**Mainstream Program**

**About Microfinance**

To ensure finance for different categories people who are incapable to access finance. NGF is a nonprofit, public service oriented development organization dedicated to serve financial access for their beneficiaries. Headquartered in Nowabenki, Shyamnanagar and five area offices is involved in operating microfinance program in collaboration with Palli Karma-Sahayak Foundation (NGF) under Satkhira, Jessore and Khulna districts. The microfinance programs have covered a wide range of financial services for developing IGAs, business initiatives, agriculture, crop diversification, fisheries, livestock, SME development, small business, homestead enterprises, handicraft and several specialized need based issues.

Photo: NGF has been financing for shrimp culture and a significant amount of loan has covered for shrimp farming in the coastal areas.

**Approach and Implementation Strategy**

NGF followed group approach for implementing of its micro-finance program. 20-30 targeted poor and pro-poor people organized into a group. NGF has emphasized for developing women group for empowerment of their livelihood as well as ensures active participation of family income and decision-making process. Field level credit officer is conducting weekly group meetings with the selected groups in where different issues of micro-credit activities, different social, rights and development issues are discussing and facilitating savings and credit accumulation, technology transfer for IGA establishment, identifying problems and solutions. The program line staffs are visiting the organized groups for supervising/ monitoring the program activities as per weekly and monthly plan. Operations are managed from 33 Branch offices and 6 Area/ Regional offices coordinate the activities in 3 districts. The organization has a well skilled staffs of 334 members for handling the micro-finance program. This includes the Executive Director, Director (Micro-Finance), Project Coordinator, Finance Coordinator, M&E, Accounts and MIS, Training officers, HRD Section and internal Audit team at the Head Office. Managers are responsible for handling operations in the Branches by the support of 6-8 POS, (15-18 Groups, 250-350 Members under a (PO) and one Accountant. The Branch office is the focal point of Micro-finance activities and the personnel of the office are the prime actors in the initiatives. The entire micro-finance program activities at the field level are supervised and monitored by the Head office personnel, Area Managers and Branch managers respectively.

**Target Beneficiaries:**

* Under-privileged, distressed, extreme poor, disengaged, vulnerable people and economically exposed at grassroots level people who are primarily the target group of NGF.
* Also, we are working with cluster based community approach where the whole community is involved in the programme considering the CSR/Gender/DRR issues.
* For addressing SME sector and Private sector, we are working with different dealer, retailer, traders, whole seller, service providers, research organization and private sector companies.
* NGF always emphasis on rural women who are unable to manage their daily livelihoods as well as unable to access finance.

 **Categories of Micro-finance Beneficiaries;**

* Marginal, Landless poor people focusing in women;
* People who own > 0.5 acre of land;
* People who earn their living by selling manual labor;
* The Ultra-poor who live below poverty line;
* Small entrepreneurs and small business holders;
* Permanent households;
* Member’s age between 18-55 years;

The objectives of the Micro-Finance program is to extend financial support to the targeted participants/beneficiaries for creating employment opportunity, running income-generating activities and thus establishes a sustainable earning adequate income for ensuring food, nutrition, shelter, health, education, water & satiation and environment development services as well as establishing NGF as a non-profitable & self-sustainable organization.

**Components of Micro-Finance Program:**

Micro -Finance as an fruitful instrument of poverty reduction and NGF addresses this issue successfully by using various approaches to financial services according to demands of people with different levels of poverty. The Micro-Finance program provides borrowers with training and credit for self-employment.

1. Buniad (Ultra Poor) Microcredit Program
2. Jagoron (Rural Micro-Credit)
3. Agrosor (Micro-Enterprise) ME Program
4. Sufalon (Agriculture Sector Micro-Finance (ASM) & Seasonal Loan (SL)
5. ENRICH Loan (IGAs, Livelihood Support & Assets Creation Loan)
6. Sahos (Disaster Management Loan) DML
7. SAHOS (Special Assistance for Housing of SIDR Affected Borrowers)
8. RESCUE (Rehabilitation of SIDR affected Coastal Fishery, Small Business & Livestock Enterprises) Program

**Microfinance at a Glance**

**Financial Year: July’2014 to June’2015**

1. **Member position at the end of fiscal year 2014-2015:** Finally at the end of June’15 68474 households member has been gathered in 3781 groups (Male 223 & Female 3558); where male member is 4436 and female is 64038. Here is mentionable that 93.52% member is female. Program wise Member composition is as under the table.

Component wise member coverage

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| SL. No | Program | Male | Female | Total HH Beneficiaries |
| 1 | Jagoron (Rural Microcredit -RMC) | 1492 | 25472 | 26964 |
| 2 | Agrosor(Micro Enterprise Loan -MEL) | 1626 | 4340 | 5966 |
| 3 | Buniad (Ultra Poor Microcredit -UPL) | 70 | 31186 | 31256 |
| 4 | Sufalon (Agriculture Sector Microcredit -ASM) | 1243 | 2444 | 3687 |
| 5 | ENRICH | 5 | 596 | 601 |
| Total | 4436 | 64038 | 68474 |

Sources: Monthly MIS and AIS Report of NGF on June'2015

Figure: Male & Female Membership ration of mainstream microfinance program of NGF on June'2015.

1. **Loan Disbursement:** Loan disbursement to the targeted members in the Fiscal year 2014-2015 (July’14-June’15) is BDT 109,58,43000. Component wise disbursement to the beneficiaries is as under the table.

|  |  |  |
| --- | --- | --- |
| Sl. No | Name of Component | Total Disbursement in the Fiscal year 2014-2015 (July’14-June’15) |
| 1 | Jagoron (Rural Microcredit -RMC) | 241762000 |
| 2 | Agrosor(Micro Enterprise Loan -MEL) | 291445000 |
| 3 | Buniad (Ultra Poor Microcredit -UPL) | 225976000 |
| 4 | Sufalon (Agriculture Sector Microcredit -ASM) | 257344000 |
| 5 | Sahos (Disaster Management Fund Loan -DMFL) | 19928000 |
| 6 | ENRICH- IGA Loan | 54725000 |
| 7 | ENRICH-LIL | 2235000 |
| 8 | ENRICH-ACL | 2428000 |
| Total | 1095843000 |

Sources: Monthly MIS and AIS Report of NGF on June'2015

Figure:

Loan disbursement ration under different microfinance program of NGF on June'2015

1. **Loan Realization:** During the fiscal year July’14 to June’15 BDT 95,63,76,856 has been realized as principal from loan recipients under all components. Component wise loan realization figure is shown in the bellow table.

|  |  |  |
| --- | --- | --- |
| **Sl. No** | **Name of Component** | **Total Loan Realization in the Fiscal year 2014-2015 (July’14-June’15)** |
| **1** | Jagoron (Rural Microcredit -RMC) | **239030726** |
| **2** | Agrosor(Micro Enterprise Loan -MEL) | **251843597** |
| **3** | Buniad (Ultra Poor Microcredit -UPL) | **189484774** |
| **4** | Sufalon (Agriculture Sector Microcredit -ASM) | **241976279** |
| **5** | Sahos (Disaster Management Fund Loan -DMFL) | **18923299** |
| **6** | ENRICH- IGA Loan | **10480282** |
| **7** | ENRICH-LIL | **785984** |
| **8** | ENRICH-ACL | **132995** |
| **9** | **EFRRAP** | **1894428** |
| **10** | **SAHOS** | **128969** |
| **11** | **RESCUE** | **1676634** |
| **12** | **LRP** | **18889** |
| **Total** | **956376856** |

Sources: Monthly MIS and AIS Report of NGF on June'2015

1. **Service Charge Realization:** During the fiscal year July’14 to June’15 BDT 117929036 has been realized as Service Charge from loan recipients under all components. Component wise Service Charge realization figure is shown in the bellow table.

|  |  |  |
| --- | --- | --- |
| **Sl. No** | **Name of Component** | **Total Service Charge Realization in the Fiscal year 2014-2015****(July’14-June’15)** |
| 1 | Jagoron (Rural Microcredit -RMC) | 29398543 |
| 2 | Agrosor(Micro Enterprise Loan -MEL) | 40867848 |
| 3 | Buniad (Ultra Poor Microcredit -UPL) | 19000043 |
| 4 | Sufalon (Agriculture Sector Microcredit -ASM) | 25106350 |
| 5 | Sahos (Disaster Management Fund Loan -DMFL) | 1149343 |
| 6 | ENRICH- IGA Loan | 2026229 |
| 7 | ENRICH-LIL | 58620 |
| 8 | ENRICH-ACL | 16068 |
| 9 | **EFRRAP** | 121958 |
| 11 | **RESCUE** | 182959 |
| 12 | **LRP** | 1075 |
| Total | 117929036 |

1. **Savings Accumulation from Members:** BDT 135669195 has been accumulated from members Savings in the fiscal year 2014-2015 (July’14-June’15). Component wise member’s Savings accumulation is as under the table.

|  |  |  |
| --- | --- | --- |
| **Sl.No** | **Component** | **Savings Accumulation in the fiscal year 2014-2015 (July’14-June’15).** |
| 1 | Jagoron (Rural Microcredit -RMC) | 34723322 |
| 2 | Agrosor(Micro Enterprise Loan -MEL) | 25530402 |
| 3 | Buniad (Ultra Poor Microcredit -UPL) | 31715418 |
| 4 | Sufalon (Agriculture Sector Microcredit -ASM) | 3824915 |
| 5 | IGA Loan (ENRICH) | 2011320 |
| 6 | Voluntary Savings/ | 17443318 |
| 7 | Terms Savings | 20420500 |
| Total | 135669195 |

1. **Savings Refund to Members:** BDT 76389177 has been refunded to members Savings in the fiscal year 2014-2015 (July’14-June’15). Component wise member’s Savings refund is as under the table.

|  |  |  |
| --- | --- | --- |
| **Sl.No** | **Component** | **Savings Refund in the fiscal year 2014-2015 (July’14-June’15).** |
| 1 | Jagoron (Rural Microcredit -RMC) | 34483372 |
| 2 | Agrosor(Micro Enterprise Loan -MEL) | 17445284 |
| 3 | Buniad (Ultra Poor Microcredit -UPL) | 17979831 |
| 4 | Sufalon (Agriculture Sector Microcredit -ASM) | 2882111 |
| 5 | IGA Loan (ENRICH) | 890183 |
| 6 | Voluntary Savings/ | 2608096 |
|  | Terms Savings | 100300 |
| **Total** | **76389177** |

**Savings Accumulation & Refund for the FY 2014-2015**

1. **Revolving Loan Fund:** Finally at the end of June’15 revolving loan fund of microfinance program is BDT **784346729** and which is revolving by the contribution of microfinance program equity, member’s savings and NGF fund. Mode of RLF is as under the table.

|  |  |  |
| --- | --- | --- |
| **Sl. No** | **Mode of Revolving Fund** | **RLF (BDT)** |
| 1 | Member's Savings | 242260121 |
| 2 | Equity | 65500055 |
| 3 | NGF Fund | 460117661 |
| 4 | MF Insurance & others | 16468892 |
| **Total RLF** | **784346729** |

Figure: RLF of Microfinance Program

**8. Fund Received From NGF & Fund Refund to NGF:** During the fiscal year July’14 to June’15 BDT 322861000 has received from NGF and on the other hand BDT 286012266 has refunded to NGF as principal amount.

Figure: Fund received and returned to NGF figure on June'2015

1. **Loan Portfolio & Quality of Portfolio: As of June 2015**

For the FY-2014-2015 has faced different challenges for implementing micro-finance programmes in the working areas, to overcome the challenges and end of the year the summery of the loan portfolio in the following tables;

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Component** | **TLO** | **RISK TLO** | **PAR** | **MOD** | **Current OD** | **Total Overdue** | **OD As of TLO** | **OTR** | **CRR** |
|
| Jagoron (Rural Microcredit -RMC) | 132915567 | 10831479 | 8% | 7388200 | 2508173 | 9896373 | 7% | 96.48% | 99.57% |
| Agrosor(Micro Enterprise Loan -MEL) | 254204786 | 37973472 | 15% | 18515006 | 12740374 | 31255380 | 12% | 95.82% | 97.82% |
| Buniad (Ultra Poor Microcredit -UPL) | 132519074 | 4184734 | 3% | 2986492 | 801380 | 3787872 | 3% | 98.90% | 99.48% |
| Sufalon (Agriculture Sector Microcredit -ASM) | 168391291 | 18110480 | 11% | 14811006 | 3299474 | 18110480 | 11% | 92.30% | 98.30% |
| Sahos (Disaster Management Fund Loan -DMFL) | 11756590 | 211793 | 2% | 120189 | 43814 | 164003 | 1% | 99.47% | 99.69% |
| ENRICH- IGA Loan | 47844827 | 755626 | 2% | 645945 | 52725 | 698670 | 1% | 99.66% | 97.74% |
| ENRICH-LIL | 2390023 | 207475 | 9% | 207475 | 0 | 207475 | 9% | 100.00% | 92.28% |
| ENRICH-ACL | 2295005 | 0 | 0% | 0 | 0 | 0 | 0% | 100.00% | 100.00% |
| **EFRRAP** | 7921820 | 7716433 | 97% | 7582830 | 126481 | 7709311 | 97% | 100.00% | 88.93% |
| **SAHOS** | 2418170 | 2418170 | 100% | 2296261 | 121909 | 2418170 | 100% | 0.00% | 89.63% |
| **RESCUE** | 20962977 | 20959049 | 100% | 18550478 | 2406868 | 20957346 | 100% | 0.00% | 78.89% |
| **LRP** | 706678 | 706678 | 100% | 706678 | 0 | 706678 | 100% | 0.00% | 91.41% |
| Grant Total | 784326808 | 104075389 | 13% | 73810560 | 22101198 | 95911758 | 12% | 95.88% | 98.35% |

Figure: Loan portfolio of NGF as of end of the June’2015

1. **Cumulative Loan Disbursement, Loan Realization & Loan Outstanding:**

Since inception of the end of fiscal Year June’2015 the sum of cumulative loan disbursement to the targeted participants at field level BDT 6538998895, Onthe other hand the sum of cumulative loan realization as principal BDT 5754672087 and cumulative loan recover rate is 98.35%. Total Loan Outstanding at the end of June’2015 is BDT 784326808.

1. **Comparative performance Analysis of Microfinance Program:**

Four years comparative performance of Microfinance Program is as shown as under the table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicators | FY:2012 | FY: 2013 | FY:2014 | FY: 2015 |
| Number of Branch | 31 | 31 | 31 | 33 |
| Number of Samity/Group | 3245 | 3498 | 3823 | 3781 |
| Total Member | 57848 | 61149 | 72068 | 68474 |
| Total Borrower | 36191 | 44169 | 51206 | 49068 |
| Borrower Coverage | 62.56 | 72.24 | 71.06 | 71.65 |
| Total Staff | 297 | 312 | 314 | 334 |
| Total Field Officer/PO | 190 | 196 | 201 | 196 |
| Total Savings | 116942305 | 134033394 | 171085373 | 242260121 |
| Total Loan Outstanding | 455275944 | 554698798 | 684256643 | 784326808 |
| PO: Member | 304 | 312 | 359 | 349 |
| PO: Borrower | 190 | 225 | 255 | 250 |
| PO: Loan Outstanding | 2396189 | 2830096 | 3404262 | 4202667 |
| LLP cost as a % of total cost | 44.38 | -1.68 | 13.54 | 7.57 |
| Overdue as a % of total Loan Outstanding | 29.74 | 24.43 | 19.37 | 11.64 |
| PAR | 37.37 | 26.79 | 21.02 | 13.26 |
| Debt to Capital Ratio | 19.96 | 17.84 | 11.97 | 10.93 |
| Capital Adequacy Ratio | 2.15 | 5.04 | 6.90 | 7.87 |
| Debt Service Cover Ratio | 0.86 | 1.09 | 1.08 | 1.05 |
| Liquidity Ratio | 9.42 | 9.14 | 9.71 | 6.40 |
| Current Ratio | 4.93 | 3.01 | 2.92 | 1.43 |
| Rate of Return Ratio | (-) 86.66 | 95.40 | 51.24 | 26.01 |
| CRR | 96.15 | 97.18 | 97.21 | 98.35 |
| OTR | 86.78 | 96.54 | 95.97 | 95.88 |

Figure: Last 4 years analysis of Savings mobilization and loan outstanding

**Comparative performance Analysis of Microfinance Program:**

1. By the direction of MRA, NGF and Local Administration We had to stop/halt loan Collection/disbursement more or less two years of 5 branches (3 branches of Koyra Upazilla under Khulna district and 2 branches of Shyamnagar Upazilla under Satkhira district which was fully affected by AILA. Loan Outstanding of 5 branches, fully stopped/halt for loan operation, was declared as overdue loan in 31st December’2012 and this loan Outstanding treated as bad loan. OTR and CRR were decline in the month of December’2012 due to declaration of total halt loan outstanding of 5 branches as recoverable in the month of becember’12. This was the main reason for declined OTR & CRR in FY 2011-2012
2. Actual LLP provision is less than the required amount because we made only mainstream classified Micro-credit Loan outstanding amount of TK 746092370 except Disaster Management Loan outstanding amount TK. 38234438 by the direction of NGF. Here mentionable that RESCUE, SAHOS, LRP, EFRRAP and DML are Disaster Management Loan/Emergency loan Product which was disbursed to the SIDR and AILA affected borrowers for their post disaster management.
3. By the direction of MRA, NGF and Local Administration We had to stop/halt loan Collection/disbursement more or less two years of 5 branches (3 branches of Koyra Upazilla under Khulna district and 2 branches of Shyamnagar Upazilla under Satkhira district which was fully affected by AILA. The total operational expenditure of 5 branches were covered by the income of others branches. In the FY 2011-12 disbursement and loan recovery was hampered and we did not able to cover operational /financial expenditure by operational income. This was the main reason for net deficit in 2011-12.
4. Fully AILA affected total Loan Outstanding of 5 branches (3 branches of Koyra Upazilla under Khulna district and 2 branches of Shyamnagar Upazilla under Satkhira district fully stopped/halt for loan operation, was declared as overdue loan in 31st December’2012 and this loan Outstanding treated as bad loan. As per MRA rule we had to calculate and reserve huge amount of LLP on that bad loan. Huge LLP cost was the main reason for net deficit in 2011-12.

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