

Microfinance Summit Nepal 2010
Kathmandu Declaration: February 16, 2010
Center for Microfinance (CMF), Nepal
Organizer and the Secretariat of the Summit

Preamble

- Noting that the First Microfinance Summit Nepal of 2008 had set the goal to ensure access to financial services to 3 million poor families, especially women, by 2015, and that sustained and concerted effort is called for in this regard;
- Recognizing that widespread and acute poverty continues to pervade Nepal and much needs to be done to meet the poverty reduction target of the country including the Millennium Development Goals in this respect;
- Being aware that microfinance is widely promoted by government, non-government and private sector and by people themselves spontaneously all across the country;
- Being conscious, however, that even microfinance initiatives are often unable to reach the poorest section of the communities;
- Mindful that there is a priority need for enabling the poor to make increasing investment in enterprises on a sustained basis for inclusive economic growth;
- Convinced that in a predominantly agrarian country like Nepal, banking sector resources must be accessible to rural people on priority basis;
- Realizing that microfinance, while being increasingly popular among the development agencies and people in the country, remains characterized by a wide diversity of approaches with strong implications regarding effectiveness, sustainability and replicability;

- Considering that there is a need for coordination, monitoring and dissemination of achievements and constraints in the sector;
- Having noted that micro insurance offered by microfinance institutions acts as the social safety net for the poor;
- Having noted that membership of the poor people in MFIs brings about positive improvements in other areas such as adult literacy, children's education, health, sanitation, empowerment, family planning etc., and

Therefore, the Second Microfinance Summit Nepal 2010 hereby:

1. Appeals Constituent Assembly and its members to:

1.1. Include “ **Access to financial services for the poor is the primary responsibility and guiding principles of the state for inclusive economic growth**” in the new constitution to be promulgated by the Constituent Assembly of Nepal,

2. Requests the **National Planning Commission** to:

2.1. Include microfinance as a priority sector of national development and to that end, ensure that the MFIs are used as the conduit for the planning and implementation of various social and economic development activities,

2.2. Create a national database for the microfinance sector,

2.3. Urge local bodies to support the promotion of MFIs,

2.4. Harmonize the state and donor policies in microfinance for the benefit of the poor in the rural communities,

3. Requests the **Ministry of Finance** to:

3.1. Provide tax incentives and financial support for social mobilization for MFIs to enhance access to financial

services for the poorest and socially excluded groups in the remote, hills and mountainous region of the country and attract the poorest in the communities to participate meaningfully in them as members,

- 3.2. Ensure inclusion of microfinance sector as a pillar of macroeconomic framework for inclusive economic growth,
- 3.3. Support research and development in the microfinance sector,
4. Urges the Department of Cooperatives to classify microfinance cooperatives and update database regularly,
5. Urges political parties to desist from violence and extortion of resources from the MFIs in the communities and support and enable them to conduct their business autonomously,
6. Requests Nepal Rastra Bank to:
 - 6.1. Review and implement National Microfinance Policy and formulate laws and regulations to suit the needs of the microfinance sector,
 - 6.2. Create conditions to avail sufficient wholesale resources for the MFIs from financial systems to accelerate outreach for meeting the summit goal,
 - 6.3. Allow the capable microfinance institutions to accept public deposit to make them self-reliant,
 - 6.4. Help create microfinance credit rating and microfinance client information bureau,
 - 6.5. Provide first priority to FINGOs in transformation into Microfinance Banks,

7. Requests Centre for Microfinance to:
 - 7.1. Conduct research on issues of microfinance and disseminate findings on a regular basis,
 - 7.2. Undertake a comparative study of the wide diversity of methodologies and organizational structures employed by various microfinance initiatives in the country and make a comparative assessment of their social and financial performance in terms of their coverage of the poor, effectiveness and sustainability,
 - 7.3. Create a special wing in its organization to help local bodies and MFIs to promote microfinance in their areas to enable the poor households to participate meaningfully in it,
 - 7.4. Develop and implement advocacy agenda for reform in the government and donor policies in microfinance, and
 - 7.5. Promote a standing committee of eminent experts in microfinance to act as an integrated national think tank for the accelerated and effective participation of the poor people in microfinance institutions in the country.

8. Requests Microfinance Institutions to:
 - 8.1. Expand access to financial services for the poor and socially excluded groups such as Dalits and Janajatis to achieve the goal of the Summit to serve 3 million families by 2015,
 - 8.2. Expand microfinance operations in all parts of the 75 districts to provide sustainable access to financial services for the poor, disadvantaged groups, and socially excluded groups by 2015,
 - 8.3. Diversify products and services to meet the needs of the clients as led by market demand including micro insurance, remittances, clean and green microfinance, value chain finance, and leasing etc.

- 8.4. Increase productivity and efficiency, and reduce operating cost using innovative techniques to enhance competitiveness ,
 - 8.5. Maintain and collect on a regular basis disaggregated data of clients to ensure social and economic inclusion,
 - 8.6. Devise and implement code of conduct for microfinance operations to eliminate multiple financing, and promoting client protection,
 - 8.7. Form a confederation of various microfinance associations (NMBA, MIFAN, NEFSCUN, etc.) for advocacy and deliberation on issues of common concerns,
9. Requests **Universities** to:
- 9.1. Include microfinance in the Curriculum,
10. Announces:
- 10.1. The 3rd Microfinance Summit Nepal to be held in February 2013, and
 - 10.2. Center for Microfinance (CMF), Nepal monitors the progress on the implementation of the 2nd Microfinance Summit Nepal declaration 2010 and continues its efforts to make a success of the 3rd Summit.