



Registered charity number: 1085199

www.DevelopmentNepal.org

info@DevelopmentNepal.org



facebook.com/DevelopmentNepal



linkedin.com/company/developmentnepal



[@DevelopmentNep1](https://twitter.com/DevelopmentNep1)



[@developmentnepal](https://instagram.com/developmentnepal)



ANNUAL REPORT 2019

For over 15 years, Development Nepal has facilitated community-led work in Sunsari district, Nepal, to improve access to education and resources for the poorest communities. An increased focus on micro-finance, through UB Co-operative, targets savings group activity and loans in support of micro business.

MISSION

To alleviate poverty in the poorest communities

ACTION

Inclusive micro-loans, savings and livelihood support through a co-operative

IMPACT

Reduced poverty through improved livelihoods

CHAIR'S MESSAGE



Development
NEPAL

2019 has been a year of growth and consolidation.

Membership has grown by 15% to 1,796 compared with 1,565 at the start of the year; much of the additional growth comes from additional day savers. The tapering of membership growth reflects a realistic limitation in the number of members we can effectively work with, within the geographical area where we are permitted to operate.

Savings have increased by over 50% to £107,800 at year end compared with £69,800 at the start of the year. The continued growth in savings, and by extension the amount of funds that can be loaned, is set to continue a positive increased trajectory of annual compound growth. 930 loans were made during 2019.

The Co-operative covered operating costs from income earned of £9,600 (2018: £3,900), representing 41% of operational costs (2018: 26%).

While this annual report is about the 2019 financial year it would remiss not to talk about the challenges that Covid-19 has posed to Nepal in 2020 thus far, and specifically the community in Sunsari in East Nepal where we work.

Going into lockdown a day after the UK on 24th March 2020, Nepal has struggled with the challenges of repeated waves of national and local lockdowns, managed without any of the social security safety nets of more developed countries.

Many of those with whom Development Nepal works are day labourers, a route for work which has dried up. And yet many are also subsistence farmers who would rarely visit towns or have that frequent contact with typical Covid-19 hotbeds, and so have continued to work their small plots of land in relative self-isolation.

The Trustees agreed to a reduction of interest payable for all members and are anticipating additional more targeted debt relief measures will be required later into 2021.

For now we continue to support the local team as best as they continue to serve many of the poorest in Sunsari – and wish to thank you for your ongoing interest in, and support of, Development Nepal at this crucial time.

Christopher Kelly, Chair of Trustees

Nepal is an agricultural country, landlocked between China to the north and India to the south, east & west.

CHINA

7 Provinces

77 Districts

INDIA

65%+ people are engaged in farming, subsistent in nature & mostly combined with livestock. Animal & human labour power farm work. The majority of Nepalese live in rural areas and generate an income from working in other people's fields.

Livestock is an important source of income for farm households. Cash income needs are mainly met through sale of milk, yoghurt, cheese, ghee, meat, egg & live animals & poultry.

Rice, maize, millet, wheat, barley & buckwheat are staple food crops. Most farmers grow diversified crops to hedge against uncertain weather conditions. Agriculture provides the second largest source to Nepal's GDP after the services sector at 50% (e.g. tourism, construction), but relies very much on access to resource such as fertilizer, diversity of seeds, and irrigation of land.

50%+ of the working age population is economically active & 81% are engaged in farming activity.

Generally, farm families in mountain areas raise Yak or Himalayan breeds of cow & sheep. In the hills, cows, sheep, goats and poultry are kept.

In southern Terai low-lying areas, where Development Nepal operates through a local staff structure, farm families raise buffalo, cow, goat and poultry. Once a thriving area for grain production, the Terai now struggles with the threat of urbanisation and depletion of ground water for irrigation.



SUNSARI'S STORY: SUSTAINING LIVELIHOODS...

ANIMAL HUSBANDRY



Asha Chaudhari is 46 years old. She lives in a small house with her parents and two sons.

Asha tends to a small crop of vegetables and sometimes works as a labourer in other fields to supplement her income. It is difficult for her to make ends meet, especially to pay for her sons' school fees.

Before joining the UB Co-operative, Asha had been a member of other local co-operatives but had found it difficult to manage her loan repayments in shorter time periods and higher interest rates. Being able to repay her loan in quarterly installments with an affordable monthly interest rate has allowed Asha to manage her growing small business.

Loans have helped Asha to buy kid goats that she keeps until matured and sells for a profit at market. Income from animal sales and from selling milk supports her family as well as repayment of monthly interest and loan installments.

MICRO COMMERCE

Hem Kumari Bista is 33 years old and lives with her husband and two sons in a four-roomed house in Prakashpur.

Before she joined the UB Co-operative savings group, Hem and her husband were unable to make a sufficient income growing rice, wheat, maize and pulses; they had leased additional land and fallen into debt.

Once Hem started to save money with a UB Co-operative savings group, she was able to take a loan after 3 months to start a small food and provisions shop from her home to supplement their income.

The ability to pay loan installments from her savings means that Hem is able to manage her cash flow effectively.

Having successfully repaid her first loan, Hem has made a second loan application to be able to expand her business to sell food and produce specific to festival seasons, such as sweet treats to celebrate Dashain, the Hindu harvest festival, or Tihar the festival of lights.



HOW THE MONEY IS SPENT

Development Nepal will subsidise the establishment and operational costs of the Co-operative until the costs can be covered by the Co-operative's own income, ambitiously targeted for 2025.

During this period Development Nepal will continue to ensure appropriate financial management and oversight through already established mechanisms in Nepal:

- regular locally provided audit, and a professional finance consultant in Kathmandu providing internal audit and financial management support;
- our trustees and advisors from the UK include chartered accountants and auditors who regularly review processes and financial reporting; Development Nepal trustees and advisors provide their expertise and time for free.

Income

During 2018 Development Nepal received £21,709 (2018: £11,240). Income was generated through individual donations, standing orders, small trust grants, corporate support, the Development Nepal Online Auction and interest earned.

Expenditure

During 2018 Development Nepal had expenditure of £13,359 (2018: £10,776) of which all expenditure (2018: all) related to direct charitable expenditure in support of the UB Co-operative; no expenditure was incurred for fundraising activities (2018: nil). The Co-operative additionally covered operating costs from income earned of £9,600 (2018: £3,900), representing 41% of operational costs (2018: 26%).

Development Nepal Funds Balance

At 31st December 2019, Development Nepal held funds of £45,062 (2018: £38,040) of which £15,785 (2018: £15,574) is held as a long-term deposit within the Co-operative.

UB Co-operative Funds balance (at 31 Dec 2019)

UB Co-operative: 18.8m Np Rps (£123,600); prior year: 11.9m Np Rps (£83,200) comprising:

- savings of 16.4m Np Rps (£107,800); prior year: 9.7m Np Rps (£69,800)
- Development Nepal long-term deposit: 2.4m Np Rps (£15,800); prior year: 2.2m Np Rps (£15,600)

Development Nepal's complete accounts, together with information on accounting policies, can be accessed at www.developmentnepal.org

DEVELOPMENT NEPAL'S LOCAL TEAM

Our small team in Nepal works with communities that have been identified through a consultative process as being in greatest need of support.



Ram Niraula
local leader for Programme UB and the UB Co-operative



Yashoda Adhikari



Yogita Koirala



Bishma Dahal



Akash Tamang



Kalpana Ghimire



Umesh Uranw



Gita Niraula



Harihar Maharjan
financial management support (Kathmandu)



Rabin Ghimire
UCHEP Executive Committee Chair (local operations partner) and UB Co-operative



DONORS, FUNDRAISING & SUPPORTERS

The Trustees are grateful for the on-going financial support provided through regular giving. This helps bring greater certainty over Development Nepal's income, which enables better planning of our Co-operative in Sunsari.

We wish to extend our gratitude to: Sam Moorhouse, Darran Smith, Joanna & Brian Wong, R Collins, Jonathan Wheatcroft, Charles Ullman, Chris Kelly, Ben Trail, N Picton, Brendan McGuinness, Charlie Breen, Steve Clarke, Leon Smith, John & Denise Kelly and Gen Binefa for their regular giving commitments.

We would like to extend our thanks to those who have given one-off donations and those who have provided repeated support, including Just Trust, Daniel Potter and Castor Business, Pat Newman Memorial Trust, and Lansdowne Partners.

A special thanks extended to those who generously donated prizes for our online auction: Liz & Hector Muir, George & Nicky Hancock, Stuart & Tam McCarthy, John Kelly, Charlie Ullman & Graham Smith, Joanna Wong, Nick & Verity Kelly, Rob Posgate, Jamie Zubairi, Alexandra Firth, Kate Kelly, Sandra Leal, Rowena Smith, Dan Ernst, Nick Bildner, Gilly Orr, Kate Chesworth, Katie Allen and Charles Boyd.

VOLUNTEERS: ADVISORS & SUPPORTERS

Heartfelt thanks is extended to the following individuals, who have generously supported Development Nepal in 2019 with their time and expertise:

- Johannes Haverkamp for support of financial management of Development Nepal
- Robert Dodds for independent examination of Development Nepal's financial accounts

DEVELOPMENT NEPAL'S TRUSTEES

During 2019, the Trustees of Development Nepal, who provide their time and expertise unpaid and voluntarily, have been:

Alexandra Firth

A finance professional holding 15+ years' experience in international and technology banking, start-up and fintech, specialising in operational strategy for client-facing operations.

Role: Trustee with a focus on communications.



Brian Wong (Secretary)

A Legal Director with Burges Salmon holding 15+ years' experience in regulatory & complex dispute resolution, specialising in Transport & Intelligent Mobility.

Role: Trustee and Secretary; Brian holds a broad remit with particular focus on governance, compliance & reporting.



Charles Ullman

Head of Fixed Income Risk with international asset management firm, M&G Investments, specialising in investment analytics & risk management.

Role: Trustee with a statistical & technology focus.



Christopher Kelly (Chair)

COO of the Queen's Commonwealth Trust, previously a Director with KPMG East Africa, leading KPMG's work to support effective use of development aid.

Role: Chair of Trustees, Governance, Finance, Strategy & ongoing engagement with the local Nepali team.



Roland Hancock

A Partner at PriceWaterhouseCoopers in the Middle East, focused on Education transformation & outcome improvement working with governments and the private sector.

Role: Trustee with a focus on fundraising & delivery models.

