

Sustainable Development Case Study Analysis

Guide Questions

1. Identify & explain all social, economic, and environmental principles
2. Identify the spiritual principles and how they were effectively combined with material principles
3. Explain what aspects ensure that this development approach is sustainable

In Nepal, a novel project mixes literacy and microfinance to reach thousands

Using an innovative workbook approach, the Women's Empowerment Program now has more than 130,000 participants, and it has helped them set up some 1,000 village banks, in a dramatic departure from traditional microfinance programs.

THAKALI CHOWK, Nepal - In this bustling village along the main east-west highway on Nepal's southern plain, as almost everywhere else in Nepal, it is unusual for a woman to own and run a business of any sort. But with help from the Women's Empowerment Program (WEP), Nirmala Khattri Chhettri has been able to do just that: she has set up and operates a small bakery.

While her husband does the baking, the 33-year-old Ms. Khattri Chhettri manages all other aspects of the enterprise, from purchasing supplies to supervising its five employees.

"She is running the whole thing," said Bijay Gaire, a local WEP collaborator, who works with Ms. Khattri Chhettri and other women in Thakali Chowk. "Even at the bakery, the wife is working more than her husband. She goes out and buys raw material and pays out wages and serves the customers."

Cultural and religious traditions here dictate that women should, for the most part, stay home and remain subservient to their husbands.

But WEP is bringing widespread changes in the way its women participants think and behave - and in the way that international development specialists think about the capacity of village women to manage money, run businesses, and engage in collective social action.

Using an innovative self-help model that combines literacy and values education with practical training in small bank and business development, the program has in three short

years brought a new sense of self-confidence and empowerment to more than 130,000 women in southern Nepal.

The program has helped its participants to raise their collective literacy rate from roughly 15 percent to more than 90 percent, establish more than 60,000 new microenterprises (such as Ms. Khattri Chhettri's bakery), and initiate some 70,000 local "social campaigns" against problems like alcohol abuse, domestic violence, child labor, and trafficking in young girls.

A radical approach to microcredit

Of equal significance, the project takes a radical approach to small-scale lending - microcredit, as it is commonly known - by teaching participants to establish and operate their own village-level banks. These banks, say project leaders and microcredit specialists, are much more sophisticated than the traditional savings circles known in many parts of the world and have been started up with no outside capital. It is their local lending power that has stimulated the large number of microenterprises in the project area.

"What is most dramatic about this program to me is that it has reached so many people, now some 130,000," said Jeffrey Ashe, an international microfinance consultant who has studied WEP. "These are pretty extraordinary results. There are virtually no programs that are this large anywhere in the world, other than, say, the Grameen Bank [in Bangladesh], and none that have grown this rapidly.

"The second point is that this program represents quite a departure from the orthodoxy in microfinance, which is that you have an intermediary NGO [non-governmental organization] that makes loans to individuals or groups and then gets paid back with interest.

"What is radical about this program is that each group is independent and mobilizes its own savings and makes loans to its members," said Mr. Ashe. "So all the money which would have gone to pay the intermediary NGO is instead paid as dividends to the members."

According to Mr. Ashe and others, this system - wherein women's groups first learn literacy and then use workbooks to teach themselves to set up local village banks, which in turn make loans to local enterprises run by women in the group, all the while keeping loan dividends within the group - makes the program extremely cost effective and highly sustainable.

"We've done our own number crunching and we think this program is considerably less expensive than traditional credit-led microfinance programs," said Marcia Odell, country representative for Pact Nepal and chief of party for the WEP program. "The whole program is offering women a chance to help themselves in an area they really care about - that is, becoming literate so they can increase their family income.

"No other microfinance programs we know of start with literacy," added Dr. Odell. "No one had done it like this with volunteers, with women helping other women." The program is operated by Pact, a US-based international NGO, and its initial phase was funded by the US Agency for International Development (USAID) with a US\$3.7 million grant. The project has also benefited from a partnership with [Education Curriculum and Training Associates \(ECTA\)](#), a Bahá'í-inspired NGO in Nepal, which has helped develop most of the project's training materials and spearheaded many of its innovations.

How it works

Perhaps the best way to understand WEP is to look at its operation at the village level, such as in Thakali Chowk, where a group of women have established their own village bank and are successfully making loans to members, such as Ms. Khattri Chhettri, who borrowed the equivalent of US\$350 last summer to establish her bakery.

The process starts with the formation of a women's literacy group. The group in Thakali Chowk was formed in February 1999 with help from a local NGO, the Nawalparasi Environment and Rural Development Center, which acts as the local distributor for WEP training materials.

The literacy training is itself unusual in that it relies on literate members of the group to teach the others, not on paid teachers from outside, and uses an easy-to-follow workbook created by ECTA for the program. The literacy component builds extensively on the experience of a previous Pact-run literacy effort in Nepal, WORD (Women Reading for Development), which used similar methods to help some 500,000 women learn to read and write and was the subject of considerable international acclaim and attention. Once the group achieves literacy, it moves on to a second workbook, "Forming Our Village Bank," which leads the women through the step-by-step process of establishing their own bank. The women in Thakali Chowk established their bank in April 2000.

What distinguishes this process from other projects that seek to establish simple savings circles is the sophistication with which banking is taught. The groups learn to use the full range of record keeping forms and tools used by banks everywhere, from individual savings passbooks to accounting ledgers. They also learn how to elect a full slate of bank officers, including a treasurer, a president, a secretary and a controller.

Other workbooks provided by the program teach the women how to make and collect loans and how to set up a small business.

"It is quite common for women's groups all over the world to establish rotating savings and credit associations," said Mr. Ashe. "But this is quite different. It is much more flexible, in that people put in different amounts of savings, and they are not required to take out loans in sequence. Rather, those that need the money can take it out, and the loans can be relatively large.

"They are truly village banks," Mr. Ashe continued. "The women mobilize savings, they make loans, and they have share holders, who are the savers themselves, who make interest money in return."

Entrepreneurship as empowerment

"Village banking is done all over the world, in more than 100 countries," said Cheryl Lassen, an independent microcredit expert, who helped to design the WEP workbooks. "But one of the distinguishing characteristics of WEP is the empowerment aspect of it. "The concept of entrepreneurship is laced through the whole series of books, as is the idea that not only can your individual savings grow but the village bank itself can grow," said Dr. Lassen. "I think the women in WEP get a better sense of being owners, managers and creators of wealth than with other projects. So the women aren't just the objects of their development, they are the managers of it."

As of November 2000, individual members of the Thakali Chowk group, which calls itself the Mahila Sewa Village Bank, had established eight small enterprises, including five small shops, a goat-raising effort, a poultry business, and Ms. Khattri Chhettri's bakery.

"I took the loan out four months ago," said Ms. Khattri Chhettri in November 2000. "Now I have five employees and sell goods worth 5,000 [Nepalese] rupees a week." Five thousand rupees is worth about US\$70.

Ms. Khattri Chhettri said her husband had previously run a bakery and had the skills and know-how to set it up. But they couldn't afford a loan from other sources, which commonly charge 60 percent interest a year.

The village banks promoted by WEP, however, charge just 24 percent interest a year, and that kind of relatively low interest rate made it possible for Ms. Khattri Chhettri to start her business, she said.

A thousand village banks

Operating in 21 of Nepal's 75 districts, WEP has enabled the formation of some 6,600 women's literacy and savings groups since the project started in December 1997. Of those groups, some 1,000 have formed full-fledged village banks. "A thousand village banks is an extremely large program," said Dr. Lassen. "Most other village bank programs deal with 50 or 100 village banks at the most."

According to a February 2001 report from Pact, the women in these groups have collectively saved some US\$1.6 million and loaned roughly US\$1.4 million back to themselves.

None of this money has come from outside. Rather, the women have collected it from themselves, a few rupees per week, usually from household accounts or allowances. "Before, it was very cumbersome to save," said Shanta Marasini, 30, the controller of the Pushpanagar Village Bank, a WEP group in the village of Rajena near the western city of Nepalganj. "We felt we had to pay someone else when we took a loan. Now we feel we are paying ourselves."

The 30 members of the WEP women's group in Rajena formed their literacy group in September 1998. At the time, only 10 members could read. Now all are literate. They then formed their bank in February 2000 and, as of November 2000, had accumulated some 26,000 Nepalese rupees, equivalent to US\$360. From that money, they had disbursed loans to help women in the group start a wide range of microenterprises, from shops selling books, hardware and groceries to goat- and chicken-raising efforts.

Bishnu Marasini, 27, said that the low interest rate afforded by the program has allowed her to expand a small chicken-raising effort so that it is now the main business of her family, bringing in some 35,000 rupees a year (US\$500).

"I wouldn't have expanded this much if I wasn't a member of this group," said Ms. Marasini, who is also secretary of the Pushpanagar Village Bank. "Before, my husband used to work for a furniture shop. But now he left that job and is entirely devoted to this business.

"We are earning more now than what my husband was bringing home. Before, I was entirely dependent on him and now we are working together," she said. "I am earning money myself and I don't feel as dependent."

Other WEP group members likewise said they felt a new sense of self-confidence and independence because of their newly acquired ability to save and earn - and because of the process of working together to create and operate a village bank.

"We are building mutual trust among ourselves and mutual respect," said Basanti Adhikari, a member of the Pushpanagar group. "We began to love each other because we share a lot. We learn of the issues that each one of us is facing, because we talk about them."

Indeed, a third element of the program - beyond literacy and banking - is to encourage social action by the groups. Separate funding and support from the Asia Foundation has enabled the establishment of a legal rights, responsibilities and advocacy component to WEP, which is delivered in a six-month module by local NGO facilitators.

According to surveys done by Pact, the groups have initiated more than 70,000 local social campaigns. "The women like learning about their rights and they enjoy planning together how they are going to change something in their community," said Dr. Odell. "The most popular activity seems to be anti-alcohol or anti-gambling campaigns, but there are also many anti-dowry campaigns and campaigns against the trafficking of girls to India and domestic violence."

A WEP group in the village of Bardhawa, which is also near Nepalganj, recently successfully mobilized to stop a child marriage.

Formed in January 1999, the Bardhawa group had not yet established a village bank by November 2000. But it had completed the literacy component of the program, successfully teaching the 10 of its 13 members who were illiterate to read and write. The process of learning to read together brought the women closer, said its members, and encouraged them to think about how to help each other. From this new-found sense of solidarity the group decided to intervene after they learned that a 10-year-old girl was being offered into marriage in the next village.

"We talked to the parents and convinced them not to do it," said Sumat Rani Chaudhary, the group's chair. "When a child gets married, she will suffer when she goes to her husband's house and she will suffer to deliver a baby, so all of us together went to talk to the parents. We sat for a long time with them and finally they were convinced not to do it."

The innovations of WEP

According to project leaders, the success of WEP stems from a number of key innovations in their approach to the issues of literacy, savings and credit, and social mobilization.

First, they said, the workbooks themselves play a huge role, in their creative presentation of curricula for literacy, banking and entrepreneurship, which are laid out in a simple but effective way, often making use of short stories and dialogues among villagers.

"There are several parts to the magic of WEP," said Connie Kane, a Pact vice-president who oversees the project. "The books are one part. It's amazing how women use their books and pass them around."

Another important principle in the project is the effort to encourage self-sufficiency and self-reliance from the beginning. For example, in contrast to other literacy programs in Nepal, which provide free books, teachers and even lanterns and kerosene for night classes, women who participate in WEP get nothing for free and must even purchase the books themselves, albeit at a highly subsidized rate.

"When they must pay for the books, they feel a sense of ownership," said Bhaktaraj Ranjit, manager of WEP in Nepal. "The women feel this is their program. So they keep the books and manuals for a long time. And they take it seriously."

The program also draws extensively on "appreciative inquiry," a new approach in organizational development that encourages groups to focus on positive imagery. As applied in WEP, the process is called "appreciative planning and action" and it seeks to help the women focus on accomplishments instead of failures.

"In present-day development, the main challenge is motivation," said [Keshab Thapaliya](#), an ECTA staff member who has been deeply involved in WEP from the beginning. "Appreciative planning and action encourages people instead of making them feel overcome by their problems."

The project also benefited from the fact that it was designed by literacy experts, who had experience with rapidly scaling up a project at minimal cost by relying on the women themselves to do the training.

"The genius of it is that WEP started with savings," said Dr. Lassen. "So there was no lending involved and you don't have to start small. The literacy-based approach enabled it to be massive. Anybody who wanted the books and who wanted to be in the groups, could join. This was a very practical way of getting women to become familiar with village banking, much faster, and in a more empowered way."

USAID funding is scheduled to run out in September 2001. Pact hopes to find funding to continue the program but will operate it in any event by relying principally on the women themselves, said Dr. Odell.

"We've found that the demonstration effect - when one group of women sees another group doing something like starting a village bank - has been enormously valuable," said Dr. Odell. "The women talk to other women and they want it too. Already some groups are saying to others: we will train you."

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