technical support portfolio management, • Cash flow management of the poor,
3	Clients	• Client education on long term finance, • Client education and housing plus support, • Reduce interest cost,
4	Planners and policy makers	• Awareness at central and local government on concept of improved housing • Integration with roads, improved cook stoves, drinking water, drainage, toilet, etc. with house construction,
5	Promotion	• Exposure visits and educational materials • Awareness and educational campaign • Provision of mason support, • Result and method demonstration

Source: Field Survey, December 2011

6.4 Implementation Plan

In order to enable HFH on making its support 100,000 housing campaign a success through housing microfinance, this study has prepared the time bound implementation plan as under.

Table 18: Implementation Plan for Promoting Housing Microfinance Program

S.N.	Activities	Timeline
1	Increase the number of partner MFIs	
	Call for Expression of Interest	March 2012
	Preparation of Request for Proposal	April 2012
	Selection of partner MFIs	June 2012
2	Capacity development of MFI board, management and staff	
	Business plan preparation	December 2012
	Housing loan product development	December 2012
	Exposure visits	December 2012
	Management of equipments and raw materials	On-going
	Development of local house builders organization training	December 2012
3	Education for microfinance client on improved housing	
	Preparation of educational materials	March 2012
	Educational campaign	June 2012 onwards
4	Enabling policy environment for low cost shelter promotion	
	Advocacy and lobbying	January 2012 onwards
	Support on policy process	June 2012 onwards
5	Research and development	
	Process documentation	December 2012
	Impact assessment	Every year
	Housing model design	December 2012
	Review of educational materials	Every year
	Housing plus loan support	December 2012
6	Expansion of the scope of deprived sector lending requirement	
	Consultation meeting/workshop	January 2012
	Policy dialogue and lobbying	June 2012
	Policy change	December 2012
7	Support for additional house construction	
	10,000 houses	December 2012
	20,000 houses	December 2013
	20,000 houses	December 2014
	25,000 houses	December 2015
	25,000 houses	December 2016
8	Joint review and planning	Every year on regular intervals

7. CONCLUSIONS AND RECOMMENDATIONS

This study has documented the status, practices, opportunities and challenges for housing microfinance in Nepal. More specifically this study has documented the state of the art on housing microfinance, identified strengths, weaknesses, opportunities and challenges on housing microfinance, assessed areas of interventions for ensuring equitable access to housing microfinance among the poor and disadvantaged groups across ecological and development regions and suggested strategies for increasing functional participation of array of financial services providers and prepare the implementation plan for the success of 100,000 housing campaign put forward by HFH in Nepal. Conclusions and recommendations of this study follow hereunder.

7.1 Conclusions

Housing microfinance consist mainly the loans to low-income people for renovation or expansion of an existing home, construction of a new home, land acquisition, and management of basic infrastructure. To date, most of the successes in this new field have been with home improvement loans and management of basic infrastructures such as water supply, sanitation, electricity supply management, etc. Due to high capital involved, activities like construction of a new home and land acquisition are yet to be brought under the ambient of housing microfinance in Nepal.

Nepalese MFIs are yet to commercialize the approaches of housing microfinance and housing microfinance loan product provided by HFH's partner MFIs are very simple and easy to implement. Key elements that these MFIs have considered include clients' capacity to pay, loan repayment period, pricing, affordability, construction assistance, security requirements, land issues, and capital adequacy. Where-ever feasible, these MFIs have forged partnership with potential stakeholders for promoting housing microfinance among the poor and disadvantaged groups. Despite there is huge gap between housing units and housing finance for lower segment. It predominates over other key issues relating to pro-poor housing such as availability, access and supply of housing finance, nature and pattern of demand for housing and other issues. The best/most viable MFIs for housing microfinance are regional, district and local level MDBs, FI-NGOs, and SCCs.

Investment in housing could be effective way out of the poverty for many poor and low income households. Leakages and exclusion from public support and programmes may be reduced if the beneficiary has a durable permanent house. Many poor could not afford to build durable house and hence go for temporary non-durable housing arrangements which may put more burden on poor in terms of expensive maintenance of houses (regular replacement of thatched roof, repairing of walls etc.). There are instances where housing microfinance has been instrumental for to support the poor in this direction.

There exists proven and workable methodology for promoting housing microfinance for MFIs. Despite that housing microfinance has not been promoted as anticipated due to limited access to medium and long-term capital, insufficient understanding of the appropriate relationship between subsidies and financial services, insecure land tenure, and provision of housing plus support for ease on loan repayment and ensuring on-time loan recovery.

Technology transfer and management of raw materials (for example treated bamboo) is another issue requiring additional attentions and considerations.

There is a need to focus at liquidity management especially in increasing access to medium- and long-term capital, reducing the cost of fund i.e. increasing the spread, maintaining on-time repayment rate, support on cash flow management of the poor, attracting banks and financial institutions on housing microfinance operation and land tenure security management in order to promote housing microfinance in Nepal.

7.2 Recommendations

Housing is a basic needs and better housing contributes on improving quality of life of the poor and disadvantaged groups. Considering the initial success that some Nepalese MFIs has realized on implementing housing microfinance, it has been recommended to expand the depth and breadth of this modality through following.

- Increase the number of partner MFIs to ensure breadth of housing microfinance support through mass awareness and clear-cut partnership terms and conditions for MFIs.
- Support for capacity development of MFI board, management and staff on design and delivery of housing microfinance products and services through on the job training, technical support, exposure visits and consultative workshops.
- Awareness and education to microfinance client on improved housing and cash management for ensuring on-time loan repayment.
- Technical support on new product development to partner MFIs and ensure that poor have access to affordable and convenience housing loan product.
- Support to prepare enabling policy environment for low cost shelter promotion and devise proper mix/balance between subsidized housing/shelter schemes and housing/shelter program under housing microfinance through clearly defined partnership mechanism.
- Continues research and development to develop tested and workable housing microfinance model.
- Provision of housing plus loan support to enable housing microfinance clients manages cash flow for ensuring on-time loan repayment.
- Expansion of the scope of deprived sector lending requirement and development of the mechanism to enhance access to medium and long-term capital for sustained implementation of housing microfinance initiatives.
- Collaboration and coordination with government bodies to develop infrastructure such as link road, drinking water and electricity supply in the cluster area where housing program is implemented.

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ANNEXES

ANNEX 1: FIELD SURVEY TOOLS USED IN THE STUDY

लघुवीत्त संस्थाबाट ऋण सहयोग प्राप्त गरि घर निर्माण गरेका परिवारलाई सोधिने प्रश्नावली

१. सदस्यको नाम : ..... लिङ्गः महिला/पुरुष

२ ठेगाना : गा. वि. स. ..... वडा नंः ..... टोलः.....

ब्यावसाय/पेसा : प्राथमिक ..... सहायक .....

३ लघुवीत्त संस्थाको नाम : .....

४ सहभागी भएको मिति : ..... केन्द्र नं..... समूह नंः .....

समूहको नाम : .....

५ पारिवारि विवरणः उमेर अनूसार

	विवरण	५ वर्षभन्दा कम	६-१६ वर्ष	१६- ६० वर्ष	६० बर्ष भन्दा माथि
	पुरुष				
	महिला				

६ शैक्षिक स्थिति

	विवरण	निरक्षर	साक्षर	SLC भन्दा कम	SLC माथि
	पुरुष				
	महिला				

७ सम्पत्ति विवरण

७.१ जग्गा/घडेरि

	स्वामित्वको किसिम	क्षेत्रफल (कठ्ठ)			अन्दाजी बजार मूल्य (रू)
		खेत	पाखो	जम्मा	
क	आफनो नामको				
ख	अर्काको कमाएको				
ग	आफनो अर्कालाई कमाउन दिएको				

७.२ घरको स्थिति बनाएको वर्षः ..... लागत (रू)ः .....

	विवरण	छाना	भित्ता	भूई	कोठा संख्या
क	कार्यक्रम अगाडि				
ख	कार्यक्रम पछि				

ग सुधारिएको घर होः हो/होईन यदि हो भने कुन कुन पक्षमा सुधारिएको छ?

	सुधारिएको क्षेत्र	व्याख्या गर्ने
अ	लागत	
आ	घाम पानीवाट सुरक्षित	
इ	क्रस भेन्टिलेसन	
ई	झ्यालको प्रकार	
उ	पानीको निकास	
ऊ	भूकम्प प्रतिरोधक	
ए	अन्य	

घ सुधारिएको घरबाट कुनै कुरामा असजिलो परेको छ ? यदि छ भने खुलाउनु होस

	सुधारिएको क्षेत्र	व्याख्या गर्ने
अ	लागत व्यावस्थापन	
आ	मर्मत गर्न	
इ	वस्तुभाउ राख्न	
ई	अन्न भन्डारण गर्न	
उ	जग्गा व्यावस्थापन	

७.३ पशुपालन स्थिति

	विवरण	गाई	भैसि	वाच्छा/ वाच्छि	पाडा / पाडि	वाख	वंगुर	कुखुरा	हाँस
क	कार्यक्रम अगाडि								
ख	कार्यक्रम पछि								

८ आम्दानी/खर्च विवरण

	श्रोत	कुल आम्दानी	कुल खर्च	वचत	कैफियत
	खेति				
	पशुपालन				
	ज्याला/मजदुरि				
	वन्द/व्यापार				

	धरायसि काम				
	अन्य (खुलाउने)				
	अन्य				

९. कर्जा कारोवार विवरण

	ऋणको श्रोत	उदेश्य	व्याज दर	लिएको ऋण रकम	हाल सम्म वुझाएको रकम	लगानिमा वाँकि ऋण रकम	भाखा नाघेको ऋण रकम	भाखा नाघेको ऋण अवधि
क								
ख								
ग								
घ								
ङ								
च								
छ								
ज								
झ								

१० घरको लागि ऋण कारोबार विवरण

क	किसिमः	नयाँ घर वनाउन	/ पुरानो घर मर्मत गर्न		
ख	ऋण कारोबार विवरण				
	लिएको ऋण रकम	रु.....	व्याज दरः.....%	अवधिः.....	वर्ष / महिना
	ऋणको किस्ताः	सासाहिक/पाक्षिक/मासिक/त्रैमासिक			
	हाल सम्म वुझाएको रकमः	.....	लगानीमा वाँकि रकमः	.....	
	भाखा नाघेको छ/छैन	.....	यदि छ भने	अवधि (किस्ता)	.....
	भाखा नाघ्नुको कारण	.....			
	घरको ऋण फिर्ता गर्ने श्रोतहरु (√) लगाउने				
	खेतिपाति	.....	पशुपालन	.....	
	ज्याला/मजदुरि	.....	वन्द/व्यापार	.....	
	धरायसि काम	.....	अन्य (खुलाउने)	.....	

ग घर वनाउदा अन्य निकायवाट सहयोग प्राप्त भयो/भएन ..... यदि भयो भने

	निकायको नाम	सहयोगको किसिम			
		नगद	जिन्सि	प्राविधिक	अन्य
अ					
आ					
इ					

११ घरको लागि ऋण कारोबार गर्दा भोग्नु परेका समस्याहरु

	समस्याका किसिम	व्याख्या गर्ने
क	ऋण लिने सम्वन्धमा	
ख	घर निर्माण सम्वन्धमा	
ग	घर मर्मत सम्वन्धमा	
घ	अन्य	

११ घरको लागि ऋण कारोबार कार्यक्रमलाई सुधार्नको लागि तपाईको सुझाव

	निकायको नाम	सुझावको व्याख्या गर्ने
क	लघु वित्त संस्थालाई	
ख	सहयोगि संस्थालाई	
ग	स्थानिय निकायलाई	
घ	सरकारलाई	
ङ	अन्य निकायलाई	

धन्यबाद

लघुवीत्त संस्थाबाट संकलन गरिने विवरण सम्वन्धि चेकलिष्ट

१ लघुवीत्त संस्थाको नाम : .....
ठेगाना : .....
सम्पर्क गर्ने व्यक्ति : .....फोन नंः.....
संस्थाको किसिम : सहकारी / लघुवित्तको काम गर्ने गैर सरकारी /लघुवित्त बैंक
स्थापना मिति : .....
लघुवीत्तको कारोवार शुरू गरेको मिति : .....

२ संस्थाको हाल सम्मको कारोवार स्थीति

	विवरण	आषाढ मसान्तमा			
		२०६५	२०६६	२०६७	२०६८
क	कार्यरत जिल्ला				
ख	कार्यरत गा. वि. स.				
ग	शाखा कार्यलय				
घ	केन्द्र संख्या				
ङ	समुह संख्या				
च	सदश्य संख्या				
छ	कुल ऋण लगानि				
ज	कुल ऋण असुलि				
झ	लगानिमा वाँकि ऋण				
ञ	भाखा नाघेको ऋण				
ट	सन्चालन स्वसक्षमता				
ठ	वित्तिय स्वसक्षमता				

नोटः संस्थाको वार्षिक प्रगति प्रतिवेदन समावेस गर्ने

३ संस्थाले संचालन गरेको आबास कार्यक्रमको विवरण

सि. नं.	विवरण	आषाढ मसान्तमा			
		२०६५	२०६६	२०६७	२०६८
	कार्यक्रम संचालित				
क	जिल्लाहरु				
ख	गा. वि. स.				
ग	शाखा कार्यलय				
घ	केन्द्र संख्या				

सि. नं.	विवरण	आषाढ मसान्तमा			
		२०६५	२०६६	२०६७	२०६८
ङ	समुह संख्या				
च	सदश्य संख्या				
छ	धर निर्माण संख्या				
ज	धर मर्मत संख्या				
झ	कुल ऋण लगानि				
ञ	कुल ऋण असुलि				
ट	लगानिमा बाँकि ऋण				
ठ	भाखा नाघेको ऋण				

नोटः संस्थाको वार्षिक प्रगति प्रतिवेदन समावेस गर्ने

४. आबास कर्जा सेवाको विवरण

क्र.स.	विवरण	व्याख्या गर्ने
क.	कर्जाको अवधि	
ख.	व्याज दर	
ग.	किस्ताको प्रकार	
घ.	प्रति व्यक्ति प्रदान गरिने कर्जा रकम	
ङ.	• अधिकतम	
च.	• न्युनतम	
छ.	घरको लागत	
ज.	• कुल लागत	
झ.	• कर्जा रकम	

५. घर निर्माण वा सूधार्न कर्जा पाउन हूनू पर्ने योग्यताहरु

क.

ख.

ग.

६. आबास कर्जा सेवाको विस्तारको लागि अन्य सहयोगी संस्थाहरुको भुमिकाहरु

सि.नं.	निकायहरू	भुमिकाहरु
क.	Habitat for Humanity	
ख.	वाणिज्य बैक	
ग.	RMDC	
घ.	नेपाल राष्ट बैक	
ङ	नेपाल सरकार	
च.	संचार माध्यमहरु	
छ.	अन्य स्थानिय निकाय	

ज.	अन्य केही भए...	

७. यस कार्यक्रम संचालन गर्दा भोग्नू परेका समस्याहरु र समाधान गर्न अपनाइएका उपायहरु

क.	आवास कार्यक्रम संचालन गर्दा भोग्नू परेका समस्याहरु	समाधान गर्न अपनाइएका उपायहरु

८. आवास कार्यक्रमको विष्लेषण

सि.नं.	विष्लेषण क्षेत्र	व्याख्या गर्ने
क.	सवल पक्ष	
ख.	कमजोर पक्ष	
ग.	अवसर	
घ.	चूनौतीहरु	

९. यस कार्यक्रमलाई प्रभावकारी बनाउन लघुवीत्त संस्थाहरुको कून कून क्षेत्रमा क्षमता अभिबृद्धि गर्नू पर्ला

सि.नं.	क्षमता अभिबृद्धि गर्नु पर्ने क्षेत्र	व्याख्या गर्ने
क.	कर्मचारी तथा ग्राहक चेतना मूलक	
ख.	लगानी असूली प्रकृया तथा ऋण विश्लेषण गर्ने	
ग.	स्वस्थ घरको अवधारणा	
घ.	अन्य केही भए	

१०. यस कार्यक्रमलाई अन्य ठाँउमा विस्तार गर्न तपाइ के के सूझाव दिन चाहनू हून्छ?

सि.नं.	सूझावहरु	व्याख्या गर्ने
क.	घरको डिजाइन सम्वन्धमा	
ख.	घरमा प्रयोग हूने सामग्री बारे	
ग.	घरको लागत बारे	
घ.	कर्जाको अवधि	
ङ.	किस्ताको प्रकार	
च.	कर्जाको व्याज दर	
छ.	अन्य केही भए, खूलाउने	

धन्यबाद

ANNEX 2: PROCESSED HOUSEHOLD SURVEY INFORMATION

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
1.0	Sample size	No	45.0	50.0	95.0			
2.0	Age	Years	40.3	39.6	39.9	1813	1979	3792
3.0	Education	Years of schooling	0.0	7.6	4.0	0	381	381
4.0	Years of Joining MFIs	%	100.0	100.0	100.0	45	50	95
	Before 2061	%	31.1	14.0	22.1	14	7	21
	2062	%	42.2	10.0	25.3	19	5	24
	2063	%	2.2	10.0	6.3	1	5	6
	2064	%	2.2	28.0	15.8	1	14	15
	2065	%	11.1	14.0	12.6	5	7	12
	2066	%	8.9	24.0	16.8	4	12	16
	2067	%	2.2	0.0	1.1	1	0	1
	2068	%	0.0	0.0	0.0	0	0	0
5.0	Primary business	%	100.0	100.0	100.0	45	50	95
	Agriculture	%	46.7	42.0	44.2	21	21	42
	Wage earning	%	42.2	14.0	27.4	19	7	26
	Service	%	2.2	10.0	6.3	1	5	6
	Business	%	8.9	32.0	21.1	4	16	20
	Other	%	0.0	2.0	1.1	0	1	1
6.0	Secondary business	%	100.0	100.0	100.0	45	50	95
	Agriculture	%	6.7	12.0	9.5	3	6	9
	Wage earning	%	82.2	28.0	53.7	37	14	51
	Service	%	2.2	8.0	5.3	1	4	5
	Business	%	6.7	24.0	15.8	3	12	15
	Other	%	2.2	28.0	15.8	1	14	15
7.0	Family size	No	5.6	4.6	5.1	250	231	481
	Male	No	2.8	2.2	2.5	126	111	237
	Female	No	2.8	2.4	2.6	124	120	244
7.1	< 5 years	No	0.5	0.5	0.5	23	26	49
	Male	No	0.3	0.2	0.2	12	9	21
	Female	No	0.2	0.3	0.3	11	17	28
7.2	6-16 years	No	1.5	1.4	1.4	68	68	136
	Male	No	0.7	0.6	0.7	31	31	62
	Female	No	0.8	0.7	0.8	37	37	74
7.3	17-60 years	No	3.4	2.6	3.0	153	129	282
	Male	No	1.8	1.3	1.5	81	66	147

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
	Female	No	1.6	1.3	1.4	72	63	135
7.4	> 60 years	No	0.1	0.2	0.1	6	8	14
	Male	No	0.0	0.1	0.1	2	5	7
	Female	No	0.1	0.1	0.1	4	3	7
8.0	Education status	No	5.6	4.6	5.1	250	231	481
8.1	Illiterate	No	3.2	0.6	1.8	143	31	174
	Male	No	1.4	0.2	0.8	62	12	74
	Female	No	1.8	0.4	1.1	81	19	100
8.2	Literate	No	1.7	1.1	1.4	75	55	130
	Male	No	1.0	0.5	0.8	46	26	72
	Female	No	0.6	0.6	0.6	29	29	58
8.3	Below SLC	No	0.7	2.2	1.5	31	110	141
	Male	No	0.4	1.1	0.8	20	53	73
	Female	No	0.2	1.1	0.7	11	57	68
8.4	Above SLC	No	0.0	0.7	0.4	1	35	36
	Male	No	0.0	0.5	0.2	0	23	23
	Female	No	0.0	0.2	0.1	1	12	13
8.5	Literacy rate	%	42.8	86.6	63.8	42.8	86.6	63.8
	Male	%	52.4	91.9	70.9	52.4	91.9	70.9
	Female	%	33.1	81.7	57.0	33.1	81.7	57.0
9.0	Farm Size	Katha	10.9	7.7	9.2	491	383	874
9.1	Owned land	Katha	2.6	4.4	3.5	119	218	337
	Khet	Katha	1.6	4.4	3.0	70	218	288
	Pakho	Katha	1.1	0.0	0.5	49	0	49
	Approximate value	Rs. '000	292.2	1216.0	778.4	13150	60800	73950
9.2	Rented-in land	Katha	8.3	3.4	5.7	372	169	541
	Khet	Katha	8.3	3.4	5.7	372	169	541
	Pakho	Katha	0.0	0.0	0.0	0	0	0
	Approximate value	Rs. '000	426.7	240.0	328.4	19200	12000	31200
9.3	Rented-out land	Katha	0.0	0.1	0.0	0	4	4
	Khet	Katha	0.0	0.1	0.0	0	4	4
	Pakho	Katha	0.0	0.0	0.0	0	0	0
	Approximate value	Rs. '000	0.0	4.0	2.1	0	200	200
10.0	House Status							
10.1	Year of construction	%	100.0	100.0	100.0	45	50	95
	Before 2061	%	0.0	10.0	5.3	0	5	5

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
	2062	%	0.0	4.0	2.1	0	2	2
	2063	%	2.2	2.0	2.1	1	1	2
	2064	%	28.9	20.0	24.2	13	10	23
	2065	%	13.3	10.0	11.6	6	5	11
	2066	%	37.8	30.0	33.7	17	15	32
	2067	%	17.8	24.0	21.1	8	12	20
	2068	%	0.0	0.0	0.0	0	0	0
10.2	Investment cost	Rs. '000	80.7	292.5	192.2	3633	14626	18259
11.0	Status of House - Before							
11.1	Roof	%	100.0	100.0	100.0	45	50	95
	Thatch	%	84.4	8.0	44.2	38	4	42
	Tile	%	4.4	0.0	2.1	2	0	2
	Tin	%	8.9	66.0	38.9	4	33	37
	No house	%	2.2	26.0	14.7	1	13	14
11.2	Wall	%	100.0	100.0	100.0	45	50	95
	Mud	%	97.8	2.0	47.4	44	1	45
	Brick	%	0.0	6.0	3.2	0	3	3
	Bamboo	%	0.0	58.0	30.5	0	29	29
	Wood	%	0.0	8.0	4.2	0	4	4
	No house	%	2.2	26.0	14.7	1	13	14
11.3	Floor	%	100.0	100.0	100.0	45	50	95
	Dust	%	97.8	58.0	76.8	44	29	73
	RCC	%	0.0	2.0	1.1	0	1	1
	Wood	%	0.0	14.0	7.4	0	7	7
	No house	%	2.2	26.0	14.7	1	13	14
11.4	Room	%	100.0	100.0	100.0	45	50	95
	1	%	80.0	30.0	53.7	36	15	51
	2	%	17.8	42.0	30.5	8	21	29
	3	%	2.2	16.0	9.5	1	8	9
	4	%	0.0	6.0	3.2	0	3	3
	5	%	0.0	4.0	2.1	0	2	2
	6	%	0.0	2.0	1.1	0	1	1
12.0	Status of House – After	%						
12.1	Roof	%	100.0	100.0	100.0	45	50	95
	Thatch	%	2.2	0.0	1.1	1	0	1
	Tin	%	97.8	96.0	96.8	44	48	92
	RCC	%	0.0	4.0	2.1	0	2	2

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
12.2	Wall	%	100.0	100.0	100.0	45	50	95
	Mud	%	88.9	0.0	42.1	40	0	40
	Brick	%	8.9	62.0	36.8	4	31	35
	Bamboo plaster	%	2.2	18.0	10.5	1	9	10
	Bamboo	%	0.0	18.0	9.5	0	9	9
	Yet to be made	%	0.0	2.0	1.1	0	1	1
12.3	Floor	%	100.0	100.0	100.0	45	50	95
	Dust	%	88.9	0.0	42.1	40	0	40
	Brick	%	8.9	0.0	4.2	4	0	4
	RCC	%	0.0	90.0	47.4	0	45	45
	Pillar + Plank	%	2.2	10.0	6.3	1	5	6
12.4	Room	%	100.0	100.0	100.0	45	50	95
	1	%	6.7	2.0	4.2	3	1	4
	2	%	73.3	32.0	51.6	33	16	49
	3	%	15.6	54.0	35.8	7	27	34
	4	%	4.4	10.0	7.4	2	5	7
	5	%	0.0	2.0	1.1	0	1	1
13.0	Improved house	%	100.0	100.0	100.0	45	50	95
14.0	Total investment	Rs.	80.7	292.5	192.2	3633	14626	18259
15.0	Features of the house							
a	Protect from sun and rain	%	100.0	100.0	100.0	45	50	95
b	Cross ventilation	%	4.4	64.0	35.8	2	32	34
c	Type of window							
	Controllable	%	42.2	58.0	50.5	19	29	48
d	Drainage	%	40.0	46.0	43.2	18	23	41
e	Earthquake	%	93.3	74.0	83.2	42	37	79
16.0	Problems from improved house							
a	Financial management	%	0.0	58.0	30.5	0	29	29
b	Repair and maintenance	%	0.0	0.0	0.0	0	0	0
c	Livestock raising and management	%	0.0	0.0	0.0	0	0	0
d	Storage of food grains	%	0.0	0.0	0.0	0	0	0
e	Land management	%	0.0	8.0	4.2	0	4	4
17.0	Livestock holding before							
a	Cattle	No	0.7	0.4	0.5	30	18	48
b	Buffalo	No	0.1	0.1	0.1	6	5	11
c	Cattle heifer	No	0.2	0.1	0.2	11	4	15

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
d	Buffalo heifer	No	0.1	0.0	0.0	3	0	3
e	Goat	No	1.3	0.2	0.7	59	11	70
f	Pig	No	0.2	0.0	0.1	8	2	10
g	Chicken	No	1.6	0.8	1.2	72	42	114
h	Ducks	No	0.4	0.0	0.2	17	1	18
18.0	Livestock holding after							
a	Cattle	No	1.0	0.5	0.7	45	25	70
b	Buffalo	No	0.1	0.1	0.1	5	6	11
c	Cattle heifer	No	0.6	0.2	0.4	27	12	39
d	Buffalo heifer	No	0.2	0.0	0.1	8	2	10
e	Goat	No	1.4	0.5	1.0	65	26	91
f	Pig	No	0.2	0.2	0.2	7	10	17
g	Chicken	No	3.1	8.7	6.1	140	436	576
h	Ducks	No	0.5	0.1	0.3	22	4	26
19.0	Income by sources	Rs. '000	126.2	315.8	226.0	5677	15789	21466
a	Agriculture	Rs. '000	20.8	20.6	20.7	937	1032	1969
b	Livestock	Rs. '000	2.0	27.0	15.2	90	1351	1441
c	Wage earning	Rs. '000	83.7	40.2	60.8	3768	2008	5776
d	Business	Rs. '000	13.8	72.6	44.8	620	3632	4252
e	Household works	Rs. '000	0.2	7.2	3.9	10	360	370
f	Other	Rs. '000	5.6	148.1	80.6	252	7406	7658
20.0	Expenses by sources	Rs. '000	86.5	172.0	131.5	3891	8599	12490
a	Agriculture	Rs. '000	7.1	12.8	10.1	321	640	961
b	Livestock	Rs. '000	2.4	15.0	9.0	106	751	857
c	Wage earning	Rs. '000	0.0	13.8	7.3	0	690	690
d	Business	Rs. '000	5.7	33.8	20.5	255	1689	1944
e	Household works	Rs. '000	58.5	60.2	59.4	2633	3009	5642
f	Other	Rs. '000	12.8	36.4	25.2	576	1820	2396
21.0	Net income by sources	Rs. '000	39.7	143.8	94.5	1786	7190	8976
a	Agriculture	Rs. '000	13.7	7.8	10.6	616	392	1008
b	Livestock	Rs. '000	-0.4	12.0	6.1	-16	600	584
c	Wage earning	Rs. '000	83.7	26.4	53.5	3768	1318	5086
d	Business	Rs. '000	8.1	38.9	24.3	365	1943	2308
e	Household works	Rs. '000	-58.3	-53.0	-55.5	-2623	-2649	-5272
f	Other	Rs. '000	-7.2	111.7	55.4	-324	5586	5262
22.0	Loan Transaction Status							
22.1	Sources of loan - formal	%	100.0	100.0	100.0	45	50	95

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
22.2	Purpose of loan	%	100.0	100.0	100.0	45	50	95
	Production	%	0.0	0.0	0.0	0	0	0
	Consumption	%	13.3	60.0	37.9	6	30	36
	Both	%	86.7	40.0	62.1	39	20	59
22.3	Interest rate	%	24	24	24	24	24	24
22.4	Total borrowing	Rs. '000	55.9	43.2	49.2	2517	2158	4675
22.5	Total repayment	Rs. '000	26.6	23.5	24.9	1196	1174	2370
22.6	Outsatnding loan balance	Rs. '000	29.4	19.7	24.3	1321	984	2305
22.7	Overdue loan	Rs. '000	0.0	0.9	0.5	0	43	43
22.8	Duration of overdue loan	Months	0.0	1.6	0.9	0	82	82
23.0	Loan Transaction Status							
23.1	Sources of loan - formal	%	11.1	6.0	8.4	5	3	8
23.2	Purpose of loan					5	3	8
	Production	%	0.0	0.0	0.0	0	0	0
	Consumption	%	4.4	0.0	2.1	2	0	2
	Both	%	6.7	6.0	6.3	3	3	6
23.3	Interest rate	%	30	21	27	30	21	27
23.4	Total borrowing	Rs. '000	4.1	2.5	3.3	185	125	310
23.5	Total repayment	Rs. '000	1.2	1.4	1.3	55	71	126
23.6	Outsatnding loan balance	Rs. '000	2.9	1.1	1.9	130	54	184
23.7	Overdue loan	Rs. '000	0.0	0.0	0.0	0	0	0
23.8	Duration of overdue loan	Months	0.0	0.0	0.0	0	0	0
24.0	Loan transaction for housing purpose							
24.1	Type					45	50	95
	New	%	95.6	98.0	96.8	43	49	92
	Repair	%	4.4	2.0	3.2	2	1	3
24.2	Total borrowing	Rs. '000	25.2	30.5	28.0	1135	1523	2658
24.3	Interest rate	%	31.1	26.9	14.4	14	13	14
24.4	Duration	Months	30.0	24.0	27.0	30	24	27
24.5	Loan installment payment							
	Fortnightly	%	100.0	0.0	47.4	45	0	45
	Monthly	%	0.0	100.0	52.6	0	50	50
24.6	Total repayment	Rs. '000	12.3	17.9	15.2	553	893	1446
24.7	Outstanding loan balance	Rs. '000	12.9	12.6	12.8	582	630	1212
24.8	Overdue loan	Rs. '000	0.0	1.9	1.0	0	95	95
24.9	If yes, installment due	No				0	2-18	2-18
24.10	Reasons for overdue							
	None	%	100.0	90.0	94.7	45	45	90
	Lack of income	%	0.0	10.0	5.3	0	5	5
24.11	Sources of loan repayment							

S.N.	Particulars	Unit	Mean			Total		
			JBS	SAHARA	Total	JBS	SAHARA	Total
	Farming	%	42.2	40.0	41.1	19	20	39
	Livestock	%	6.7	36.0	22.1	3	18	21
	Wage earning	%	86.7	44.0	64.2	39	22	61
	Trade	%	13.3	44.0	29.5	6	22	28
	Household works	%	0.0	20.0	10.5	0	10	10
	Others	%	6.7	64.0	36.8	3	32	35
25.0	Assistance received from other agencies	%	4.4	18.0	11.6	2	9	11
25.1	Name of agency							
	HFH	%	4.4	18.0	11.6	2	9	11
	Netherland	%	0.0	0.0	0.0	0	0	0
25.2	Support received							
	Cash	%	2.2	18.0	10.5	1	9	10
	Kind	%	0.0	10.0	5.3	0	5	5
	TA	%	2.2	8.0	5.3	1	4	5
	Other	%	0.0	0.0	0.0	0	0	0
25.3	Support received							
	Cash	Rs. '000	0.4	1.8	1.2	20	92	112
	Kind	Rs. '000	0.0	0.7	0.4	0	35	35
	TA	Rs. '000	0.2	1.1	0.7	10	55	65
	Other	Rs. '000	0.0	0.0	0.0	0	0	0
25.4	Problem faced on housing MF							
	Loan operation	%	8.9	0.0	4.2	4	0	4
	Home construction	%	97.8	100.0	98.9	44	50	94
	House repairs	%	2.2	4.0	3.2	1	2	3
	Other	%	0.0	0.0	0.0	0	0	0
25.5	Suggestions on improving housing MF							
	MFIs	%	97.8	100.0	98.9	44	50	94
	Supporting Institutions	%	44.4	22.0	32.6	20	11	31
	Local bodies	%	0.0	4.0	2.1	0	2	2
	Government	%	31.1	38.0	34.7	14	19	33
	Other agencies	%	97.8	100.0	98.9	44	50	94

Annex 3: Overview of Microfinance Institutions (2008-2011)

Table 1: Overall Transaction of Microfinance Institutions under Study

S.N.	Particulars	Unit	Status as of July											
			Jewan Bikas Samaj				Sahara				Nave Prativa			
			2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
1	District	No	3	3	3	7	1	1	1	1	1	1	1	1
2	VDC	No	106	120	135	209	50	50	50	50	23	27	30	44
3	Branch	No	21	21	31	40	17	20	22	24	3	4	5	6
4	Centre	No	1,281	1,780	2,411	3,375	1,124	1,532	2,054	2,323	231	297	382	460
5	Group	No	6,873	9,402	13,011	17,975	6,233	8,236	10,714	12,445	1,016	1,310	1,683	2,078
6	Members	No	32,568	44,639	60,623	81,310	30,355	40,148	52,180	55,555	5,084	6,552	8,413	10,389
7	Savings mobilization	Rs. '000	61,486	122,766	225,571	325,194								
8	Total loan disbursement	Rs. '000	592,062	1,168,550	2,153,003	3,576,925	640,267	1,238,872	2,178,191	3,609,023	-	-	-	-
9	Total Loan Collection	Rs. '000	413,491	852,597	1,599,947	2,788,502	446,572	876,517	1,671,323	2,906,635	-	-	-	-
10	Outstanding loan balance	Rs. '000	178,571	315,953	553,056	788,423	193,695	362,355	506,868	702,388	174,725	27,821	42,693	63,387
11	Overdue	Rs. '000	-	-	-	90	-	-	-	-	-	-	-	-

Source: Field Survey, January 2011

Table 2: Housing Microfinance in Microfinance Institutions Selected for Study (2008-2011)

S.N.	Particulars	Unit	Status as of July											
			Jewan Bikas Samaj				Sahara				Nave Prativa			
			2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
1	District	No	1	1	3	7	1	1	1	1	1	1	1	1
2	VDC	No	106	120	135	209	50	50	50	50	23	27	30	44
3	Branch	No	6	6	31	40	17	20	22	24	3	4	5	6
4	Members	No	235	282	966	1,562	167	116	124	151	231	297	382	460
5	New House Constructred	No	235	268	871	1,408	81	66	84	90	-	-	-	1
6	Repair of Old House	No	-	14	95	154	86	50	40	61	-	-	-	-
7	Total loan disbursement	Rs. '000	3,297	5,847	20,599	37,514	12,200	15,972	21,250	27,027	-	-	-	-
8	Total Loan Collection	Rs. '000	646	2,324	7,087	15,918	10,552	12,728	18,282	23,238	-	-	-	-
9	Outstanding loan balance	Rs. '000	2,651	3,523	13,512	21,596	1,648	3,244	2,968	3,789	-	-	-	-
10	Overdue	Rs. '000	-	-	-	-	-	-	-	-	-	-	-	-
11	Outstanding loan in housing as a percentage of total loan portfolio	%	1.48	1.12	2.44	2.74	0.85	0.90	0.59	0.54	0.00	0.00	0.00	0.00

Source: Field Survey, January 2011