



## Country Context

A large proportion of Nepal's 28 million people are excluded from the formal financial sector, with many living in rural areas. The country's topography presents a challenge — communities are scattered across mountainous or hilly terrain connected by poor infrastructure. Banks are concentrated in larger towns and cities, limiting access for rural farmers. Farmers' revenue and savings are often below what formal financial institutions consider profitable and many lack the necessary collateral to secure loans.

Without access to financial services, smallholder farmers lack the investment needed to improve productivity and incomes. They can be accessed through informal sources such as self-help groups, or through formal services providers such as farmer cooperatives. By design, both mechanisms cater to marginalized groups, taking a savings rather than a credit-led approach. By focusing on savings first, farmers can join without needing to take on potentially risky loans that they may be unable to repay. Built on the key principle of small-balance savings in a communal setting, they can be adapted to local needs and provide a social platform for mutual encouragement, solidarity and saving discipline.

## Impact

Heifer Nepal has supported more than 11,000 self-help groups and 227 women-led cooperatives to participate in savings and loans, representing hundreds of thousands of women. Savings and loans are invested in the dairy, goat and vegetables value chains.

Heifer International's unique approach to savings and loans mechanisms has also contributed to the removal of social barriers among members of self-help groups and cooperatives, with women from different castes become equal savings partners, accountable to each other.



Between 2012 and 2020, Heifer Nepal provide technical assistance and resources to more than 11,000 self-help groups and 227 cooperatives



Groups and cooperatives supported by Heifer Nepal saved \$22.7 million between 2012 and 2020



Groups supported by Heifer Nepal issued loans amounting to approximately \$47.4 million between 2012 and 2020



## Strategy

---

At the Government of Nepal's request, Heifer International sent its first shipment of high yielding livestock to Nepal in 1957 and later established a country office in 1997. Since then, it has supported more than 250,000 families in 43 districts to build sustainable food and farming businesses.

Heifer Nepal supports community members as they organize into self-help groups. These self-help groups use Heifer International's Values-Based Holistic Community Development model to identify and solve problems within their communities. Grounded in a set of core values and focused on building social capital, the model helps strengthen relationships between community members as potential investors, suppliers and customers.

The informal savings and loans mechanisms are introduced through self-help groups and training is provided on core financial literacy principles and best practices. Groups are encouraged to agree their own rules and regulations, setting savings requirements for each member, usually starting at 81 cents per month, which increases over time. Groups invest in income-generating activities, such as agriculture and small infrastructure, with some setting up emergency funds. Most invest their savings and loans in the dairy, goat, native poultry and vegetable value chains.

Loans are restricted to group members and capped at three to five times individual savings. Two types of loans are offered, one for income-generating activities and the other for personal needs. Annual interest rates for business loans average about 15%, with a repayment period of six months. Interest rates for personal loans tend to be 1% to 2% higher, depending on the group. As groups mature, they are expected to pass on livestock and other resources, as well as training and time to new groups.

"Market ready" groups are supported to establish cooperatives, enabling them to integrate into the dairy and goat sectors and access formal markets. Cooperatives provide formal savings and loans mechanisms that are broader and more diverse than those of self-help groups, providing members with attractive interest rates and minimal operational expenses. Members receive higher interest rates for savings held with cooperatives, compared to local banks. This encourages them to withdraw their money from the banks and invest in their cooperatives. Some cooperatives play an intermediary role for banks, with banks offering discounted wholesale loans to cooperatives, which then lend to members at a retail level.

When both the financial capabilities and needs of farmers outgrow the funds their savings and loans groups can provide, Heifer Nepal connects them to formal financial institutions. These include microfinance and semi-formal institutions, such as Savings and Credit Cooperative Organizations (SACCOs).