Bank Management

Like CCODER's other programs, Community Development Banks are owned and managed by the villagers themselves. Each participating CDC sends a representative to the R-CDC's Bank Management Committee (BMC). The BMC then appoints a Bank Manager to supervise the bank's daily operations. All CODEBs that are now in operation are able to cover the cost of the manager's salary and still earn a sizeable profit, making the Banks self reliant and sustainable.

Loans

In order to receive a loan from the Community Development Bank, individuals - or groups - must have a clear plan for initiating a feasible, sustainable income-generating program, according to their needs, interests, skills, experience, and location. They must also have investigated marketing possibilities for their proposed products.

Community Development Banks do not grant loans without collateral, but the collateral is not physical and cannot, in fact, be bought with money. Loans are granted on the basis of the borrower's honesty, character, and conscientious fulfillment of his or her community responsibilities (such as regular monthly savings, regular time contribution for voluntary community work, and participation in the CDC's monthly General Assembly). This system ensures that all villagers – including the poorest of the poor – are eligible to receive loans. Loans do, of course, vary in size, according to the borrower's economic status and repayment capacity.

The so-called "360° Credit Management Model," governs the process of granting loans, monitoring their usage, and ensuring timely repayment. Both CDCs and R-CDCs play important roles in the process. With repayment rates near 99%, the system has been successfully enabling banks, individuals, and communities to generate substantial additional capital.

Priority to Disadvantaged Families & Women

CCODER seeks to nurture and aid disadvantaged families and women, just as hospitals provide special treatment for patients in critical condition. Community Development Banks help these individuals achieve effective and sustainable economic growth, by placing special emphasis on ensuring equitable distribution of products and benefits, and equal access to resources. For example, the very poor are given the opportunity to buy bank shares for half price and are offered interest subsidies, special training, and other support as needed. This helps reduce the gap between rich and poor in the community.

Future Plans

As the Community Development Banks are running well on the regional (R-CDC) level, CCODER plans to establish District Community Development Banks in the near future. District Banks will:

- provide legal security to the participating CDCs and their members for all banking operations.
- enable inter-lending between the R-CDCs, in order to utilize savings more efficiently.
- help individuals and communities generate more capital for income-generating activities.

The final goal is a National Community Development Bank.

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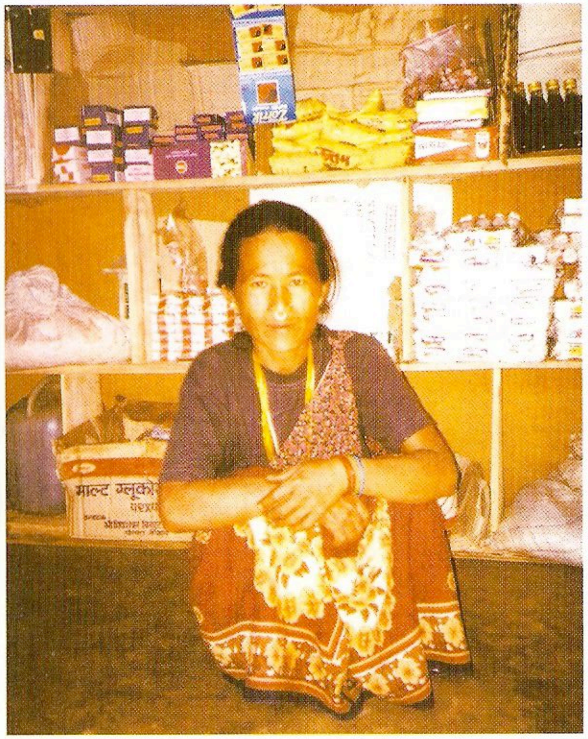
We are the masters
of our own destiny

COMMUNITY DEVELOPMENT BANK

Banking By the People



The CCODER Approach to
Micro-Finance

समाज विकास तथा अनुसन्धान केन्द्र
CENTER FOR COMMUNITY DEVELOPMENT & RESEARCH

CCODER : An Overview

epal is one of the world's least developed countries, agued by rapid population growth, illiteracy, poor utrition and health, and virtually non-existent infra-ructure. Despite the large number of domestic and reign aid programs that have been launched over e last half century, approximately 70% of Nepal's opulation is living under the poverty line, and the verage per capita income is a mere US$ 210, the ghth lowest in the world.

he Center for Community Development and Research CCODER) is working to improve these conditions and create thriving, self-sustaining rural communities. therefore invests a small amount of time and money the local level, provides individual practical education r villagers, and encourages community members to ork cooperatively in the creation of sustainable come-generating activities

nce its establishment in 1991, CCODER has rganized almost 23,000* families and helped them stablish community development banks, income-enerating activities, community schools, and a health are program - all owned and operated by the ommunities themselves.

The Community Development Bank

overty is a vicious cycle: individuals are poor because ey lack sources of income; but in order to initiate come-generating activities, money is necessary. In ral Nepal, banks are few and far between, and in ose that exist, loans are usually not available for the oor, due to lack of collateral. Thus, struggling villagers enerally find it next to impossible to come up with e necessary start-up capital for productive economic ctivities.

order to achieve our objective of helping villagers itiate sustainable income-generating activities and ommunity development programs, CCODER has esigned a micro-finance tool appropriate to rural epal – the Community Development Bank (CODEB)

CODER statistics as of January 2004

Goal and Objectives of CODEB

The goal of community development bank is to empower villagers through self-help.

To achieve this goal, the banks have the following objectives:

- To encourage villagers to develop regular savings habits.
- To enable villagers to utilize their savings for productive purposes, and thereby generate income.
- To develop managerial skills among villagers.

Establishing A Community Development Bank

CCODER begins the development process in each rural community by conducting a "Development Education" program, during which villagers are, among other things, made aware of the importance of saving and are briefed about CCODER's micro-finance strategy. Individuals then organize themselves into a village organization called a Community Development Committee (CDC) and begin making regular monthly savings, according to their ability. A CDC sub-committee is responsible for collecting these savings.

Once sufficient savings have been accumulated and members have undergone basic banking education, several neighbouring CDCs join together to form a regional federation, or Regional Community Development Committee (R-CDC), and establish a Community Bank. All members are eligible to buy bank shares, which, along with accumulated monthly savings, form the bank's startup capital. CODEBs are established at the R-CDC level because the savings generated by a single CDC do not provide an adequate capital base. So far, 52 Community Development Banks are in operation in six districts of Nepal.

Banking With A Difference

A Community Development Banks differs from most commercial banks in that:

- it follows a grass roots approach, assisting the poor in fulfilling their credit needs by using money that they themselves generate.
- the villagers own and operate the bank, drawing up rules and regulations about transactions, loans, etc. themselves.
- it provides loans to all community members, including the poorest of the poor.
- it is linked with the community's overall socio-economic development process, providing capital specifically for income-generating activities, and working hand in hand with a community-managed marketing network, community health care programs, and quality education programs.
- bank profits are distributed among shareholders, a Community Development Fund, and a special Bank Reserve Fund.