Early Warning System

IFC-40193

NepalPSW-Nirdhan Utthan Bank Limited

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Quick Facts

Countries	Nepal
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	C
Voting Date	2019-06-20
Borrower	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 10.00 million

Project Description

According to the bank website, the proposed project involves a debt investment in Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (“Nirdhan” or the “Bank”, formerly known as Nirdhan Utthan Bank), operating in Nepal with a borrower base of more than 338 thousand women borrowers and a loan portfolio of approximately US$155 million as of January 2019. Nirdhan is a leading retail Microfinance Institution (MFI), and provides microfinance services such as loans, deposits, micro-insurance and remittance services to low income households of Nepal. Nirdhan follows the Joint-Liability Group (JLG) lending model. IFC’s proposed investment will help the company to expand microfinance, including to Very Small Enterprises (VSEs), in the underserved regions and population segments in Nepal.

Investment Description

- International Finance Corporation (IFC)

According to IFC, Nirdhan was set up in 1998 by Dr. Harihar Dev Pant. The Bank is a listed entity, listed on Nepal Stock Exchange and 49% shareholding is held by public. Institutional investors and promoters hold 51% shareholding in the Bank, including 3 commercial banks- Nabil Bank Limited, Himalayan Bank Limited, and Everest Bank Limited that together hold 24.62%, Nirdhan NGO and Grameen Trust Bangladesh (11.01%), IFC (7.54%) and the remaining 7.83% by private individuals.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (Financial Intermediary)

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/