Introduction
Samriddha Pahad UK (formerly known as The Blueberry Hill Charitable Trust) is a UK-based organization registered as an international non-government organization in Nepal since 2011. Samriddha Pahad UK (SP) carries out interventions aimed at improving the living standards of hill and mountain communities through sustainable access to finance linked with appropriate livelihood opportunities and local institution strengthening. SP is currently implementing Samriddha Pahad Project (through core funding) in Taplejung and Terahthum districts. SP in January 2016 completed SAFAL (Sustainable Access to Finance and Livelihoods) a USD 1,460,000 project funded by UKaid through DFID. This project was rated as A+ program by the DFID team and was implemented in Ilam, Panchthar, Taplejung, Doti, Dadeldhura, Achham and Bajura districts of Nepal.

SP specializes in

Mountain Finance Approach
SP’s Mountain Finance Approach facilitates much needed access to finance in mountain and hilly areas. SP identifies potential community institutions and cooperatives to build their capacity and make them bankable linking them with formal financial service providers. The model channelizes wholesale loans from formal financial service providers to community institutions and cooperatives which ultimately reaches the retail clients. These loans are made available for productive sector use, fuelling income generation. We work closely with the loan clients to build their capacity in financial literacy, livelihood training and entrepreneurship development and ultimately link them to markets. We work closely with the formal financial service providers and community institutions and cooperatives to monitor proper channelling, use of loans disbursed and ensure timely repayments. Most importantly, SP works with both the supply and demand side actors to develop innovative and appropriate financial products and services. The overall approach initiates financial sector expansion in mountain areas where there is a high growth potential for enterprise development.
Value Chain Financing

The component that SP works on access to finance is Value Chain Financing for various subsectors. Our role as a facilitator is to create an enabling environment for financial intermediaries to create vertical linkages with the producers. SP promotes external financing through financial intermediaries to agriculture and multipurpose cooperatives and ultimately to producers. We believe external financing improves the likelihood of establishing a viable and a long term commercial relationship between the value chain actors and build their capacity to scale up their services bringing a systemic change in rural financing market.

One of the most successful cases is from Ilam district where an effective linkage between milk cooperatives, Dairy Development Corporation (DDC) and NMB Bank Ltd were formed. SP facilitated linkages between the DDC, NMB Bank and 12 dairy cooperatives; where NMB provided loan amounting to more than USD 300,000 to these cooperatives which was loaned to 432 farmers. The cooperative acts as a collection centre of milk from the farmers on behalf of DDC. The income earned by the farmers is transferred directly to NMB for loan repayment by the DDC while the remaining earning is transferred to farmers through the concerned cooperatives. The cooperatives receives substantial service fees from the DDC and farmers facilitating these services making them self-sustaining financially. This link between the producers, buyer and financial intermediaries has increased the production capacity of the farmers, greatly reduced financial risks to banks and contributed to institutionalize the market system.

While linking cooperatives to financial intermediaries most of the loans are used for enhancing capacity (purchasing cow/buffalo), gaining inputs, land leasing or technical capacity building of the cooperatives such as purchasing of equipment for processing or investment in transportation facilities to fetch better price for the produce.

SP has also facilitated cattle insurance to these dairy farmers. SP has worked with the farmers educating and promoting cattle insurance through its partner cooperatives supported by NLG Insurance Company (NLG). NLG has insured over 200 cows for a total value of more than USD 100,000 in Ilam district. NLG insurance has timely reimbursed cattle farmers in cases of casualty building trust among the service provider and its clients. In 2014/15, 7 farmers from 4 cooperative reported casualties where 90% of the cattle cost were compensated. It is vital to ensure the clients are aware of the importance of insurance, availability of insurance service providers and relevant insurance products.

SP’s value addition

Financial Literacy Training (FLT)

The Government of Nepal through Nepal Rastra Bank’s Monetary Policy has prioritized FLT as a key component to educate people on basic financial management. The financial education provided by SP helps community people to choose appropriate financial products which enables them to invest wisely in economic activities. FLT uses adult-learning techniques to explain key financial concepts in seven modules: Financial Planning, Cash Flow and Budgeting, Savings, Debt, Insurance, Investment, and Remittance. The content for FLT is based on ACCION’s Financial Literacy program and contextualised to cater to rural Nepali audience. The training uses interactive and real time stories, exercises and games to explain key financial concepts and is targeted to an audience with minimal or no literacy. The training is simple to deliver in an informal setting, making it scalable to reach a wide audience. The FLT is one of the most successful and effective training components which has helped change the behaviour of community people in terms of planning and expending their budgets. Hence, the training has a high demand in our working areas.

“It was not easy to convince women to attend the training, but now they demand for more training because once they attend the sessions they know its practical something crucial to manage their finances - Secretary Mina Khatri
Technical Capacity Building of Producers

SP works to build the capacity of farmers on different agriculture subsectors such as vegetables, dairy, livestock farming, mushroom farming, bee keeping, NTFP, tea, cardamom, and enterprise development training among many. These specific targeted training support producers to produce better quality products and also to produce value added products. SP has provided livelihood training to 14,000 community members. The capacity development training to cooperatives and its members will ultimately result in business growth which will enable the members to make informed decision improving their financial management and income.

Achievements till date

SP has successfully piloted various investment facilitation models like Wholesale Funding Model (WFM) and Deficit Finance Model (DFM) in coordination with different partner Banks and Financial Institutions (BFIs) successfully in the past. As of March 2016 in partnership with financial institutions, SP has facilitated USD 10 million loans to 17,000 rural clients through 85 Community Institutions (CIs) and 17 Microfinance Institutions (MFIs) branches reaching 43,000 communities members. SP has also delivered Financial Literacy Training to 17,000 and Livelihood Training to 16,000 community members and built institutional capacity of more than 200 cooperatives.

Sushila Nepali

Lack of access to finance and lack of financial knowledge have led many poor farmers in remote villages to search for alternative work – leave the country in search of greener pasture. Sushila’s story resonates with many women in her village. She and her husband were struggling to raise their two children working in their landlord’s farm.

When their financial situation failed to improve, her husband Dhan started going to Shimla, India for six months of the year. By the time he returned with NPR 20,000, his family would have accrued enough debt along with a hefty interest.

“When my husband would be in India I had to take loan with high interest and the lenders never respected me.” Sushila despite having a valuable skill to stich clothes could not use it due to lack of a sewing machine. She joined Kisan Microfinance, Bajura with a heavy heart due to a bitter past experience of being cheated many times.

She participated in the enterprise development training provided by SP which had a fee of NPR 100. “When I learned about the training fee I wasn’t sure, but when they told me that the money would be later saved in our own account I was convinced that the training was genuine.”

Post training, Sushila availed a loan of NPR 22,000 with which she bought a sewing machine and opened for business. Today, Sushila earns NPR 15,000 per month. “My husband is with us, he supports us in every way. Our children are attending an English medium school and our future is full of possibilities.”