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# ANNUAL REPORT 2020

## 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

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.

## CHAIR'S MESSAGE



While the immediate health impact of Covid-19 has been felt more acutely by those in the developed world, the economic impact is having a greater impact in much of the developing world, as national and local lockdowns have been implemented without the benefit of meaningful social security safety nets.

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.

For UB Co-operative the most telling impact of Covid-19 is in the number of loans issued and the amount of cash maintained on deposit, and not used for income generating purposes. The number of loans dropped to 687 loans during the year from 930 loans in the prior year, while liquidity at year-end was 35.9%, against a prior year-end liquidity of 16.2%.

Surprisingly saving levels, while reduced, have grown not insignificantly – with savings rising to £132,000 from £108,000 in the prior year. The continued growth in overall savings is essential for the longer-term financial viability of the Cooperative.

During the year the Trustees agreed to a reduction of interest payable for all members and are anticipating additional more targeted debt relief measures will be required at some point in 2022-23, as we continue to closely monitor the bade debt position.

As our local team continue to serve many of the poorest in Sunsari – we wish to thank you for your ongoing interest in, and support of, Development Nepal.

**Christopher Kelly**

**Chair of Trustees**

# STORIES FROM SUNSARI...

## MICRO COMMERCE



Kaluram Rai is 42 years old and lives in Prakashpur bazaar with his wife Binita and two daughters. Kaluram rents a workshop where he mends and sells bicycles. His wife, Binita, also runs a small enterprise at the same location, selling cosmetics and clothes. They are both daily savers with the UB Co-operative and also have a loan.

Kaluram and Binita use the profit from their micro enterprises to send their children to school and to buy food from the local market since they do not have land to cultivate their own food sources.

For the past two years, long-term lockdowns to control spread of the Covid 19 pandemic have impacted business significantly. It became difficult for Kaluram to keep up loan interest repayments and he lost the ability to make savings.

With the return of market activity in the last 3 months, and upcoming festivals which provide a need for items from Binita's shop, income is returning. As schools start to reopen, so has the need for Kaluram's workshop, bicycles being the most common form of transport for students.

Purna is 35 years old and lives in Prakashpur Bazaar with her daughter. Purna's husband is a migrant worker in the Middle East – one of 2.6 million workers spread across the Middle East, South Korea and Malaysia.

Purna runs a small café serving snacks such as momo dumplings, chow mein, moodles, tea, coffee and cold drinks. Income from this small business affords Purna's daughters school fees, rent and monthly expenses.

Before the pandemic, Purna bought a plot of land using the overseas income from her husband's work and bank loans in the hope of building their own home. Loan repayments now come from her husband's income.

Purna became a member of the UB Co-operative as a daily saver and so as to have access to micro loans that have supported incremental expansion of her shop. Successful repayment on sequential loans have enabled Purna to build a trusted loan profile to increase the most recent loan taken – this has given her the opportunity to buy a refrigerator for selling cold drinks.



# 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 2020 Development Nepal received £9,987 (2019: £21,709). Income was generated through individual donations, standing orders, small trust grants, corporate support and interest earned.

## Expenditure

During 2020 Development Nepal had expenditure of £14,347 (2019: £13,359) of which all expenditure (2019: all) related to direct charitable expenditure in support of the UB Co-operative; no expenditure was incurred for fundraising activities (2019: nil).

## Development Nepal Funds Balance

At 31st December 2020, Development Nepal held funds of £39,238 (2019: £45,062) of which £16,168 (2019: £15,785) is held as a long-term deposit within the Co-operative.

Development Nepal's complete accounts, together with information on accounting policies, can be accessed at [www.developmentnepal.org](http://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 Michael Combes, Daniel Potter and Castor Business, and Elizabeth Tinker.

## VOLUNTEERS: ADVISORS & SUPPORTERS

Heartfelt thanks is extended to the following individuals, who have generously supported Development Nepal in 2020 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 and advice on bad debt management

## DEVELOPMENT NEPAL'S TRUSTEES

During 2020, 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

Global Head of Investment Risk at Legal & General Investment Management, specialising in investment analytics & risk management. Also a Fellow of the Institute & Faculty of Actuaries & a Chartered Enterprise Risk Actuary.

**Role:** Trustee with a statistical & technology focus.



### Christopher Kelly (Chair)

Chief Executive 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.

