

WOMEN ENDING POVERTY

THE WORTH PROGRAM IN NEPAL

EMPOWERMENT THROUGH
LITERACY, BANKING AND BUSINESS
1999-2007

Valley Research Group
Kathmandu, Nepal
and
Dr. Linda Mayoux
International Consultant

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FOREWORD

I was first introduced to Pact's Women's Empowerment Program (WEP)—now known as WORTH—in 2000 during a visit to USAID as part of research on donor and program innovations for women's empowerment through microfinance. WORTH was described to me as a very impressive program in Nepal that was explicitly addressing women's empowerment through a combination of self-managed savings-led microfinance, literacy, and business training, underpinned by a philosophy of *Appreciative Planning and Action*. Then, for a review of the effects of poverty-targeted training conducted for the International Labour Organization in 2004, I examined in detail a series of impact assessments and evaluations of WORTH (Ashe and Parrott, 2001; Shrestha and Khatri-Chhetri, 2001; Bahns, 2003).

From this reading it was obvious that a number of important features distinguished WORTH from most other microfinance programs:

- *Scale:* Between 1999 and 2000, WORTH worked with 240 local NGOs to form 6,000 savings and credit groups comprising 125,000 women in rural Nepal. Other such programs are fortunate if they reach 3,000 clients in the first year. They also tend to set up new structures and groups that compete with rather than strengthen existing local organizations.
- *Savings-based self-expansion:* This expansion was based on groups' own savings, managed by women themselves, rather than credit-led expansion managed by hierarchies of (largely male) staff. Following the initial program training, these groups were self-replicating by 2001.
- *Literacy-led savings:* Female literacy training was seen as an end in itself, as contributing to both women's empowerment and poverty reduction, and as a necessary foundation for participatory and inclusive groups. Spreading of literacy was envisaged as part of the self-expansion.
- *Training curriculum for the groups:* Training in business and basic bookkeeping and accounting was given as groups were set up and as they became Village Banks. This training reinforced literacy and, together with the books, was passed on from bank to bank in the replication process.
- *Action orientation:* WORTH groups and banks were explicitly envisaged as more than just microfinance providers; they were seen as organizations that would build up women as agents of change and development in their communities. The group training and literacy education encouraged women to use their meetings to exchange information and plan for collective development actions. This was reinforced between 1999 and 2001 by Rights, Responsibilities, and Advocacy training from The Asia Foundation.

It is clear that my enthusiasm was indeed justified. Six years after Pact assistance ended, 25,000 women in 1,000 groups were still going strong without external assistance, some of the few organizations to survive in the midst of the conflict, and these groups had even helped form more than 400 new groups. This, together with the evidence of contribution to women's incomes and empowerment, is indeed impressive.

Dr. Linda Mayoux
Cambridge, UK
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Pact enlisted the support of Dr. Linda Mayoux, a women's empowerment specialist based in Cambridge, England, to plan the design, field implementation, data analysis, and presentation of this study. Dr. Mayoux assisted particularly in the methodological design and framing of the report, traveling to Kathmandu for two weeks in the fall of 2006 to produce a research framework, survey instruments and a comprehensive report outline.

In Nepal, the Valley Research Group (VaRG) was responsible for quantitative and qualitative data collection by research teams of 3 members each, for data analysis and for report writing. Dr. Yogendra Prasad Pradhanang and Mr. Nebin Lal Shrestha of VaRG contributed broadly - during field staff training, data collection, data analysis and report write-up phases - as did Mr. Shailes Neupane of VaRG.

Dr. Keshab Thapaliya of Education Curriculum Training Associates served as a consultant to support the work of the Valley Research Group, particularly in its field testing of the various instruments used in this study and in the subsequent roll-out of field activities. Ms. Usha Jha of Samjhauta Nepal served as a consultant during the planning phase, particularly with regard to interviewing techniques. Mr. Hari Bandari's efforts to assist research teams in finding the groups they were seeking contributed greatly to the expeditious flow of what was, in reality, a complicated field exercise.

Executive Summary

WORTH is a women's empowerment program that combines business, banking and literacy—a program in which women become social activists, social entrepreneurs, and effective leaders who bring about change in their communities. Pact implemented the WORTH program in Nepal between 1999 and 2001, reaching 125,000 women in 6,000 economic groups across Nepal's southern Terai. Approximately 1,500 of these groups, with 35,000 members, received additional training to become informal-sector Village Banks (VBs). A Maoist insurgency plunged Nepal further into civil war after 2001, when Pact's formal program support ended and WORTH groups, including VBs, were entirely on their own.

In 2006, as Pact contemplated a new social franchising approach for WORTH and the Maoist insurgency began to subside, Pact asked Dr. Linda Mayoux, a women's empowerment specialist based in Cambridge, England, to head a research effort with the Valley Research Group in Kathmandu. The research would determine if any of the 1,500 VBs still existed despite the civil war and the collapse of national governance, and, if so, how they were faring as community banks and as vehicles of change. The study would also determine how WORTH, which was initially known as the Women's Empowerment Program (WEP), affected women's ability to create wealth, generate new incomes, and tackle broader issues such as domestic abuse and community development.

To achieve a 95 percent confidence level (a margin of error of 5 percent), researchers needed to find at least 272 VBs from a random sample of 450 from seven of the 21 WORTH districts. Seven Nepali research teams fanned out across the 500-mile-wide Terai in four-wheel-drive vehicles, rickshaws, "tempos," and on foot. Their search uncovered 288 thriving VBs as well as another 45 banks that WORTH women had helped to start on their own. The researchers conducted in-depth interviews with rank-and-file members and management committees, along with women who had left their VBs and members of groups that had dissolved. For comparison, they also interviewed a group of poor, non-WORTH women in Village Bank communities.

Five of the researchers' findings are particularly important:

Wealth creation

- A Village Bank today holds average total assets of over Rs. 211,000, or \$3,100, more than three times its holdings in 2001. Each woman member of WORTH now has an average equity stake of \$116 in her Village Bank.

Sustainability

- Approximately two-thirds (64 percent) of the original 1,536 Village Banks are still active eight and a half years after the program began and five to six years after all WORTH-related support ended. That means there are nearly 1,000 surviving groups with approximately 25,000 members.

Replication

- A quarter of the existing WORTH groups has helped start an estimated 425 new groups involving another 11,000 women with neither external assistance nor prompting from WORTH itself. If all these groups are currently operating, then more Village Bankers are conducting business today in Nepal than when formal WORTH programming ended in 2001.

Literacy

Women highly value WORTH's focus on literacy and their new ability to educate their children:

- 97 percent of respondents reported that literacy is "very important" to their lives
- 83 percent reported that because of WORTH they are able to send more of their children to school.

Domestic disputes and violence

- Two-thirds of groups reported that members bring their personal or family problems to the group for advice or help. Of these, three-quarters reported helping members deal with issues of domestic disputes and related problems. Forty-three percent of women said that their degree of freedom from domestic violence has changed because of their membership in a WORTH group. One in 10 reported that WORTH has actually helped "change her life" because of its impact on domestic violence.

Additional significant findings include:

- The overwhelming majority of women report that they have increased access to health services for their families because of WORTH
- Two-thirds of groups are engaged in community action, and three-quarters said that the group has done something to help others in the community
- Half of the groups report efforts to reduce gender discrimination in their communities
- Village Banks have created and maintained relationships and networks, providing informal technical assistance to each other with no external assistance
- Women's self-confidence has increased significantly. The vast majority of VB management committee members report that their lives have changed as they have become leaders in their families and communities
- Almost half of the women interviewed said that WORTH made them better able to cope with the Maoist crisis and the crumbling of government services.

Today in Nepal, Village Banks provide loans and other services to perhaps 35,000 women. The members of these groups have increased their financial assets substantially, while bringing development and social transformation to their communities. For almost a decade WORTH has proved remarkably robust and resilient in the hands of poor women who faced daunting obstacles. Yet for all this documented success, WORTH and other savings-led microfinance programs remain among the best kept secret in the world of international development and poverty alleviation. Although together such programs reach some two million poor people, they go almost unnoticed by the \$20 billion credit-led microfinance industry.

The empowered women in this study—like WORTH women elsewhere in Asia and Africa—have proved themselves equipped to lead a new generation of entrepreneurs who can take WORTH to other women across Nepal and beyond through a model of social franchising now being pilot-tested. This franchising model is as creative and potentially groundbreaking as is WORTH. VB women have the knowledge, creativity, and motivation to turn WORTH into a business venture, helping each other generate a new source of income as they train other women to join the growing network of WORTH Village Banks. WORTH has the potential to become an international movement that supports women’s efforts to lift themselves, their families, and their communities out of poverty.

Introduction

A global microfinance movement has been gathering momentum for over two decades and has become a \$20 billion dollar industry. What started with a \$27 loan in Bangladesh has become an annual investment of perhaps \$1.5 billion in small loans that reach more than 133 million poor people worldwide.¹ The overwhelming majority of microfinance investment, whether from charitable foundations, governments, international organizations, multinational banks, or private donors, is for “credit-led” microfinance: programs that provide loans directly to the poor.

An alternative microfinance model exists though it is not as well known and has so far attracted only a fraction of the attention and investment (approximately 2 percent of public-donor funding). This alternative, a “savings-led” approach, has roots in practices going back centuries across the developing world and is used by Pact, an international nongovernmental organization (NGO), in its WORTH program.² While savings-led microfinance is still below the radar of major development institutions, it already has reached an estimated two million of the world’s poorest people—largely women—or about 3 percent of those served by microfinance globally.

This study of the WORTH program in Nepal is perhaps the first comprehensive longitudinal examination of a modern savings-led microfinance program. WORTH is unique in that it combines support for the development of Village Banks (VBs) with literacy training and business development within a framework of women’s empowerment. This study will examine WORTH’s impact in all these arenas.³

WHAT IS WORTH?

The story of WORTH Village Banks in Nepal begins in 1981 with a decade of research compiled in *The Status of Women in Nepal* that made clear the enormity of the social, economic, religious, caste, and cultural obstacles facing women at all levels of society.⁴ In particular, it highlighted extremely low literacy rates among virtually all groups of Nepali women. In response, the U.S. Agency for International Development (USAID), one of the sponsors of the studies, awarded Pact a grant in 1994 to provide literacy training to 500,000 rural Nepali women through a project known as Women Reading for Development (WORD).⁵

¹ Microcapital.org, “What Are the Total Global Assets in Microfinance?” October 31, 2007; and CGAP, *Managing the Floodgates? Making the Most of International Flows of Microfinance Funding*, working paper, 2007; cited in Stephen Donnelly, “Underinvestment in Savings-Led Microfinance: A Costly Market Failure” Harvard Kennedy School, March 2008, p. 1.

² Other international groups such as CARE, Catholic Relief Services, and Oxfam America also offer savings-led microfinance programs.

³ This study will not examine the impact of WORTH programs in other countries, namely Kenya, Uganda, Tanzania, Zambia, the Democratic Republic of the Congo, Ethiopia, and Cambodia.

⁴ This research, published in a multivolume series sponsored by a multidonor coalition, was summarized by Meena Acharya and Lynn Bennett (1981) in “An Aggregate Analysis and Summary of 8 Village Studies,” in *The Status of Women in Nepal*, vol. II, part 9, CEDA, Kathmandu. Other volumes included, for example, Lynn Bennett (1979), “Tradition and Change in the Legal Status of Nepalese Women,” in *The Status of Women in Nepal*, vol. 1, part 2; Shtrii Shakti (1995), *Women, Development, Democracy: A Study of the Socio-Economic Changes in the Status of Women in Nepal (1981–1993)* (prepared for USAID, DANIDA, CCO); CEDA (1981), *The Status of Women in Nepal*, vol. 2, parts 1–9.

⁵ WORD worked through an innovative, decentralized program-delivery process involving 1,100 local grassroots NGOs between 1994 and 1997.

Through this program, which was conducted in 71 of Nepal's 75 districts, Pact asked women what had motivated them to become literate. They answered consistently that being able to read and write would help them increase their family income. Pact began to explore ways to bring income-generating programs to poor women, building on previous work it had done in this arena and on the literacy foundation set by the WORD program.

Pact was familiar with a local tradition in which individuals come together to contribute money to a shared "pot" from which the lump sum would go to each contributor on a rotating basis. This type of group, known as a Rotating Savings and Credit Association or ROSCA, exists under many names in many countries. It is called a *dhukuti* in Nepal. Pact knew that WORD literacy groups had sometimes grown out of existing *dhukuti* groups and that, conversely, a significant number of WORD literacy groups had begun to save together. Clearly women found it easy to link literacy and saving money.

USAID requested a new women's empowerment program.

Given the success of WORD in reaching large numbers of women at low cost, and building further on *The Status of Women* studies, in early 1997 USAID/Nepal requested proposals for a new flagship program for women's empowerment. USAID wanted a program combining literacy, microfinance, and small business development in which women would be able to increase their incomes, family decision making role, and active outreach in the community.

Pact's planning reflected an empowerment strategy that worked through informal groups to reach large numbers.

In response to this opportunity Pact designed a program rooted in the informal groups that had proved so successful in the implementation of WORD. It believed that not only would this strategy help reach large numbers of women in the shortest possible time and at the lowest possible cost, but that it would also make post-project large-scale expansion possible. Pact did not want to create microfinance institutions (MFIs) to deliver credit. Instead, it wanted to reach groups in rural, even remote, areas where MFIs could not readily work because of the complexities of loan delivery and collection.

Pact's fundamental idea was that *dependency is not empowering*. The organization firmly believed that women would appreciate their inherent strengths if they became literate and generated and controlled their own wealth, particularly by helping themselves and each other—that would be empowering. If they created their own Village Banks with their own savings, they would be entirely self-reliant. If they read self-help books together and mastered literacy, banking, and business skills, they could thrive with no external assistance.

The new program was to rely on instructional materials built on four key assumptions:

- Given the right literacy tools, literate women could teach their illiterate peers to read and write
- Given the right financial tools, women could become not only responsible borrowers, but also excellent bankers
- Given the right business tools, women could become successful business leaders

- Given the right organizational and empowerment tools, women could bring about social and economic transformation.

USAID selected Pact to implement a program aimed at women’s empowerment.

USAID chose Pact to lead its new women’s empowerment program, and on-the-ground planning began in earnest in 1998.⁶ In Nepal the program was called the Women’s Empowerment Program (WEP), but later, when taken to other countries, Pact would call it WORTH.⁷ The program started very rapidly across the Terai region of southern Nepal with the recruitment of thousands of community groups already engaged in literacy, savings and credit, and other activities including irrigation, forestry, and health-related work. Around 2,000 of the 6,000 groups that entered the program were already attached to organizations from which they could access credit. Map 1 shows the 21 districts in which the WORTH program operated.⁸

Map I. WORTH districts.



Pact had come to appreciate the power of working with local NGOs during the WORD project. These organizations were already on the ground, were known and trusted in communities, and could mobilize and interact with groups simultaneously. In WORTH, therefore, Pact chose to work through 240 local grassroots entities rather than to try to work directly with women and, as a result, was able to engage over 100,000 women in just a few months.⁹ This model also meant

⁶ The initial cooperative agreement of December 1997 between USAID and Pact included the participation of Save the Children/USA, World Education, and CECI as subgrantees. Concerned that the agreed upon USAID target to reach at least 100,000 women could not be met, the subgrantees withdrew in August 1998, leaving Pact to fulfill the agreement on its own.

⁷ In this report the program name “WORTH” is used rather than “Women’s Empowerment Program,” or its acronym WEP, which was used only during implementation of the Nepal program. WORTH is not an acronym, despite its capitalization, but rather reflects a notion of the inherent worth of women to themselves, their families, and their communities.

⁸ USAID had requested that Pact work in the Terai region to reach women who could conceivably have access to markets along Nepal’s East-West highway.

⁹ Once local NGOs learned about the new WORTH program and their potential role in its implementation, approximately 400 organizations applied to Pact to be included in the program.

that local NGOs came to know the program intimately, which put them in a position to continue to work with women after Pact's formal involvement ended.

WORTH was always intended to be a time-limited catalyst for a grassroots development process that Pact hoped would sustain itself. The three-year initiative began in December 1997 and ended in June 2001 in all except two program districts (Chitwan and Nawalparasi) where further development of Village Banks continued until September 2002 with modest Pact support and local resources. In addition, from April 2002 until July 2003, 100 WORTH groups in Bara District participated in a savings- and literacy-led HIV/AIDS education program supported by a small grant to Pact from the World Bank Development Marketplace.

Women in WORTH were poor, but not all were extremely poor.

WORTH was an empowerment program for all rural women, not only the very poor. Pact did not expect that the better-off would be greatly attracted to a self-help program dealing, at least initially, with very small sums. Pact and USAID, however, believed that those better-off women who were interested in WORTH could be an important asset, contributing their skills and savings. Pact and USAID also recognized that even better-off women in Nepal's Terai region were still relatively poor, often illiterate, marginalized, and disadvantaged.¹⁰

As it turned out, according to a survey of WORTH's impact in 2001, bank members earned considerably less than Nepal's annual per capita income of just over \$200.¹¹ Forty-five percent of the members (55,000 women) were deeply poor, subsisting on less than \$75 per year. Another 35 percent (44,000 women) were only a little better off earning at most \$160 a year.

WORTH in action: how does WORTH actually work?

In WORTH, every woman contributes to her group's savings fund every week. At the same time, women who know how to read and write use WORTH materials focused on business and banking to help others to learn. Women then practice their literacy skills by reading together materials that guide them in turning their savings fund into a loan fund. The group lends to individual members, charging interest on the loans.

Periodically the group—which now thinks of itself as a Village Bank—distributes the interest back to the members as a dividend. At the same time, the members who receive loans are encouraged to invest the money in their own small businesses. WORTH women thus develop two streams of income—one from their individual businesses and one from their collective business, the Village Bank.

¹⁰ Annual per capita incomes in rural Terai communities were generally regarded as half the national average.

¹¹ Nepal's per capita income in 1996 was approximately \$150; by 2001 this had increased to just over \$200. UNDP Human Development Report, 1998: <http://www.undp.org.np/publication/html/nhdr98/Someindicators.pdf>; and IBRD, DIFID, ADB, Nepal: Resilience Amidst Conflict—An Assessment of Poverty in Nepal, 1995–96, 2003–04, World Bank Report No. 34834-NP, June 2006. Jeffrey Ashe and Lisa Parrott, "Impact Evaluation: Pact's Women's Empowerment Program in Nepal—A Savings and Literacy Led Alternative to Financial Institution Building," Institute for Sustainable Development, Heller School, Brandeis University, October 2001, p. 48.

WORTH encourages women to help themselves and each other. While the WORD program, like most other development initiatives, included numerous subsidies, such as paid literacy facilitators, blackboards, chalk, lanterns and kerosene, WORTH had none of these. Women would be expected to pay small joining and book fees that would be deposited into their group fund. They would have to seek their own literacy volunteer and purchase a cash box and calculator for their banking activities.

Initially this self-help approach in which poor women were expected to help cover their own costs was rather controversial. Indeed, several of Pact's initial partners, as well as many in USAID, were skeptical of the idea of fees. Many in the donor and international NGO community were also skeptical as to whether women or local NGOs would want to be part of a new program that provided no loan capital. Pact held its ground, however, arguing that the program could not be brought to a large scale with significant subsidies, and therefore could never address the massive problem of global poverty among women.

In fact, 399 NGOs applied to help implement the program, bringing with them 349,000 women. Scaling back to 125,000 women and 240 NGOs was neither easy nor popular, but the principle of "pay as you go" was no longer in question.

To Pay or Not to Pay, That Is the Question

Early in the design phase of the WORTH program, a lively debate took place in a workshop involving Pact and its subgrantees over the issue of subsidies and women's contributions. Pact was alone among the donor and major partners in urging that subsidies be dropped until a small local NGO, which had helped implement the WORD program, spoke up.

SAPPROS, an NGO from the far western hill region, recounted what had happened the year before when WORD funding had ceased. The NGO told of being approached by several groups of women demanding literacy well after WORD had ended. SAPPROS explained that it no longer had funds for literacy but proposed an innovative solution: it agreed to buy the necessary books, but the women would have to pay the full price for them. SAPPROS would put that money in a fund from which the women could hire their own facilitator. The women would also have to provide all other materials, including lanterns and kerosene.

After considerable debate the women agreed. They organized 10 classes, hired facilitators, and implemented the program on their own. Some time later, a fully subsidized government literacy program was opened in the same district, whereupon the women complained bitterly to SAPPROS.

Having no resources to offer, SAPPROS gave the women the option of closing their program and joining the new program. After another debate the women decided to continue their program. "It's ours, we started it, we paid for it, and we think our program is better than theirs," they said.

"The women continued their program," reported SAPPROS, and "it was the best program we've ever had, even though it really was theirs, not ours. Dropout was negligible, the women were committed. They completed the course with flying colors, enthusiasm, and genuine pride. Drop the subsidies. It's the only way to go."

The WORTH curriculum consisted of a series of self-instruction handbooks that dealt sequentially with literacy, banking, and business.

Literacy

The four-book series *Women in Business*, developed for this first program in Nepal, made it possible for women to learn sounds, letters, and numbers in Nepali through a simple key-word method and the ample use of cartoon drawings. Women would build their skills in both reading and arithmetic as they read together about how to develop their group, master WORTH village banking, and create vibrant businesses. Messages in all four books—*Our Group*, *Forming Our Village Bank*, *Village Bank Lending*, and *Selling Made Simple*—were highly targeted and presented through stories and pictures that would be of interest to all readers, new and practiced. That encouraged discussion and facilitated informed decision making by group members about group policies and procedures.¹²

Banking

WORTH showed women that rather than simply collecting money periodically and immediately distributing it to one member, as is done in the *dhukuti*, they could accumulate savings and then make small loans from this growing pool of capital, charging interest as they did so. The group would retain the interest, thereby increasing each member's wealth and making it possible for the group, now to be thought of as a "Village Bank," to make ever-larger loans.

From the *Women in Business* books women learned about the election and responsibilities of their four-person management committee and the Village Bank loan cycle. They also learned about setting interest rates, scheduling loan repayments, solving collection problems, rescheduling and refinancing loans, and opening an account at a commercial bank. Of great interest, of course, was learning how to calculate dividends, whether these were to be paid out in cash or, preferably, recorded in each individual's passbook and retained in the group fund to support its growth.

At first, Pact believed that all women in the WORTH groups, even if initially illiterate, could learn to keep the group's books. During implementation, however, Pact concluded that while some illiterate women could become successful account managers for their groups (and some did), this expectation was overly optimistic. Instead, Pact began to offer nine days of extra training to each group's elected management committee (the chairperson, secretary, treasurer, and controller). Out of 6,000 economic groups, Pact had the resources and time to train the management committees of 1,536 groups, which then could call themselves Village Banks. This training is now used in all WORTH programs in Asia and Africa, and it is these groups that are the focus of this study.

Business

Members were to use their loans to establish, expand, or diversify small businesses. Unlike many small enterprise development efforts, WORTH did not offer specific skills training or promise producers that they would reach international markets. Instead, WORTH encouraged women to

¹² The four books used in Nepal have now been condensed into two books and several pamphlets. Groups continue to use the first book, *Our Group*, but the two books on village banking and the book on developing a strong business have now been synthesized into a single volume, *Road to Wealth*, plus five *Selling Made Simple* pamphlets.

build on their own knowledge, focus on local materials, seek out market niches in their areas, explore the challenges that new entrepreneurs faced, and—through the stories of other women—learn how to overcome obstacles through their own resources, creativity, and imagination.

In *Selling Made Simple*, the last book in the *Women in Business* series, women were introduced to questions such as:

- What kind of businesses can we have?
- What if women in our culture have never done business?
- How can we find good business ideas?
- How can I earn money all year round?
- How can we find a selling advantage?
- What is profit?

The underlying principle of all of the stories is that *business is selling, not producing*.

Appreciative Planning and Action is central to all WORTH activities.

An innovative group process methodology, *Appreciative Planning and Action* (APA), was one of the most important elements of WORTH. First developed in Nepal from the principles of *Participatory Rural Appraisal* (PRA) and *Appreciative Inquiry*, APA encouraged women to focus on their successes rather than their problems. APA encouraged women to share stories as a foundation for learning and helped them make their own story a driving force in the program. Women who have been immersed in problems all their lives usually have given little thought to their strengths and opportunities, and the APA process enabled women, perhaps for the first time, to listen to the success stories of their peers and to gain both a sense of their own potential and the confidence to try new things.

Women shared their stories, achievements, aspirations, and plans for the future through regularly organized Family Days to which their families and communities were invited. Successes that started with one member ended up empowering the whole group, women’s families, and the larger community.¹³ The groups also participated in “Monthly Mobile Workshops” in which two members of each of 10 groups came together to share success stories, ask questions of one another, and receive additional training. These workshops were enormously popular among women and helped create networks of Village Banks throughout the program area.

A sampling of women’s stories appears throughout this document not only to give the flavor of WORTH from the participants’ perspectives, but also to show how sharing success stories contributes to empowerment.

The Asia Foundation’s *Rights, Responsibilities, and Advocacy* training reached all women in WORTH.

Interspersed among the various WORTH activities was a six-month-long *Rights, Responsibilities, and Advocacy* (RRA) curriculum delivered by The Asia Foundation. This

¹³ Malcolm J. Odell, Jr., “Moving Mountains: Appreciative Planning and Action and Women’s Empowerment in Nepal,” Malcolm J. Odell, Jr., *AI Practitioner*, London, August 2004, pp. 5–10.

module, which complemented WORTH's empowerment agenda and the APA process, made use of trained facilitators, focused on a rights-based framework for learning, and promoted the notion that women have both the opportunity and responsibility to be active members of civil society. Groups commonly developed action plans to achieve goals that they set to bring about change in their communities. Thousands of activities took place in all 21 districts as a result of this training and planning, including campaigns dealing with such issues as alcoholism, gender-based violence, marriage registration, polygamy, child marriage, and girls' education.¹⁴

When the project ended in 2001, an evaluation of WORTH indicated that women had made substantial strides.

Prior to the program's start, the 125,000 women in WORTH had already accumulated about \$720,000 in savings. During the two years of WORTH they increased that to nearly \$1.9 million, nearly all of which was parceled out in loans to over 52,000 women at the end of the program in 2001. Women were earning 18 to 24 percent annual returns on their savings, resulting in a powerful boost to their economic well-being. Twelve percent of the groups reported one or more late payments, but only 4 percent had ever made a loan on which a woman actually defaulted.¹⁵ In fact, management committees reported that members from the 288 Village Banks defaulted on only 28 loans since 2001. The 45 Replicated Groups reported default on only 3 loans.

Before WORTH only 14 percent of participants had brought income into their homes, but over the course of the program the number of women in business grew from 19,000 to 87,000. Microenterprise sales in the final six months of the program were close to \$5,500,000, up from \$600,000 for a similar six-month period two years earlier. Eighty-five percent of members were reading and writing at some level (although some only to write their names) compared with approximately 40 percent prior to WORTH.¹⁶

Women had even begun to replicate WORTH on their own. Completely unprompted by Pact, 14 percent of WORTH groups had helped at least one other group of women organize into a savings group that looked and acted like those in the WORTH program. This group replication yielded as many as 878 new groups involving perhaps 12,000 to 15,000 women.¹⁷

In all, more women appeared to be in WORTH by 2001 than had originally been enrolled. This is virtually unknown in the world of grassroots development, and of particular importance when examining savings- and literacy-led microfinance in the context of the extreme poverty of Nepal. Although the program experienced a very low dropout rate of about 5 percent, these vacancies were quickly filled and groups at the end of the program were generally larger than they had ever been.¹⁸

¹⁴ See *Strengthening Democracy through Women's Political Participation; Emerging Issues in Asia*, Panel ii, The Asia Foundation, April 1999.

¹⁵ See Women's Empowerment Project: MIS Results Survey Report, July 2001; Ashe and Parrott, p. 15.

¹⁶ MIS Report 2001; Ashe and Parrott, pp. 14–15, ff.

¹⁷ Ashe and Parrott, pp. 32–34.

¹⁸ Ashe and Parrott, p. 34.

THE WORTH MODEL WITHIN A MICROFINANCE FRAMEWORK

The WORTH model's explicit focus on women's empowerment differentiates it from credit-led microfinance programs in a number of significant ways. Box 1 provides an overview of basic differences. The issue of dependency is central. WORTH focuses on building strong, sustainable, and self-reliant Village Banks that meet members' credit needs using locally generated capital. WORTH Village Banks are dependent on outside training during their start-up phase, but subsequently need little or no further support to function successfully. By comparison, microfinance institutions' clients depend forever on an external source of capital. They may learn to become good borrowers, but can never break from their reliance on the loan fund, not even after initial training ends.

Box 1. Savings-led vs. credit-led microfinance.

Savings-led, group strengthening	Credit-led, financial-institution building
Assumption: Poor can meet needs by saving and then lending their savings; groups can operate on their own	Poor need external credit and ongoing support
Objective: Strengthen groups to become village banks	Organize and train groups to be responsible borrowers of MFI funds
Duration: Create permanent, self-reliant local village banks in a short-term, catalyst program	Create a permanent financial institution
Ancillary objectives: Literacy, empowerment, community activism	Varies, but primarily financial
Sustainability: Achieved when the groups save and lend their own funds without further outside support	Achieved when interest income covers all MFI costs (operational and financial)
Group strategy: Build on existing groups and upgrade traditional systems for faster start-up	Create new groups following a standard template
Partnership strategy: Involve large numbers of local NGOs or other local organizations to do outreach, distribute curriculum, monitor, provide record-keeping training, link groups into associations	Provide all services with own staff to maximize control, assure standardization, and avoid fraud
Safe money handling: Women are trained in best practices, learn systems for transparency; many "eyes" watch the money	MFI is responsible for safe money handling and fraud prevention; limited number of "eyes" watch the money
Replication Strategy: Groups and partners create new groups without dependency on external resources	Expansion carefully planned and controlled by staff; depends on external resources

POVERTY IN NEPAL: THE WORTH CONTEXT

Rural Nepal presents serious challenges for any development programming. Map 2 shows the concentrations of extreme poverty in Nepal based on the Human Poverty Index (HPI).¹⁹ The 25 poorest districts in 2001 were in the hill and mountain regions of the Mid and Far Western Development regions with other pockets of poverty in the central mountain districts and the

¹⁹ Nepal Human Development Report 2004.

central Terai bordering India. Of these 25 districts having the most poverty, WORTH worked in all five districts of the central Terai.

Map 2: Nepal districts with the highest 25 HPI scores, 2001.



Map 3 shows the 25 districts in Nepal scoring lowest on UNDP’s Gender Empowerment Measure (GEM), a composite index based on women’s participation in local elections, share of participation in higher profile jobs, and earned income. Women in these districts were assessed as being least empowered in 2001. The seven districts in the Terai were targeted in WORTH.

Map 3: Nepal districts with the lowest 25 GEM scores, 2001.



A 2000 Save the Children/U.S. study ranking the state of the world's women placed Nepal last out of 106 nations based on maternal mortality, use of contraception, births attended by trained personnel, anemia, literacy, and role in national government.²⁰ Only 14 percent of rural women were literate. Violence against women was endemic.

The eastern Terai districts, all served by WORTH, were considered hot spots for HIV infection since vulnerable women were increasingly becoming infected as a result of trafficking for sex work across the porous Indian border.²¹ While HIV prevalence in Nepal has been estimated at only 0.5 percent of the adult population, the rate of infection was growing at an accelerating rate and WORTH was seen as a potential mechanism to help stem that growth. Data from WORTH collected in 2000 and 2001 indicated that adoption of family-planning practices had increased by over 60 percent among women in the program over the life of the project. Thus, as mentioned previously, in 2002 Pact introduced an HIV/AIDS-awareness curriculum with selected WORTH groups in a small follow-up initiative in one Terai district.^{22, 23}

WOMEN AS AGENTS OF POVERTY REDUCTION

WORTH was based in part on the premise that challenging gender inequality was an important goal in itself. The impact evaluation of WORTH undertaken in 2001 showed that the program contributed to women's empowerment as measured by a range of indicators. The evaluation also found that groups actively engaged in community development because of the combination of WORTH interventions built on *Appreciative Planning and Action* and the plans produced during *Rights, Responsibility, and Advocacy* training.

WORTH's focus on women as agents of poverty reduction and change has a firm basis in academic research, including studies on the status of Nepali women conducted during the 1970s and 1980s.²⁴ Attention to gender issues has been justified in ways that can broadly be classified into the "instrumentalist" argument in which gender equity is necessary to other development goals and the rights-based approach in which gender equity is a goal in itself. (See Box 2.)

Policies built on an instrumentalist rationale frequently result in the continued exploitation of women and may put further pressures on them. Short-term "quick fix" policies that do not address underlying inequalities may not lead to long-term sustainable policies that fulfill other goals. WORTH argues that there must be strategies in place to ensure that women themselves benefit from their role in development work. For WORTH, women's empowerment is an inherent part of any definition of development itself. In that regard WORTH seeks to address both instrumentalist and rights-based concerns by putting women in charge of their own development as both the instruments and beneficiaries of their actions.

²⁰ Save the Children (2000), *State of the World's Mothers 2000*, Westport, Conn., May 2000.

²¹ Nepalnews.com, vol. 23, no. 12, <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/sep/sep12/coverstory.htm>.

²² Integrated Bio-Behavioral Survey among Female Sex Workers in East-West Highways Covering 22 Districts of Nepal, and Integrated Bio-Behavioral Survey among Truckers in East-West Highways, Round III—2006, New ERA and Family Health International/Nepal, Kathmandu, Nepal, July and August 2006.

²³ WDI—online version, World Bank.

²⁴ Meena Acharya and Lynn Bennett (1981), "An Aggregate Analysis and Summary of 8 Village Studies," in *The Status of Women in Nepal*, vol. II, part 9; CEDA, Kathmandu.

Box 2. Why women? Developmental and rights-based arguments.

Women as agents of development: 'Instrumentalist' arguments

1. Economic growth. Klasen (2002) estimated that if South Asian countries had given the same priority to addressing gender inequality in education as has been given in East Asia, real per capita annual growth between 1960 and 1992 would have been between 0.7 and 1.0 percent faster. The effects would have been even greater if the researchers had taken into account the subsequent impact of women's education on reduced gender inequality in employment, access to technologies, or credit, all of which have been found to be significant (Blackden and Bhanu, 1999; Klasen, 2002).

2. Poverty reduction. Seventy percent of the world's 1.3 billion poor people are women. Any poverty-reduction effort therefore must address women's needs. Because of their key roles as custodians of household well-being, many reports offer evidence that women's education and empowerment reduce child and maternal mortality and aid in the achievement of all the Millennium Development Goals. (The eight Millennium Development Goals—which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015—form a blueprint agreed to by all the world's countries and leading development institutions.)

3. Cost-effective implementation. Many studies have shown that failure to do proper gender analysis has led to ineffective policies, missed opportunities, and even direct sabotage by women themselves.

4. Promotion of successful microfinance programs. Many, if not most, of the world's microfinance programs work largely with women and women's groups, particularly because they have found women to be more reliable borrowers, more likely to invest in productive economic activities, and more likely to repay their loans than men.

Women as half of humanity: Rights-based arguments

Women are not a minority, but a marginalized majority. Women are 52 percent of the world's population. Only in a very few countries, such as Nepal, where gender discrimination leads to high levels of female neglect and mortality, are women a minority of the total population.

1. Current high levels of gender inequality mean that around the world, women do not have equal access even to basic health, education, or sanitation. Women work longer hours than men, but their average earnings are only 50 to 75 percent of what men earn, and women own only 1 percent of the world's land.

2. Gender equality concerns are neither new, nor a Western imposition. Discussions of "women's position" and attempts by women and men to challenge gross inequalities go back probably as far as human history itself. Some cultures have much more egalitarian structures than others, long predating and completely unconnected with Western feminism. These were often undermined, however, by colonialism, under which Western male leaders dealt with men, imposing, for example, systems of individual ownership in which men were assumed, too often wrongly, to be the heads of households.

3. Women and women's movements need at least as much attention as men's lobbies, which are more powerful and have better access to current gender discriminatory development machinery.

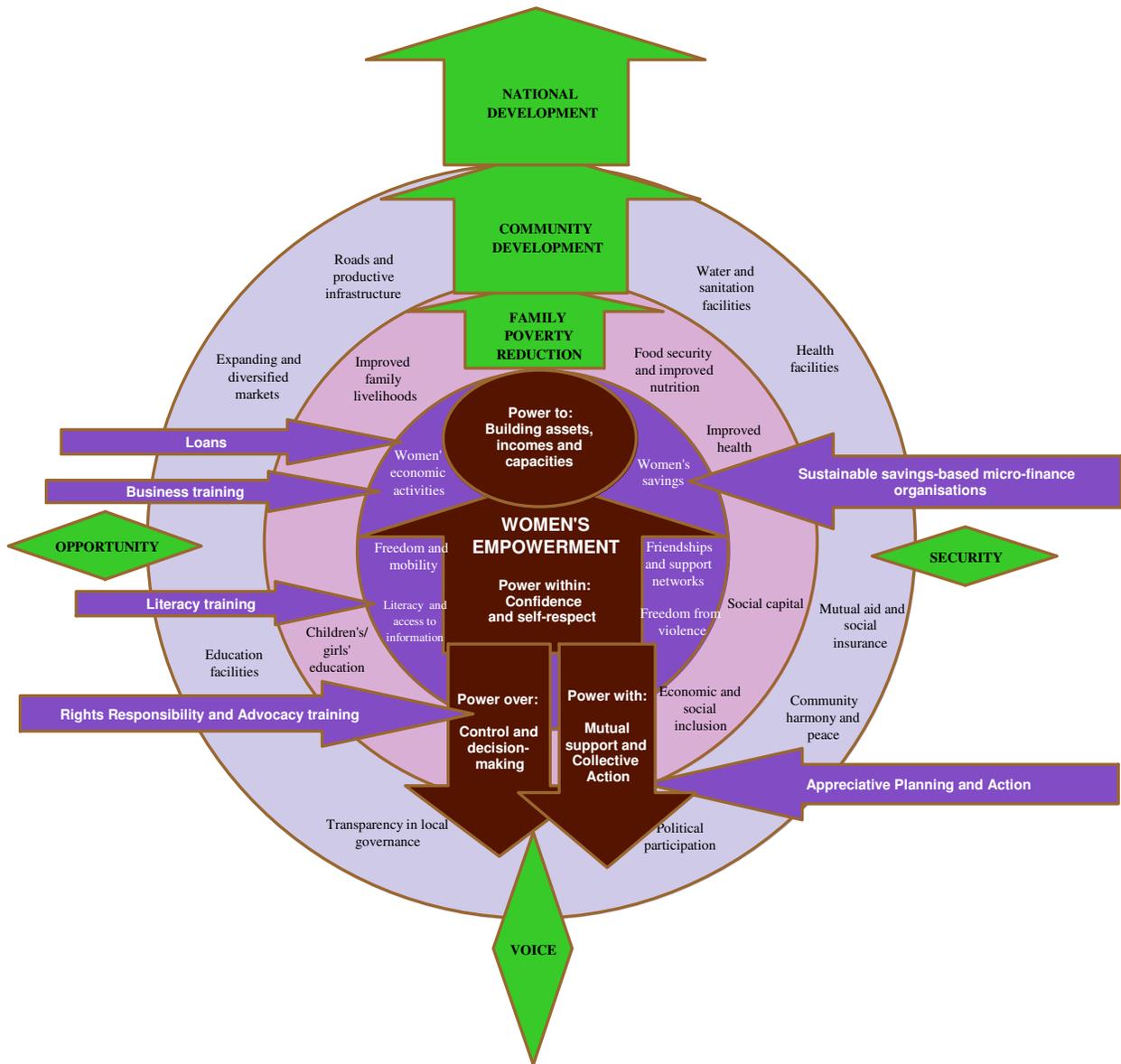
4. The UN Convention on the Elimination of All Forms of Discrimination Against Women and the Beijing Declaration have been signed by most governments, and all major development agencies assert the need to promote and protect women's rights.

AIMS AND DESIGN OF THIS RESEARCH

The research examined women's opportunities, security, and empowerment.

WORTH's theory of change, illustrated in Figure 1, takes as its point of departure the World Bank's multidimensional definition of poverty. This goes beyond income poverty to encompass the broader concerns of poor women: poverty of opportunity, poverty of security, and poverty of voice.²⁵ Empowerment as a part of this framework is defined in terms of women's role in decision making and how this affects development at the personal, family, community, and national levels.

Figure 1. WORTH Theory of Change



Following this logic, women’s empowerment is an integral part of WORTH’s definition of poverty reduction and its theory of change. Empowerment is defined in four dimensions:

Power within: confidence and self-respect

Power to: building assets, incomes, and capacities

Power over: increasing control and voice in decision making

Power with: mutual support and collective action.

In WORTH’s theory of change the different interventions stimulate this empowerment process (represented by the figure at the center of the concentric circles) and have direct effects on the various aspects of women’s poverty, which in turn affects poverty in women’s families, communities, and eventually nations.

The specific areas where WORTH aims to have an impact are indicated in the appropriate circles in Figure 1. These are based on priorities articulated by WORTH women themselves. Box 3 describes other indicators of poverty reduction at the individual, family, and community levels.

Box 3. WORTH Theory of Change: What changes when women rise up from poverty.

WORTH Inputs	Benefits		
Opportunity			
Training in business, literacy, rights responsibility and advocacy	To women Loans Economic activities Freedom and mobility Literacy and access to information	To family Improved income Better education for children, especially girls	To community Diversified markets Removal of alcohol and gambling houses Roads and infrastructure Education facilities
Security			
Sustainable savings-based Village Banks	To women Savings Friendship and support networks Freedom from violence	To family Food security and improved nutrition Improved health Social capital Economic and social inclusion	To community Water and sanitation facilities Health facilities Community cohesion Civil peace
Voice			
Appreciative Planning and Action Family Day—community meetings to share WORTH and women’s achievements	To women Increased self-confidence Increased self-actualization Increased success in business activities	To family Increased respect among family members Increased roles in family decision making	To community Collective Action: Community infrastructure development Social action for addressing gender, caste issues Transparency in local government Leadership

²⁵ World Bank, *Voices of the Poor*, <http://go.worldbank.org/H1N8746X10>.

KEY QUESTIONS

This study focuses on Village Banks and their operations since 2001. It looks at results and impact as reported by women and identifies lessons for the future of WORTH in Nepal and its sister WORTH programs elsewhere in Asia and Africa.

Pact recognizes that donor agencies in recent years have not always shown great interest in women's empowerment. Despite almost universal adoption of gender policies and rhetoric, programs aimed at women are often dismissed as "discriminatory." Thus, a core research objective of this study, emerging from WORTH's theory of change, is to determine whether women can become more powerful contributors to poverty reduction, community development, and even, potentially, national development when they are treated as capable actors in development rather than passive recipients of it.

Broadly, the research therefore aimed to assess:

- The contributions of WORTH to women's empowerment and family poverty reduction
- The contributions of WORTH women and their Village Banks to community development and poverty reduction
- The sustainability of the WORTH model and its capacity to continue to be replicated and reach poor and disadvantaged women
- How the model itself evolved during the process of replication to determine implications for future program support and training
- The most important lessons for WORTH as Pact considers a new business model for the delivery of the program, one that shifts toward social enterprise to bring about significant program scale-up globally.

OVERVIEW OF THE RESEARCH PROCESS

Given a limited research budget as well as wide-ranging, compelling questions with important implications for future programming, those designing this research had to make hard decisions regarding:²⁶

- The sampling of districts
- The sampling of groups vs. individuals
- The sampling of Village Banks vs. other types of WORTH groups
- The tools used and the research methodology these tools entailed.

The following sections address each of these decisions.

²⁶ While funding for both programs and research regarding credit-led microfinance is abundant, the same cannot be said for savings-led programs. In a more perfect world, the present study would have been an independently funded external impact assessment. Consequently, while the design of this research framework, methodology, and these survey instruments was developed with valuable input from an independent analyst, and conducted by an independent Nepali research organization, of necessity, this study has been funded entirely through the generosity of Pact and several private donors. The WORTH Baseline, Midterm, and Final Impact surveys and 6-monthly MIS results surveys during project implementation were funded by the donor, USAID. The independent external Ashe/Parrott 2001 Impact Evaluation was funded through the generosity and support of the Overbrook Foundation, USAID Office of Microenterprise Development, Small Enterprise and Education Promotion Network (SEEP), and Freedom from Hunger.

One-third of project districts were sampled.

Sampling was done in two stages. The first was determined largely by the limited resources available: it was not possible to study all 21 WORTH districts, so this research was arbitrarily limited to one-third of that number. A sample of seven districts was chosen by ranking each district according to the number of WORTH groups existing at the close of the program in 2001, determining the sampling interval based upon a sample size of seven, and using a random number generator to initiate sampled district selection. In this way Chitwan, Morang, Nawalparasi, Mahotari, Jhapa, Bardiya, and Kailali districts were chosen as locations for study. Fortunately, these districts fell across the full geographic breadth of the five development regions in Nepal, as illustrated in Map 4.

Map 4: Sampled districts.



This sampling of districts carries restrictions though it reduced strain on limited resources. Strictly speaking, the population sample in this study should be used to characterize the groups within these seven districts, rather than being presumed to represent all 21 districts in the program.

Groups rather than individuals were the unit of analysis.

The research design team had the option of choosing groups or individual group members as the primary sampling unit. Choosing individual members would have required a sampling frame that included all the women in all the currently existing groups in the seven districts. To reconstruct group membership and then locate these women across a full sample of groups was both logistically impractical and prohibitively costly. Thus this option had to be ruled out.

Sampling at the group level meant that data on individual women could not be extrapolated to the entire population of group members in the seven districts. Nonetheless, it would still be possible to draw conclusions about group operations that would be invaluable in planning WORTH's further evolution in new countries. Also, continuing to sample at the group level made it easier to compare current results to earlier data because the group had always been the basic unit of analysis in WORTH's original monitoring and evaluation system.

Village Banks were selected as the specific primary entity to be tracked.

Not all economic groups in WORTH became Village Banks. Of the 6,000 economic groups that received basic training and materials in the original WORTH program, approximately 2,000 were affiliated with other organizations, including formal credit-led microfinance providers, cooperatives, and natural resource management groups. As has been mentioned, of the remaining 4,000 unaffiliated groups, the management committees of 1,536 received formal bookkeeping training. All WORTH programs implemented since the program in Nepal have provided this extra training to all groups, so the Village Bank was chosen as the unit of analysis to make the findings the most relevant to ongoing and future efforts.

Research designers knew as they laid out this study that some Village Banks had trained new groups. What they did not know was how many groups had been trained and where they were. This meant that an analysis of these "replicated groups" could not readily be undertaken with statistically reliable sampling. Thus the Village Banks and Replicated Groups (RGs) each had their own distinctive definition and sampling methodology:

Village Banks: WORTH groups that received support from field staff that helped them learn to use the full range of group savings and loan practices; these groups were sampled as described above.

Replicated Groups: Groups formed and/or trained by existing WORTH Village Banks that received no support from the WORTH program; these were sampled purposively by researchers as they carried out fieldwork, by tracking down as many of them as practical.

A sample of 450 Village Banks was drawn.

Of the 1,536 Village Banks in operation at the end of WORTH support in 2001, 933 were in the study's sample of seven districts. To determine the number of VBs that still existed in these districts, in November 2006 facilitators from the Valley Research Group (VaRG), a professional organization based in Kathmandu with a strong track record in conducting research for international organizations, traveled to each of these districts to meet with the 77 NGO local partners that had supported the initiation and subsequent growth of the VBs in those areas. The facilitators found that the NGOs had current information about fewer than half the VBs. Among those accounted for, the level of continuing activity, if any, was uncertain.

Therefore all 933 Village Banks that existed in 2001 were included in the sampling frame for the study. With $n=933$, the total required random sample to achieve a 95 percent confidence level and margin of error of 5 percent would require locating and interviewing members of at least 272 of the VBs sampled. A sample of 450 was drawn to compensate for any groups for which no information could be gathered. A sampling interval of 2.07 ($933/450$) was used to select the

sample of 450. Ultimately researchers located and interviewed members of a total of 288 VBs, fully satisfying all confidence-level and margin-of-error objectives.

As for the Replicated Groups, 45 of the 125 groups identified in interviews with these 288 Village Banks were sampled. These groups were selected by field researchers to document a range of experiences related to group successes and challenges, poverty, and geographic distribution.²⁷

In two phases of outreach, researchers used five survey instruments in the field.

The fieldwork was conducted under the supervision of senior members of VaRG. Political unrest interrupted the gathering of data, so fieldwork was carried out in two phases. Data were collected in Chitwan, Nawalparasi, and Kailali during April and May of 2007 and in Jhapa, Morang, Mahotari, and Bardiya during June and July, after the unrest eased.

All VaRG researchers had social science backgrounds and considerable experience in conducting field research. They were given four days of training in Kathmandu before being sent to the field. They also practiced using the survey instruments for two days in Chitwan, interviewing Village Bank members from non-sampled groups. Senior members of VaRG and a WORTH consultant were present during these practice sessions. VaRG senior researchers also visited some of the study areas to collect information, supervise data collection activities, and provide guidance to the three-person field teams, which consisted of a supervisor plus two researchers, both women.

Each field team conducted surveys simultaneously with the management committee of a Village Bank (288 groups) or Replicated Group (45 groups) and with the other members of the group. In the survey of management committee members, who were asked to share their financial records, one of the three researchers explored:

- The institutional sustainability of the WORTH model: group membership and participation
- Microfinance: financial records including savings, loans, interest rates, revenues and expenditures, as well as which aspects of savings-led village banking had continued and which had been changed by the women themselves
- Collective actions: their focus and frequency
- Networking and the use of resources for poverty reduction and development at the community level.

To complement this quantitative data from the management committee, the other two members of the research team conducted a pictorial perception survey developed by the empowerment consultant. The non-management women in the group (4,486 members of VBs, 658 members of RGs) were asked a series of interview questions accompanied by pictorial survey sheets that focused on:

²⁷ As an informal cross-check on the validity of the data gathered through this sampling process, comparisons were made with data from WORTH's ongoing MIS results surveys, which were conducted every six months between 1999 and 2001, the Ashe/Parrott impact study of 2001, and the data sets for Village Banks and Replicated Groups. No significant differences in the findings of these various surveys have been identified.

- Women's views of the main changes in their lives (related to empowerment and household poverty) due to WORTH
- Loan use and business development.

An open plenary discussion then probed women's responses in more detail, and particularly women's views of how the program could be made even stronger.

To counter the possibly positively biased picture of WORTH obtained from group members, researchers also interviewed:

1. 153 former group members, using an adaptation of the Small Enterprise Education and Promotion (SEEP) Network Client Exit Survey
2. 157 very poor women who lived in a community with a Village Bank, but who did not belong to one, to assess their impressions of the WORTH groups and determine how they might become part of a future WORTH program more explicitly aimed at the poor
3. 158 members of WORTH groups that had dissolved, to determine the reasons for the groups' disbanding, women's experiences, and their subsequent activities.

Data entry, analysis, interpretation, and reporting completed the research process.

The research teams took precautions to reduce recording errors. All the information collected in the field was rechecked before research teams left a village. Secondary checking in Kathmandu took place before data were coded for computer entry. After coding and data entry, a computer processing team consisting of a computer programmer and data-entry personnel validated the information entered using a printout of raw data that they compared against the questionnaires. Data were entered into Fox Pro and later transferred to SPSS for analysis.

Some of the qualitative information collected through the members' survey was manually processed and analyzed. Representative examples, in the form of stories, appear in text boxes throughout the report.

The following chapters summarize the findings from this research. Chapter One focuses on WORTH's economic impact on women and their families. Chapter Two looks at WORTH's effect on women's communities. Chapter Three examines Village Banks' sustainability and replication. Chapter Four reviews the role of literacy and the empowerment elements of WORTH. Chapter Five traces changes made in the WORTH system by women and their groups since Pact's assistance ended in 2001. Chapter Six compares the WORTH's savings-led approach and the credit-led model most common around the world, examining in particular the economics of impact and relative costs. Chapter Seven summarizes the overall research results and their meaning, together with both the women's views and Pact's plans for the future of WORTH.

CHAPTER ONE

Women in WORTH as Bankers and Entrepreneurs

A Village Bank member who in 1999 may well have wondered where she would find her required savings of 15 cents per week had an equity stake in 2007 averaging more than 7,500 rupees, or \$116. This amount was nearly one-half the per capita income of Nepal. The average Village Bank in 2007 had more than tripled its holdings since 2001, from \$825 to almost \$3,100. Village Banks were making loans for agriculture, animal husbandry, shops, and small industry. They rarely wrote off a loan and when they did, it was usually for a very small amount. Nine in 10 women reported that their economic situation had improved because of WORTH.

Nepali women in WORTH groups are on the “Road to Wealth,”²⁸ having made significant strides in lifting themselves out of poverty. Research results confirmed that Village Banks (VBs) and their members were prospering in one of the poorest countries in the world. Over the six years since most formal program activities ended, Village Bank assets had increased more than threefold. Banks were actively lending their growing funds, and some had secured additional capital to meet loan demand. Nearly all VB management committees reported that member incomes had improved or greatly improved and that the lives of members had gotten better in a variety of ways: women were accessing health services, educating their children, and providing more and better food for their families because of WORTH.

Village Bankers were mostly mature, married women.

The largest single group of WORTH Village Bank members was married women in their 30s, with somewhat smaller proportions in their 20s and 40s. (See Table 1.1.) Only 5 percent of women were under 20 and 13 percent were older than 50. Most women were married (85 percent), with smaller numbers unmarried (11 percent) or widowed (4 percent). Almost none were divorced or separated.

²⁸ *Road to Wealth* is the title of the basic WORTH manual for women and has been used in WORTH programs in seven countries of Asia and Africa.

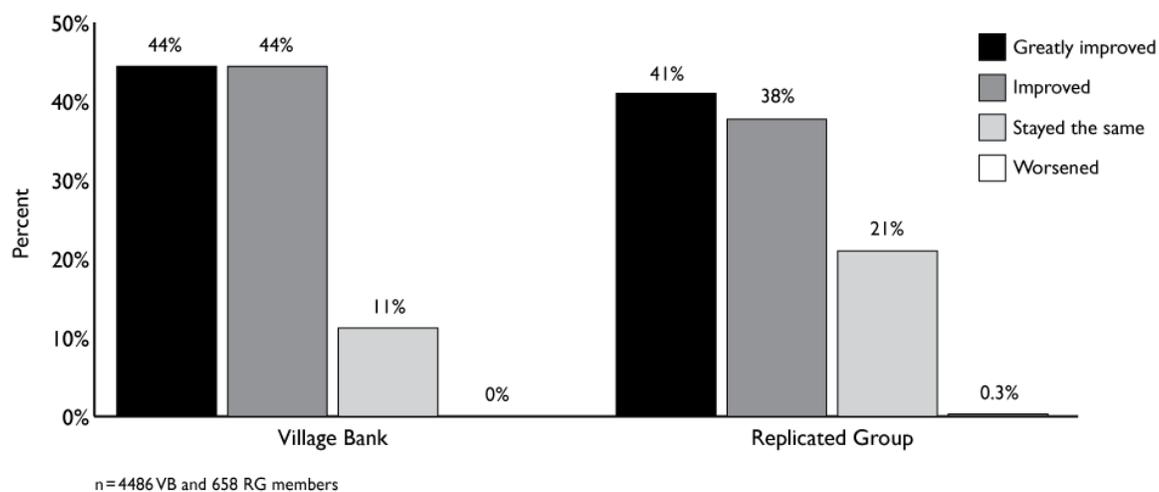
Table I.I. Demographic profile of WORTH women

	No.	%
Age		
<20	385	5
20–29	1950	26
30–39	2478	33
40–49	1677	22
50+	1001	13
Marital Status		
Married	6399	85
Unmarried	826	11
Widowed	261	4
Divorced	5	<1
Unknown	1	—

Women report that their economic situation has improved because of WORTH.

Women have always joined WORTH in large measure for the prospect of increasing family income. Village Bankers were asked, “Do you feel *as a result of being in your [WORTH] group* that your economic situation has changed from before you were in the group?” Eighty-nine percent of the 4,486 respondents reported that, yes, their economic situation had improved or greatly improved (44.4 percent each) because of their being in WORTH. (See Figure 1.1.)

Figure I.I. How members say their economic situations have changed as a result of WORTH.



When VB members were asked if WORTH had helped them provide for the needs of their families:

- 86 percent agreed or strongly agreed that they were better able to obtain access to health services for their families
- 83 percent agreed or strongly agreed that they were better able to send their children to school
- 77 percent agreed or strongly agreed that they were better able to provide adequate food for their families
- 74 percent agreed or strongly agreed that they were better able to start and expand small businesses
- 38 percent agreed or strongly agreed that they were better able to improve housing and household assets. (See Table 1.2.)

Table 1.2. How members say WORTH has contributed to their daily lives (percentages)

As a result of WORTH, we have...

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
VB Members (n=4486)					
Obtained access to health services for our families	41	45	14	0.3	—
Sent more of our children to school	41	42	16	1	—
Provided adequate food for our families	27	50	22	1	—
Started and expanded our small businesses	37	37	25	1	—
Improved our housing and household assets	9	29	58	4	0.1
RG Members (n=658)					
Obtained access to health services for our families	35	48	17	—	—
Sent more of our children to school	33	42	25	—	—
Provided adequate food for our families	19	59	30	0.5	0.3
Started and expanded our small businesses	32	35	28	3	3
Improved our housing and household assets	8	38	46	6	3

Management committee members concurred with group members.

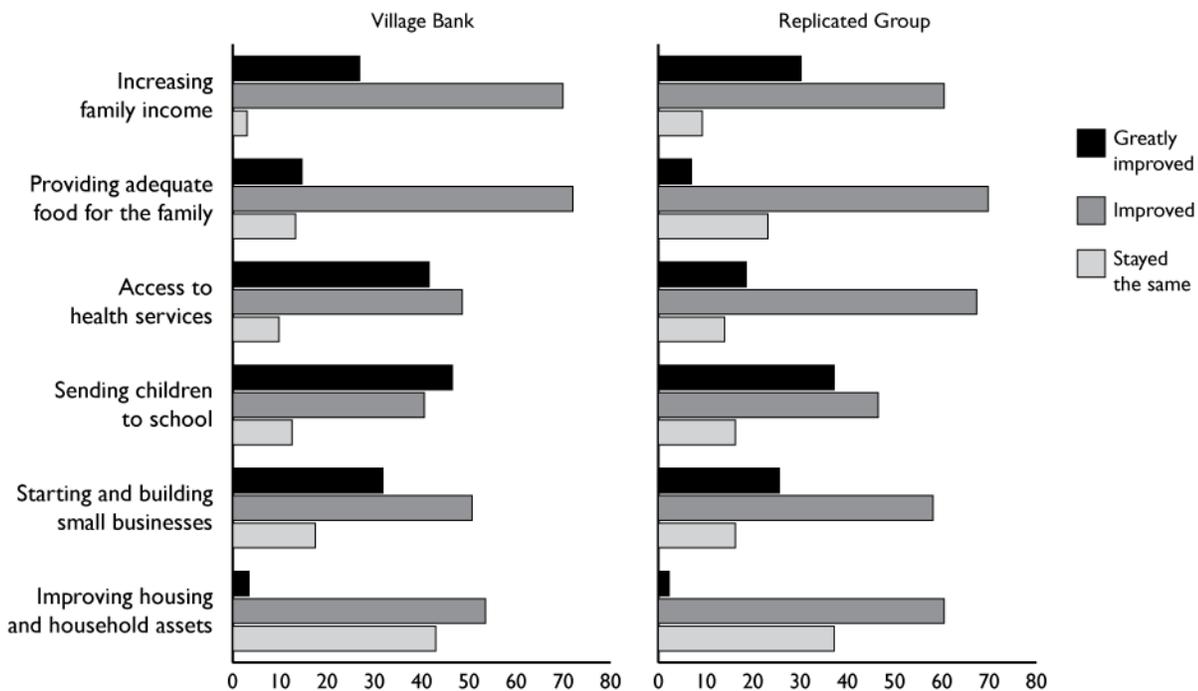
Researchers asked management committees if they thought that the economic well-being of group members had changed because of WORTH. Nearly every committee—286 of 288—reported that it had. Specifically, management committees observed the following improvements:

- 97 percent said family income had increased.
- 90 percent reported improved access to health services.
- 87 percent reported members were better able to send children to school.
- 87 percent reported members were better able to provide adequate food for their families.
- 57 percent reported members could provide better housing and household assets.

Results from Replicated Groups (RGs) were similar. (See Figure 1.2.)

Figure 1.2. How management committees think WORTH has contributed to the members’ daily lives (percentages)

In what ways has the economic well-being of the group improved?



n=286 VB and 43 RG

Growing revenues have accompanied increased savings.

This study did not attempt to measure women’s incomes directly. Privacy and reliability problems are inherent in the collection of income data, and the decision to sample Village Banks rather than individual women negated any such effort. Some assumptions can still be made, however, regarding business revenue based on the data obtained in the original WORTH results

surveys conducted every six months between 1999 and 2001. The first two of these were conducted with 100 percent of all economic groups in the program.²⁹

The last of these semiannual surveys indicated that the 122,406 women enrolled in WORTH had more than doubled their total savings from \$720,000 in 1999 to \$1.88 million in 2001. It also indicated that women's revenues increased measurably in real terms during those years. Women enrolled in WORTH saw their collective annualized gross earnings from microenterprise rise from \$1.2 million in 1999 to \$10.78 million in 2001, an eightfold increase in two years. This represents an average of approximately \$88 in gross annual income per woman in 2001 as compared to \$15.36 in savings, a ratio of \$5.73 of gross earnings for every \$1 in savings.

The study summarized in this report found that a woman had an average of \$116 in savings in 2007, seven times what she had in 2001. It would not be unreasonable to assume that this increased savings was accompanied by a concomitant increase in business revenues, confirming women's own reports that their incomes had increased substantially as a result of WORTH.

“In the past we hardly had enough food for one meal a day.”

The women members of Mahila Kalyan Samudahik Bank, Daunne Devi, Nawalparasi, now have enough food for their families. They tell their story:

“In the past, many of us hardly had enough food for one full meal a day. We had no options in terms of what to eat. After the formation of a group in our village, though, we women became united. We started saving money in whatever ways we could. We also started small business efforts with the money we saved, and invested our profits to help feed our families.

“Now we have both enough food and greater variety in our diet. We have planted many kinds of crops, including vegetables, in our fields. We can buy additional types of food at the market. Foods change from season to season, giving contrast to our lives. Along with having adequate money, we now know more about nutritional health for different age groups, something we never considered before. Everyone simply ate what they had. We know what a pregnant woman needs to eat to keep healthy. We know what old people require. We now understand that without nutrition, we cannot lead healthy lives.”

WORTH members' equity stake in their banks has grown rapidly.

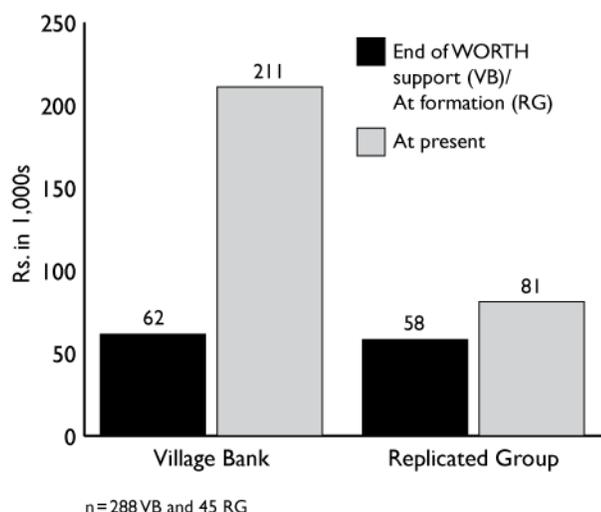
Women in WORTH have been able to generate income not only from their individual businesses, but also from their banks. As described in the introduction of this report, Village Banks offered members a place to deposit their savings regularly, and those savings became the capital lent to members, at interest, for investment in new or growing businesses.

A typical Village Bank had accumulated an average of Rs. 61,600, or \$824, in savings, interest, fees, fines, and revenues from group activities by the end of Pact's program in 2001. This was a considerable sum in Nepal at that time. Between 2001 and 2007 Nepal faced a Maoist rebellion and widespread corruption, leading many to worry that those funds might shrink. It turned out,

²⁹ MIS Report 2001.

however, that as of 2007 VB funds had nearly quadrupled: Village Banks held an average of Rs. 211,000, or nearly \$3,100. (See Figure 1.3.)³⁰

Figure 1.3. Funds under management (average per group)



Earned interest is a significant part of Village Bank assets and member equity.

How could poor women saving only small amounts per week accumulate an average of \$3,000 in Village Bank equity? While the size of a group fund reflects a number of factors (including savings rates, loan recovery rates, group income-generating activities, and dividend disbursement policy), perhaps the most important is the interest income earned on loans.

Two 2001 case studies of central Terai Village Banks illustrate the point.

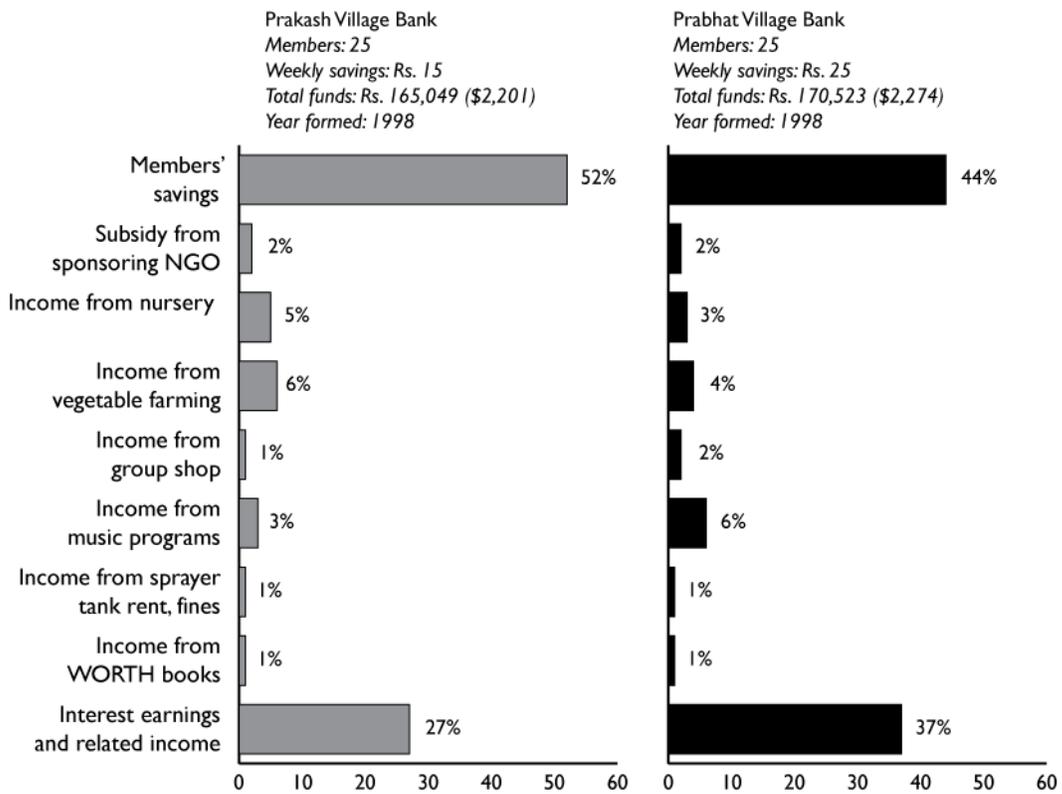
The Prakash and neighboring Prabhat Village Banks consisted predominantly of Tharu—a class that, until freed in 2000, were bonded laborers in debt for generations to wealthy families for whom they worked for virtually no pay.³¹ The Tharu have high illiteracy rates and have long been among the poorest people in Nepal.

The power of the Village Bank *as a business* is apparent in Figure 1.4. The Prakash Village Bank accumulated interest of more than \$600 amounted to 27 percent of the total group fund. The Prabhat Village Bank, retained interest accounted for 37 percent of the group fund total.

³⁰ UNDP Human Development Report 1998; IBRD/DIFID 2006. The exchange rate in Nepal was Rs. 74.72/1 USD in 2001; in 2007 the rate was Rs. 68.08/1 USD; see <http://www.oanda.com/convert/fxhistory>.

³¹ Dilli Bahadur Chaudhary, “On to the Next Phase of the Kamaiya Mukti Andolan,” Nepalnews.com, *Spotlight: The National Newsmagazine*, vol. 20, no. 19, Nov. 24–30, 2000, p.1.

Figure I.4. Sources of funds for Prakash Village Bank and Prabhat Village Bank, Ratnanagar MP, Belsi, Chitwan, 2001.



Prakash Village Bank

The Prakash Village Bank gathered about 20 women at a meeting in early 2002. They reported that they were saving Rs. 15 a week (20 cents), or Rs. 60 per month, and had a total of Rs. 146,585 (\$1,980) in total savings, about Rs. 38,000 (\$513) in the bank and Rs. 1,400 (\$19) in their box. They reported that all women had taken loans at some time; most had a loan right then, including loans to start two or three small shops, launch a few vegetable enterprises, and purchase several large animals. Virtually all of them had purchased one or more goats. They reported that no loans were given for any frivolous purpose or for husbands. One woman reported, “We used to go the *sahuji* (moneylender) for loans and at first we were afraid to borrow from our new bank; but then we started and it is much better and we don’t go to the *sahuji* anymore.”

Women have raised Rs.50 (67 cents) each to get started, sometimes borrowing from their brothers. They have been through four or five books and used the forms provided by Pact. Some of their best experiences have included:

- “When I took a loan from our bank and my own savings instead of from the MFI [microfinance institution].”
- “Having the power and confidence to talk to you, visitors from America.”
- “Meeting and laughing together.”
- “Cleaning the road in our village together.”
- “Getting a loan from the group for Rs. 10,000 (\$135) to start a vegetable business from which I’ve now earned Rs. 15,000, (\$202). I have only Rs. 4,000–5,000 (\$60) to repay on my loan.”
- “Getting help from our Village Bank to cope with a money crisis when I needed Rs. 2,000 (\$27) to get my son admitted into a good school.”
- “Emergency funds for a funeral in our family.”
- “Our husbands used to say, ‘If you save with your group someone will come and take your money.’ Now they say, ‘You’d better go to your Village Bank meeting.’”
- “Our husbands don’t take our loans, but we do borrow for family businesses. We tell them not to go for outside loans because our bank will give us a better rate.”
- “We would give our husbands money for drinks when they asked for it. What could we do? Now we say, ‘We’re not stupid anymore. We’re empowered. No money for you for that!’”
- “More and more of us are sending our daughters to school. We didn’t imagine it before, but now we have studied and we want our daughters to study, too.”
- “Together with Prabat Village Bank, we have bought land for Rs. 18,000 (\$243) where we plan to build a center for our bank. We’ve already saved up Rs. 4,000 (\$54) toward the construction of the center.”

Savings and dividend policies also influenced the growth of group funds.

Mandatory savings

Aggressive mandatory savings rates set by Village Bank members themselves augmented the revenue from interest charged on loans. The average monthly savings nearly doubled from June 1999 (26 cents per month) to June 2001 (44 cents per month), according to records of the original WORTH project. In 2007, after the insurgency, Village Banks’ mandatory saving rate averaged 48 cents per month, slightly higher than that of 2001.

Voluntary savings

Members may also deposit savings in the group fund temporarily. Unlike mandatory savings, members may withdraw these voluntary savings for personal or household needs with sufficient notice to the Village Bank. While the funds are on deposit, they may be lent out to generate additional income for the Village Bank. Voluntary savings thus give members a way to save safely, earn interest, and still have relatively liquid assets.

Of the 288 management committees surveyed in 2007, only 16 percent reported that their group had voluntary as well as mandatory savings. It is possible that Village Banks in Nepal did not make more use of voluntary savings because WORTH did not introduce the concept at the beginning of the program. At the time Pact thought that women might need to master the basic accounting system before they could do the additional bookkeeping that voluntary savings would require. In hindsight this assumption appears unwarranted: in subsequent WORTH programs voluntary savings have been introduced successfully from the outset.

Results from Replicated Groups were similar.

Dividends

Dividends are a particularly appealing feature of village banking. In traditional savings schemes such as the *dhukuti*, each woman receives more capital only as the member contributions grow. In contrast, WORTH Village Banks generate interest from loans and then pay it out to the women as dividends, on a regular basis. The significance of this difference became clear to women when the first VBs began to pay out dividends, early in the program. The news spread rapidly: “Women paid to join WORTH and now Village Banks are paying money to their members!” Within days the number of women seeking to join WORTH increased dramatically. A Regional Director in the far eastern Terai placed a frantic phone call to Pact headquarters in Kathmandu to say, “I have 30 village women in my office, representing another 300 women who are very keen to join WORTH. They have money in their saris and want to know how much it costs to join. What do I tell them?”

Dividend policy has clear implications for the growth of the loan fund. In 2007, nearly 80 percent of Village Banks reported that they were leaving all of their capital in the group fund, where it could be lent out, rather than paying cash dividends. In such cases, typically each member’s dividend was simply recorded in her passbook.³² Obviously for those groups that did disburse cash dividends, group fund size in 2007 would not reflect the true profitability of village banking and the case for the bank as a revenue-generating business would be understated.

³² WORTH recommends that groups withhold interest on an entire loan at the time of disbursement. Borrowers are to pay back their loans in weekly installments. If the VB lends out each installment when it comes into the bank, that capital will attract new interest, thereby increasing the bank’s income, which can subsequently be distributed to members as a dividend. Return on a member’s savings depends on such factors as the percentage of the fund lent out and paid back, and the interest rate charged. If the entire fund were lent out at the rate of 2 percent per month and paid back in full, the gross return would exceed 24 percent per year.

Saving with Others Makes It Unnecessary to Knock on the Doors of the Rich

Ms. Bijuli Tharu of Mahila Bachat Samuha, Dhadhabar, Bardiya district, came from a very poor family. Whenever she ran out of money to buy food, or when her family faced an emergency, like many poor women Ms. Tharu had no option but to knock on the doors of the rich people in her community to ask for help. When her father-in-law became seriously ill, Ms. Tharu turned to the nearby landlords to beg for money to pay for his medical treatment, but none agreed to give her the Rs. 1,000 (about \$15) the family needed. Ms. Bijuli's father-in-law died without receiving medical treatment.

Ms. Tharu later visited a WORTH group in her village that consisted of her relatives and neighbors. She joined the group and gained skills that helped her begin saving money, such as how to read and write and fill out a savings passbook. The women began to save money together and collected enough to make loans to group members at a very low interest rate.

Now Ms. Tharu can take a loan from her group in an emergency instead of knocking on doors of wealthy landlords. She also plants vegetables and keeps cattle to make money to repay a loan or continue saving. With the support of the WORTH group, she has gained confidence that she can solve problems of any kind whenever they arise.

Nearly all of the Village Banks were active in lending.

The average Village Bank had lent almost Rs. 150,000 (\$2,203) to 18 or 19 of its members during the 12 months preceding the study, or an average of Rs. 8,000 (\$119) per borrower. Nearly two-thirds of the VBs had made at least 15 loans to members during that period. Nearly two-fifths of VBs had lent to at least 20 different members. (See Table 1.3.)

Table 1.3. Number of members who received loans in the last 12 months, according to management committees.

	Village Bank		Replicated Group	
	No.	%	No.	%
None	7	2	1	2
1–14	105	37	17	38
15–19	67	23	9	20
20–24	46	16	10	22
25–29	30	10	5	11
30+	33	12	3	7
Total	288	100	45	100
Mean (SD)	19 (12)		18 (15)	

Fifty-four percent of VBs had lent less than Rs. 100,000 (\$1,469) in the preceding year, while some VBs had lent considerably more—almost 11 percent had lent at least Rs. 300,000 (\$4,407). RGs lent an average of Rs. 81,206 (\$1,193). (See Table 1.4.)

Table I.4. Total amount lent out to members in the last 12 months.

	Village Bank		Replicated Group	
	No.	%	No.	%
None	—	—	1	2
Less than \$734	78	27	22	49
\$735–\$1,468	79	27	14	31
\$1,469–\$2,203	43	15	1	2
\$2,204–\$2,937	25	9	1	2
\$2,938–\$3,672	20	7	1	2
\$3,673–\$4,406	9	3	—	—
More than \$4,407	31	11	5	11
Do not know	3	1	—	—
Total	288	100	45	100
Mean	\$2,203		\$1,193	
Average amount loaned per borrower	\$119		\$85	

Members are borrowing to invest in businesses familiar to them.

As noted above, nearly all members reported increased monthly incomes as a result of borrowing from their groups. Of the 88 percent who reported on the most important types of businesses they had started or expanded since joining their groups, nearly two-thirds of the businesses were in agriculture or livestock. About 17 percent said that they had invested in trading/retailing ventures. A few members had begun small manufacturing operations in food processing, textiles, crafts, or leatherwork, or had begun service businesses like hairdressing, restaurants, food stalls, and cleaning. Five percent of women reported that they were not involved in any income-generating enterprise. (See Table 1.5.)

Table I.5. Types of businesses women have started or expanded since joining WORTH.

	Village Bank		Replicated Group	
	No.	%	No.	%
Agriculture or livestock (includes food or other crop production, animal raising)	2838	63	309	47
Commerce; trade; retail (includes petty trade)	754	17	140	21
Manufacturing (includes food processing, textile production, crafts, leather work)	78	2	4	1
Service (includes hairdressing, restaurants, food stalls, cleaning services)	58	1	20	3
Not involved in an income-generating enterprise	219	5	89	14
No response	539	12	96	15
Total study participants (n)	4486	—	658	—

Ms. Subedi No Longer Remains in the Kitchen

Ms. Parbati Subedi of Gamin Mahila Samudahik Bank, Dugraha, Morang district shared her personal experiences about being a member of the group and what she learned from WORTH.

"Before I became involved with our group, women were limited to kitchen work and caring for livestock. We would run like a machine. From early in the morning and to late at night we were endlessly busy. We had no idea how to manage the work and reduce our workload. We had the mentality that we must do everything ourselves and only work and work to be complete and reliable. When we left our work and came out of the house, we would be ashamed because of all the work we still had to do. When attending a public ceremony, or social rituals like marriage, we would feel guilty and hurry back to our work because we were running out of time. Thus we rarely got away from the household work. We used to think that if there were no ceremonies in the community, we might be happy because there would be no disturbance in our work.

"This was our compulsion too. If we left the house, our family would blame us because we left too much work for them. No one would take responsibility in our absence. If we had to go out, we would wake up very early and finish all the work first and only then feel free to go out.

"Initially, when I joined this group, I used to lie to my family and finish all my responsibilities early in order to save time to attend the group meeting. By chance if I were late I used to give excuses to my family members. Gradually, I learned about our rights and duties. I learned how to share work among family members and the importance of labor division, but still I lacked the skill to persuade them to take responsibility for certain work. Later, I learned about legal issues and women's rights. I came to know that women's rights are human rights. In the group, we developed not only intimacy and networking but also unity among us. We began to share our loads with each other in the group. We also started to do collective work through our group. This impressed not only the community people but also our family members.

"Now no one in the family scolds us when we go out for the group work. They are happy instead and encourage us to join the group activities. Our family members no longer wait us to do all the family chores. They take them as their duty as well. We are much freer now."

Women invested in diversifying their businesses, not just in expanding them.

Members reported that they had used loans to diversify their agricultural activities. Crop growers broadened their planting, such as adding vegetable gardens to existing banana plantations. On the livestock front, some women who had goats and pigs obtained loans to buy buffaloes or shifted from poultry to cattle and pig farming. Some made even greater shifts by moving, for example, from goat keeping to vegetable gardening or from cattle farming to snack stalls.

Loans also opened new retail opportunities. Women who had shops sometimes expanded their merchandise. Some VB members with small kiosks, for example, were able to buy a refrigerator and sell cold drinks and snacks or start a small restaurant. Some who had sold only noodles turned their kiosks into small general stores, while owners of small general stores added poultry. Some women with tailoring shops began to sell cloth.

SUCCESSFUL LOAN MANAGEMENT

About 95 percent of Village Banks reported no bad debts since 2001.

Banks did not need to contend with the burden of significant bad debt: the overwhelming majority of Village Banks and Replicated Groups reported that they had lost no equity to bad debts since WORTH formally ended. Only 16 VB management committees (6 percent) and two RG management committees (4 percent) reported that they had written off any loans since the formal WORTH program ended in 2001. For those 16 VBs the average amount written off annually was only Rs. 194 (\$2.86), a fraction of the average amount lent out by a bank even in the 12 months preceding the study. This is particularly noteworthy given that not all loans went for demonstrably productive purposes, as will be discussed below.

When asked about the number of members currently behind in repaying their loans, a fifth of the VB management committees and seven percent of RG committees reported that there were “a couple.” The average amount that those VBs did not expect to be repaid from loans given in the last 12 months was Rs. 1,862 (\$27), just over 1 percent of the average amount lent out by all the VBs.

Village Bank members have often said that they would rather borrow from their group than another entity such as an MFI because if they should ever have a problem with repayment, the other members would understand their circumstances and accommodate their need for an extension. At the time of the research, 19 percent of the VBs reported that at least one member was behind in repaying her loan. Although that may seem a high percentage, many groups were quick to explain the mitigating circumstances of a particular case and expressed confidence that the loan would be repaid. Given the relatively low default rate, it appears that this confidence has not been misplaced.

For the few loans in default, half of the management committees said that they took the borrower’s collateral. For loans significantly in arrears, a fifth of the banks said that they charged a fine or even doubled the interest rate on the loan. Fourteen percent of VBs said that they extended the deadline for loan repayment if appropriate. Four percent reported that they recovered the loss from the borrower’s savings.

Only five VB management committees reported misuse of funds.

A modest 2 percent of Village Banks reported misuse of funds by a management committee member in the last five years. In two of the five cases offenders were expelled. In two cases the group took no action because it found extenuating circumstances such as severe financial hardship. In one case the group had not been able to identify which member had misused the group fund.

No losses occurred due to political problems.

Groups were more concerned about the possibility of losing their assets to the police or Maoists during the insurgency. Yet no such losses were actually identified during the study—unlike MFIs and commercial banks, which suffered numerous robberies and/or had to suspend operations in

conflict areas. Sixteen percent of VBs and 9 percent of RGs took precautions to protect their cash, including:

- Ensuring the use of a triple lock system on the cash box (31 VBs)
- Depositing funds in a commercial bank with three members' signatures required for withdrawals (12 VBs)
- Distributing cash to members (3 VBs).

OUTSIDE SOURCES FOR FUNDS

Demand for loans often exceeded funds available.

More than half of the Village Banks (56 percent) and Replicated Groups (58 percent) reported a need for additional capital, perhaps a result of renewed economic activity and pent-up demand in the post-conflict marketplace. These VBs indicated that on average they would need an additional Rs.160,583 (\$2,259) to meet current loan requests from their members. The newer RGs reported needing almost Rs.190,000 (\$2,740) most likely due to fewer assets accrued. (See Table 1.6.)

Table 1.6. Demand for loans outstrips the funds most groups have available.

	Village Banks	Replicated Groups
Groups reporting that demand for loans in the group exceeded the amount of the group fund	56%	58%
Average amount needed per group	Rs. 160,583 (\$2,259)	Rs. 186,539 (\$2,740)

From Buffalo to Bicycles: A Housewife's Story

Ms. Manuriya of Jyoti Mahila Samudahik Bank, Shripur, Kailali, came from a poor family. She is no longer poor, however, after affiliating with a WORTH group gave her an opportunity to learn about saving and credit. She discovered how money attracts money. She also learned to be courageous, because, without courage, she concluded, no one can succeed in life. She originally felt that people are rich or poor, great or small because of fate, but in the group learned that people are rich or poor, great or small because of courage and dignity.

With a Rs. 5,000 (\$78) loan Ms. Manuriya initiated a buffalo-raising project that became very successful. She used to milk the buffalo and sell the milk in a nearby market. Once the animal had grown large enough, she sold it and used the proceeds to open a bicycle shop in the same market. Now, she earns at least Rs. 10,000 per month (\$156) selling bicycles.

She feels that she lacked courage in the days when she did only household work. At that time, buying and raising buffalos seemed to be only a dream, but business interested her so she summoned her courage and took a risk. Having repaid the loan and successfully opened the bicycle shop, Ms. Manuriya now says, "Nothing is impossible if we gain confidence and have courage to do something new and interesting."

Village Banks organized collective income-generating activities or borrowed to build their group funds and meet the demand for loans.

About a quarter of the Village Banks undertook fund-raising initiatives to meet their capital needs. The most frequent initiatives were presenting shows on religious and social occasions featuring dancing and singing of traditional songs. A few VBs gained profits from collective vegetable gardening and the planting of rice, maize, and turmeric. A few groups undertook initiatives, including catering wedding ceremonies, making candles and candle wicks, running small shops, and performing street dramas. In all cases the sums raised had increased over the years since WORTH program support ended.

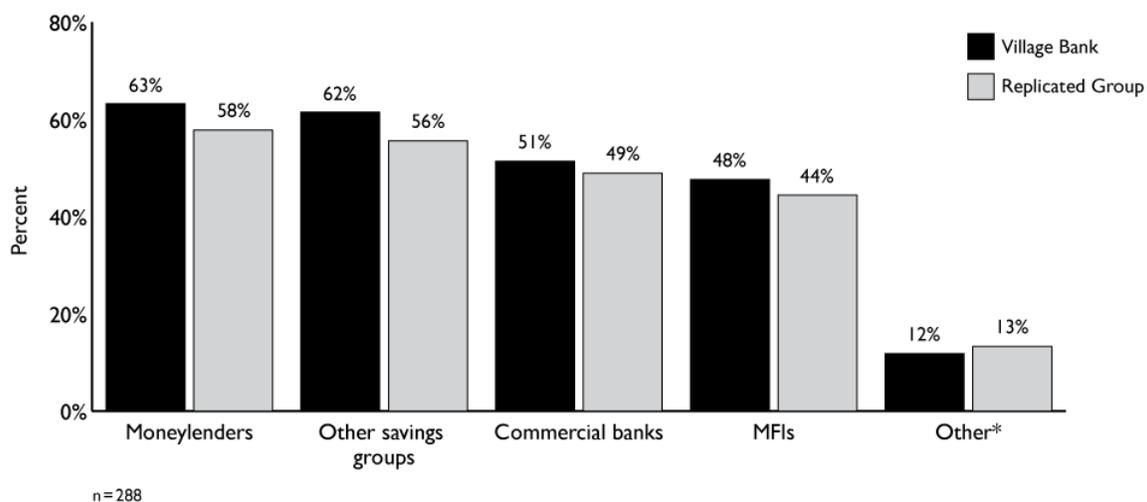
Several management committees also reported that Village Banks had borrowed from other sources to meet demand: 24 groups (8 percent) had taken at least one loan from an MFI and 18 groups (6 percent) had borrowed from a cooperative. Seven groups (2 percent) reported having borrowed from another savings group or Village Bank. A few groups had borrowed from local development funds.

VB members tapped other sources for saving and credit beyond the group fund.

Village Banks were not the only source of credit in the communities. The ubiquitous moneylender could be found in nearly two-thirds of VBs' areas. Other savings groups were also common, found in almost the same proportion of communities. Commercial banks served over half these areas, while MFI services were available in 48 percent of the areas where VBs were operating. (See Figure 1.5.)

Figure 1.5. Other savings and credit options available for women nearby, according to management committees.

What other savings and credit options do women have in this area?

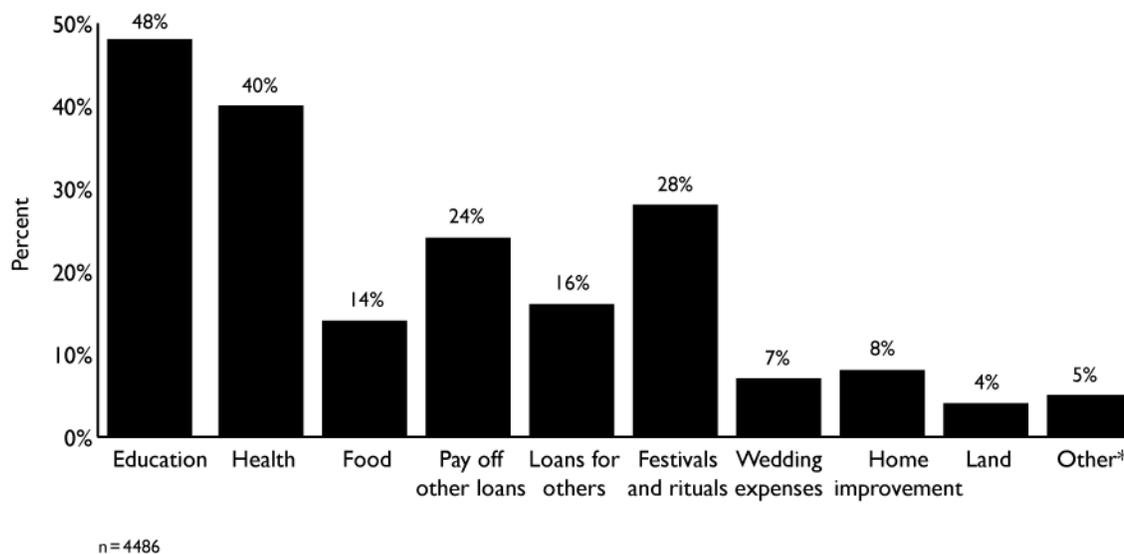


*Other includes: cooperatives; women's development groups; poverty alleviation groups; agricultural or village development banks, local development funds

Management committees reported that members were, indeed, using these sources of capital. While only 40 percent of the committees reported that members were borrowing from moneylenders, almost half of the committees said that members were accessing funds through other savings groups. Indeed, the *dhukuti* was the most popular alternative source of funds among women.

A third of the groups reported members who had used credit from an MFI. More than a quarter reported members who had borrowed from a commercial bank—a finding that suggests promising links between WORTH women and the formal commercial sector. Some committees also mentioned cooperatives, poverty alleviation groups, or agricultural or village development banks as sources of capital for members. Replicated Groups reported similar institutions, although slightly less frequently than Village Banks.

Figure 1.6. Women reporting borrowing for non-business purposes.



* Some of these other uses included traveling abroad, observing rituals when a mother-in-law died, developing a fishery, and establishing a bio-gas plant. All loans had to be approved by VB members.

WORTH VILLAGE BANKS AS “SOCIAL SAFETY NET” FOR MEMBERS

The *Women in Business* books encouraged banks to lend only for business investment to give borrowers the best chance to pay back their loans on time and in full. In reality, it was not unusual for women to borrow for a variety of other purposes and needs given that they were operating within a system of scarcity. Indeed, an important finding of this study is that so many women reported borrowing for non-revenue-generating uses of capital.

For education, health, food

As Figure 1.6 shows, nearly half of the members of Village Banks had taken at least one loan for education expenses, while 1,800 women (40 percent) had borrowed to meet health needs.

Approximately 600 women (14 percent) reported having taken loans for food, an indication of the poverty that many Village Bankers have faced.

To pay off loans, borrow on behalf of others

A quarter of the respondents reported that they had taken a loan from the Village Bank to pay off a loan from elsewhere. One in six women reported borrowing on behalf of others, including husbands or other family members. Although it is not known whether such loans were actually put to productive use, WORTH at its inception had discouraged this practice since it can lead to women being no more than loan conduits—borrowers responsible for paying back loans that are under the control of others.

Adarshya Village Bank: “Social Safety Net” Saving Lives

Adarshya Village Bank is located in Sunawal VDC, Nawalparasi, and includes women from two adjoining wards. It has helped start and support three other savings groups or Village Banks in the area. In 2002 its members were saving Rs. 15 per week and had accumulated total assets of Rs. 152,002 (\$2,027). The women shared some of their stories. One reported: “I had become very sick with the premature birth of a child and almost died. The VB members took their funds and brought me to the hospital just in time, where I was treated and fully recovered, although the baby did not survive. I would be dead now without their support.”

Another woman had been very ill and told she probably had cancer. “With encouragement from the members, I obtained a loan from the VB and my friends here took me for a full examination and treatment with a good doctor who did tests. He found that I did not have cancer, but instead I had a serious Vitamin E deficiency. I’m now fully recovered and happily repaying my loan.”

Their dream for the future is to help start other Village Banks and to send all their daughters to school. “The daughter of one of our members is now in boarding school, studying in Class 10.” “We are now giving our WORTH books to other groups even if they have literate members because the messages are important for them to learn. We’ll teach them how to have a strong Village Bank.”

Rituals and festivals, home improvement, land

Approximately 1,600 women, more than a third, had taken loans for social rituals, such as weddings and funerals, or for festivals, which are part of the social fabric of the community. Almost 400 women (8 percent) said that they had borrowed to improve their homes. Four percent of women had borrowed to invest in land, which may have been a sound economic decision, but one that probably would not have yielded an immediate economic return to support the payment of regular loan installments.

In conclusion

The fact that such high numbers of women borrowed for non-business purposes suggests that Village Banks have moved far beyond providing resources only for economic development. They have become a source of support for their members beyond their original intent. It is likely that this “social safety net” function of Village Banks contributes significantly to their exceedingly stable membership and the steady demand for entry from others in the community, as will be seen in Chapter 5.

CHAPTER TWO

WORTH's Impact at the Community Level

WORTH women are active in their communities and engaged in helping others. WORTH groups have mounted social campaigns to reduce discrimination, increase access to education and health, and reduce trafficking and rape of girls. Village Bankers have also played an important role in community after community by addressing the endemic issue of domestic violence, and domestic relations appear to have improved. A significant proportion of the groups interviewed reported that since joining WORTH, members had become leaders of other groups, conducting literacy and adult education classes, advocating for women's rights, settling conflicts, or supporting women victims of abuse. Substantial numbers of groups reported that members had helped teach friends and neighbors to start businesses or had conducted house-to-house campaigns to promote compulsory girls' education. Village Bank members said that their membership had helped them appreciate the power of the group and helped them cope with the hardships of life in Nepal, such as caste-related discrimination, domestic violence, and the Maoist insurgency, and that Village Banks had helped them develop leadership abilities that they are using to improve the lives, incomes, and overall well-being of those in their communities.

When WORTH began planners hoped that women would improve their literacy skills, save together to generate a loan fund, and launch or expand small businesses. They also hoped that the *Rights, Responsibilities, and Advocacy* program offered to women by The Asia Foundation (TAF), coupled with the *Appreciative Planning and Action* process and Family Day sessions, would raise women's self-confidence and ability to bring about change in their villages. What planners did not anticipate was the *degree* to which women would become active and effective agents for change who focused not only on basic infrastructure development, but also on important and far-reaching social issues.

Data gathered in June 1999 indicated that WORTH women were working toward social change about as much as they were working toward physical infrastructure development. Two years later, collective activities of all kinds had nearly doubled, with infrastructure activities only 60 percent as common as social campaigns. It seemed that WORTH had unleashed awareness, motivation, self-confidence, and energy among women, enabling them to work for change beyond their individual households and beyond their villages' physical needs.³³

Village Banks tackled a wide range of social issues.

More than 95 percent of Village Bank management committees said that their groups had undertaken social action of some kind since 2001, often benefiting those outside their group. As Table 2.1 illustrates, activities focused on a range of issues, most predominantly domestic violence, rape and trafficking in girls, and drug use.

³³ MIS Report 2001.

Actions took many forms, including rallies and demonstrations, door-to-door campaigns, street dramas, and outright confrontation (See Table 2.2.)

Table 2.1. Groups taking collective action on social issues.

	Village Bank (n=288)		Replicated Group (n=45)	
	No.	%	No.	%
Against domestic violence	141	49	14	33
Against the trafficking or rape of underage girls	108	38	5	12
Against drug use	86	30	3	7
Against the dowry system	45	16	9	20
Against child marriage and child labor	45	16	6	14
To prevent gambling or shut down alcohol shops	25	9	3	7
To promote awareness of human rights, women's rights, or girls' education	19	7	3	7
To support women's right to property within the marriage system	15	5	—	—
To promote health-related campaigns	14	5	1	2
As part of the people's movement	2	1	—	—
Other: corruption; inheritance; caste discrimination	18	6	—	—
No action taken	13	5	12	28

Table 2.2 Common Strategies adopted by the groups for social action

- Rallies and demonstrations with banner and posters
- Door-to-door campaigns to convince families and community members to change the dowry system and prevent drug abuse, trafficking in girls, and child marriage.
- Dissemination of messages on the value of educating girls.
- Public awareness campaigns through songs during Teej festival, street drama performances, and advocacy.
- Help to wives seeking to acquire legitimate property shares.
- Direct confrontation of perpetrators of spousal abuse, drug use, or trafficking in girls, followed by involvement of police if necessary.
- Notification of police in cases of polygamy and child marriage.

In these efforts members of Village Banks were able to mobilize larger constituencies than just themselves, laying a foundation for continuing change. They garnered the support of NGOs, clubs, cooperatives, women's development organizations, savings groups, consumer groups, community banking groups, youth clubs, mothers' groups, health volunteers, and local government authorities.

Child Marriage Ends, and Parents See New Value in Their Daughters

Until just recently, child marriage in one village was rampant, especially involving daughters. The women members of Laxmi Samudahik Bank, Hattimuda, Morang district, however, united to stop the practice.

After being married at age 12 or 13, daughters were compelled to drop out of school, ending their education permanently because the protection of a husband was valued over education and self-reliance.

But when women organized and began attending WORTH events, mainly in legal education, they saw the injustice in the system. Initially, convincing parents not to allow their young daughters to marry was tough and the members felt great frustration when parents blamed *them* for interfering in what they considered a reasonable practice. Ultimately, nonetheless, the women's arguments took hold among parents, including the central point that boys and girls should be given equal opportunities. In addition, parents should cease to view their daughters as "burdens" to be released through marriage at a young age.

Now five years since the group's efforts began, village girls do not marry before age 16. The Village Bank members feel WORTH has contributed greatly to broadening their community's horizons.

Village Banks helped build and repair village infrastructure.

More than 80 percent of Village Bank management committees and 42 percent of Replicated Group management committees said they had undertaken at least one physical infrastructure project for their communities. Village Bankers often constructed and maintained roads, culverts, and bridges, or installed streetlights in the village. They built or rehabilitated temples or religious guest houses and developed bus stops or recreational areas. Women constructed water taps, installed drinking water tanks, or dug wells. They cleaned roads and organized beautification efforts for communal areas. (See Table 2.3.)

Groups often used their own funds for these efforts. Over half of them contributed to such projects as the construction of a community building, clinic, school or classroom, library, well, bridge, flood barricade, or fish pond. Nearly half supported religious projects such as the construction of sites of worship or the lighting of ritual lamps. Since the greatest beneficiary of group projects frequently was the wider community, women were sometimes able to use their own funds to attract additional support from local government or other organizations.

As with social efforts, when engaging in infrastructure development, women mobilized the support of others in the community, including family members, NGOs, and local leaders, to help realize mutually shared goals. Cooperative action could range from door-to-door campaigning to direct involvement through donations of cash, voluntary labor, or other in-kind contributions.

Table 2.3. Groups undertaking physical infrastructure projects.

	Village Bank (n=288)		Replicated Group (n=45)	
	No.	%	No.	%
Construction and maintenance of roads, culverts, bridges; installation of streetlights	121	40	12	27
Construction and rehabilitation of temples, religious guest houses, shade houses, bus-waiting shades	105	37	7	16
Construction of water taps, drinking water tanks, wells	40	14	4	9
Cleaning of roads, water taps; cleaning of villages or communities	31	11	6	13
Construction of schools and libraries	24	8	2	4
Flood protection; forest planting and protection; irrigation repair	17	6	1	2
Repair of community buildings; assistance to build Red Cross building and to buy ambulance	12	4	—	—
Construction of public toilets; children's centers	11	4	—	—
Cash and labor contribution to health facilities, including community immunization centers	5	2	—	—
Other	1	0.3	—	—
None	57	20	25	58

Village Banks helped individuals and families allocate funds to help others.

Village Banks frequently assisted individuals and families for whom the government could not provide. Three-quarters of the VBs indicated that they had helped individuals in their community. They were proud, for example, to have been educators and to have made others financially literate through counseling on saving and borrowing.

One-half of the groups used part of their group fund for social or charitable purposes. Groups had provided financial assistance to members suffering from health problems or to families unable to pay for a funeral. They had helped orphans meet their daily needs and attend school. They had provided interest-free loans to community members for medical treatment and aided families facing tragedy and hardship, such as losing a house to fire. (See Table 2.4.)

Table 2.4. Allocation of funds for social or charitable purposes.

Does your group use any part of the group fund for social or charitable purposes? If yes, how has it been used?

(Multiple responses, percent totals > 100)	Village Bank (n=143)	
	No.	%
Construction of temples, religious guest houses or inns; a seven-day religious performance (saptaha); lighting of 1 million ritual lamps (lakh batti)	68	48
Treatment of patients; cash assistance to the victims of people's movement; assistance to kidney disease patient	36	25
Construction of bridges; graveling of roads; installation of street lamps	28	20
Construction of classrooms, libraries, school buildings	23	16
Cash assistance to perform death rites; to mothers in childbirth; to poor students to buy books and notebooks and to pay fees and uniforms	13	9
Construction of wells, water taps, public toilets	11	8
Construction of immunization centers or mobile clinic buildings; construction of community buildings	10	7
Construction of barricades to prevent flood; assistance to fire victims; support to flood victims	9	6
Purchase of utensils to be rented for marriage and other rites	6	4
Support to construction of fish pond; establishment of community shop	3	2
Other: assistance to competitor in song competition; support to perform cultural program; support to child-related clubs	7	5

VILLAGE BANKS CHANGE LIVES

WORTH helped Village Bank members address their most serious challenges.

If being in a WORTH Village Bank helped women become advocates, facilitators, negotiators, and benefactors in their communities, how much did WORTH help them cope with their own greatest challenges? Reports from women that WORTH had helped them substantially in the economic arena were expected. However, when women were asked about their top three challenges and how WORTH had helped them address these, they talked not just about finances but also about broader concerns.

More of the women named the Maoist insurgency than any other problem. Of the 1,864 respondents who said this was one of their greatest challenges, nearly half (47 percent) said that WORTH had either greatly increased or increased their ability to address it. (See Table 2.5.)

WORTH Women Face Down Maoists and Police

Pact was deeply concerned that the Maoist rebellion would doom the Village Banks, negating the progress they had made and wiping out the assets they had accumulated. The insurgency was active in all the districts where WORTH had been functioning between 1999 and 2001. When peace began to return, however, reports of heroism among WORTH women began to trickle in.

In one remote western district, a WORTH group was approached by an armed Maoist cadre searching for a woman whose husband, a police officer, had killed one of their comrades. Through her they hoped to track him down, and the WORTH women knew the husband would be killed. They stood up to the Maoists. "We will not reveal the location of either the husband or wife," they said. "She is a member of our group and has nothing to do with whatever the police are doing. And he is only doing his duty as a public servant. None of us has any quarrel with you. We are the people you are fighting for and you should not harm your fellow Nepalis. Leave us alone, leave the wife alone, and leave her husband alone. If you don't, you will have us to deal with and we will find your commander and report this harassment."

In the eastern corner of Nepal, over 400 miles away, another WORTH group was approached by an armed unit from the National Police. They were searching for a woman who they said was harboring a Maoist in her home. The women stood firm. "We will not help you find any member of our group," they said. "We do not believe any of us would ever harbor a Maoist. And besides, if an armed Maoist came to one of our homes and demanded shelter, what could we do? We are in no position to stop them and if we gave shelter it would not be because we support their cause but because we fear for our lives, our children. You will have to find some other way to track down Maoists around here. We will not cooperate."

In both cases the WORTH women heard no more from either the Maoists or the Police. They were left to carry on with their business, banking, and literacy. Across 21 districts and thousands of active groups, it is quite possible that other incidents did not turn out so well, but WORTH did not hear of any Village Banks or their members being victimized during the war.

Table 2.5. Top three challenges named by VB members, and how WORTH helped address them.

	Increased or greatly increased ability to address problem	No effect on addressing problem	Decreased or greatly decreased ability to address problem	Rank by no. of women citing problem	No. of women citing problem
Domestic violence	92%	8%	—	3	911
Gender discrimination	86%	14%	—	9	62
Caste discrimination; polygamy; trafficking; rape, abuse, gambling, alcohol	82%	18%	—	2	985
Problems in regular saving or lack of money to participate; problems maintaining accounts	80%	20%	—	8	151
Domestic problems; family prohibition against joining the group	78%	22%	—	5	492
Lack of education or legal knowledge; lack of training in agriculture; problem of literacy; unable to write one's own name	74%	21%	5%	7	180
Fund insecurity; lack of a meeting place; difficulty in gathering members; loss of members trained to maintain the account	72%	27%	0.5%	4	771
Difficulty finding money when needed such as during agriculture season; had to go far to find money	66%	34%	—	6	455
Political problems; strikes; Nepal "Banda"; effects of people's movement	47%	52%	0.5%	1	1864
Irrigation problems	28%	72%	—	7	252
Other: flood erosion; lack of freedom or family authority; lack of roads; lack of awareness; high interest; unrepaid loans	—	30%	—	—	472

Other challenges that WORTH had helped women cope with included:

- Domestic violence—911 women cited this problem, and 92 percent reported that WORTH had increased or greatly increased their ability to address it
- Caste discrimination, polygamy, trafficking, rape, abuse, gambling, alcohol—985 women cited such problems, and 82 percent said WORTH had helped them address them
- Inability to save regularly—151 women cited this challenge, and 80 percent said that WORTH had increased or greatly increased their ability to address it.

Women in Village Banks helped resolve disputes.

Whether it was through their savings and increased income, the solidarity of their groups, or perhaps a combination of these, members found that participation in their Village Banks not only helped them meet daily challenges, but also prepared them to take on leadership roles.

Beyond community development and charity, women engaged in counseling, conflict mitigation, and advocacy for individuals and families. More than three-quarters of Village Banks and over half of Replicated Groups (RGs) said they had offered such help.

The groups had helped daughters-in-law obtain their rightful shares of property and wives secure equitable positions in their families. They had interceded with mothers-in-law and husbands to prevent physical violence that often arose because of alcohol abuse, and encouraged them to respect the rights, demands, and aspirations of other family members, including wives. They had taken strong measures against husbands who remarried and then denied the property rights of their first wives. In one community Village Bankers acted to ensure that a rapist was held accountable for his crime.

Through Mediation Women Solve Perennial Water Dispute

The members of Chandramukhi Mahila Samudahik Bank, Laxminya, Gardi, Chitwan, explain how they used mediation in their community:

“In 1999, before WORTH came to our village, irrigation was a major problem. A small canal served all the farms in the village, meaning that each farmer had to wait his or her turn. Priority was based on property size. But many farmers did not want to wait, and they seized water for their fields whenever it suited them. As a result, fights broke out every year, including beatings and verbal abuse. The scenes were very unpleasant.

“But with the help of WORTH we women have become organized and have taken part in various training sessions and activities. We have learned the value of reading and writing letters, and of legal education. Through our efforts, we have learned how to mediate in our village’s annual dispute over water. One day we gathered all the men in the village into a meeting. We wanted first to discuss the value of human decency and honesty: a lack of understanding of these principles was at the core of their arguments. All those invited attended, and we discussed with them the consequences of not considering others’ perspectives. The meeting lasted an entire day, during which the men kept quiet and listened to us. This alone shows how WORTH has taught us something good.

“We convinced the men to wait their turn to irrigate the land, and adjusted the schedule to make it better for everyone. A fine, we explained, would be imposed for those who broke the rule. That day’s meeting has resulted in vastly improved relations among farmers. They now wait their turn, and we don’t have to listen to them quarrel.”

Literacy, confidence, and freedom from domestic violence changed women’s lives.

In addition to the structured questionnaires, members of Village Banks and Replicated Groups were asked to share their perceptions of change informally. Through a process developed by this

study’s empowerment consultant, facilitators showed women a series of illustrations and asked them to select by consensus the three images best representing how their lives had changed because of WORTH. The results of these group discussions strongly reinforce the findings from the survey interviews.

Participants in nearly a quarter of the Village Banks indicated that “literacy and education” had changed their lives the most. The next most popular choices, tied at 16 percent each, were images representing “confidence and self-respect” and “freedom from domestic violence.” (See Table 2.6.)

Table 2.6. Women’s top three choices for how WORTH has changed their lives.

Description	Village Banks		Replicated Groups	
	No.	%	No.	%
Literacy and education	67	23	9	20
Confidence and self-respect	45	16	7	16
Freedom from domestic violence	45	16	5	11
Ability to afford children's education	35	12	6	13
Freedom and mobility	29	10	5	11
Asserting women's property rights	23	8	4	9
Role in decision making in the household	16	6	1	2
Friendship networks and mutual support	9	3	5	11
Ability to afford healthcare	5	2	3	7
Caste relations	4	1	—	—
Household assets	2	0.7	—	—
Family food security and nutrition	1	0.3	—	—
No response	7	2	—	—
Total (n)	288	—	45	—

Literacy and education

The women who selected the “literacy and education” image discussed being able to:

- Sign papers without using their thumbprints
- Use literacy skills to manage their households and handle official matters
- Understand the value of currency
- Read numbers in daily activities, such as on hospital beds and buses, for example
- Maintain savings passbooks and calculate interest
- Use their new understanding of quantities and prices to shop more successfully
- Hold on to cash received as gifts from their families, rather than turning the money over to their husbands.

Confidence and self-respect

Respondents who chose increased “confidence and self-respect” said that the program had helped give their work greater recognition in the community. Women no longer felt hesitant about speaking in groups. They said saving, in particular, had given them confidence. They felt

that members of the community respected them because the women now had the resources and knowledge to help in emergencies.

Some women said that the leadership development that had occurred in the group enhanced their capability to speak in public on important issues. Speaking on Family Day had given them experience and confidence. Some women had formed consumers' groups in their communities that provided opportunities for speaking out; others, independently, had spoken out against the wasteful use of public funds.

“Unat Gai Palan Samuha”: Men’s “Improved Cow-Raising Group”

The so-called men’s improved cattle-raising group, “Unat Gai Palan Samuha,” is 12 years old. It started with 10 members and now has 22. These men started by saving Rs. 5 per month, increased that number to Rs. 10, then to Rs. 25, then to Rs. 50, and now they are saving Rs. 100 a month. Their total savings are Rs. 266,000 (\$3,900).

The men use their savings and credit to purchase better breeds of cows and provide loans of up to Rs. 20,000 per member. They are very price- and market-conscious, and are also active in vegetable production—some in organic vegetable production, depending on the market. Asked what they thought of WORTH and their wives’ participation, one said:

“WORTH helped us regain the traditional religious respect for women that had been lost in our male-dominated society. Women really can do everything and we’d forgotten that. We’re proud of our women now. There is more sharing, and more women are involved in family and farm decisions. We listen to them now.”

One farmer was particularly outspoken: “I want to speak about the changes in my own family. I had not paid much attention to women but since WORTH things have changed and I’m happy about that. A good example: This is an important vegetable production area, but I didn’t know about insecticides and spraying vegetables against pests. My wife and her friend got together and decided we should buy a sprayer that would cost about Rs. 3,000. I listened to them and agreed, and they bought the sprayer together for our two families to share. They used their own money from their WORTH fund. The sprayer has proved to be a great benefit and I wouldn’t have known anything about it without the women’s advice and help.”

“What about the men?”

When people hear about WORTH for the first time, they never fail to ask, “What about the men? What do they think of WORTH?” The unspoken fear is, “Could the empowerment of women be a threat to men? Might it actually lead to increased domestic violence?” It has thus always been instructive to hear stories from the women that indicate that no such backlash has materialized. This is confirmed by data from this study showing that domestic violence has decreased, not increased with WORTH.

Men’s reactions to WORTH most likely reflect improvements in their own circumstances due to their wives’ participation in the Village Banks. First, while the TAF Rights, Responsibility, and Action curriculum increased awareness among women of their rights, potentially upsetting the status quo, the Appreciative Planning and Action process helped women view problems as opportunities for making things “even better.” Second, “Family Day” activities gave women the

opportunity to bring family members and others in the community together to share their achievements with them publicly and to seek their cooperation. Third, and probably most important, women's increased financial assets and the self-confidence that came from literacy and success in business and banking brought them more respect in their families and villages. Indeed, increased family income generally overcame any initial resistance men may have had to their wives joining WORTH. Men became supporters of the program instead. On more than one occasion, Pact staff, international observers, and donors visiting WORTH groups in the field were served tea by proud husbands while their wives shared their progress with the visitors.

Freedom from domestic violence

Women who cited "freedom from domestic violence" as an important way WORTH had changed their lives reported that their energies had been devoted entirely to household chores before the program. Some said their husbands would return home drunk late at night and scold or beat them. Now, however, conditions had improved. Some reported that public drinking was now banned in their communities because of the WORTH group's work.

Through the discussions in their groups, many women came to understand that their stay-at-home lives may have encouraged domestic violence. They said, in essence: "We should come out of the house and talk with others in the group or individually so that we can learn what is right and wrong. This helps to reduce violence inside our homes."

Villagers Unite to Free a Woman from Her Husband's Oppression

The members of Chetanshil Mahila Samuha, Bharatpur municipality, Chitwan district, explain how they resolved a case of domestic violence:

"In 2000, WORTH group member Anjana Shrestha faced a great problem. Her husband, Ramesh, would return home late at night, drunk, and proceed to beat her. If she asked for an explanation, he would simply beat her more fiercely. Afraid that revealing her situation would prompt her husband to divorce her, Ms. Shrestha kept quiet publicly.

"Ms. Shrestha learned about issues, such as legal education, human rights, savings and credit, and gender equality, after she joined our group. On a subtler level, she learned that hiding a personal problem does not help as it only causes the problem to fester and lead to other problems. She told her companions about her husband's abuse. The members were disappointed that she hadn't spoken out earlier because they would have begun to take action as soon as they'd known.

"The group immediately met with Ms. Shrestha's husband and urged him to right his behavior. At first Ramesh did not listen and lashed out at his wife for telling their story. The group responded by organizing a meeting of all the men in the community so that further action could be pursued. Then the group wrote a pledge for Ramesh to sign that stated he would no longer abuse his wife. This time Ramesh gave in, signing the pledge. In this way, Ms. Shrestha gained justice. Had WORTH not reached her, she would have lived her life bearing her husband's unjustified wrath."

Ability to afford children's education

Women who reported progress in their “ability to afford children’s education” (12 percent of the groups) said that they now understood the legal requirement to send children to school and that loans from their Village Banks had made it possible. Adult education had given them greater appreciation of the importance of childhood education. As one said, “Children are clay to make pots. Education enables them to design the pots.” Almost all respondents regarded home as their children’s first school and believed that they needed to educate their daughters and sons equally.

Freedom and mobility

Women who said WORTH had promoted “freedom and mobility” (10 percent of the groups) explained that previously they had been kept from moving about in the community. Before WORTH, one woman said, “Permission of husbands or parents-in-law was needed to go out of the house.” They now left their homes when they wished and took part in the community’s cultural life, including singing and dancing, and attended meetings. As one respondent said, “In every matter, the family used to be right. Now we learn the views of others.” Many women said they had developed the ability to stand up for their views in the family and in the community.

Women's rights

Some women reported that they used to feel intimidated by family members, but that they had developed, through WORTH and the TAF Rights, Responsibility and Action program, a belief in equality between men and women. They said that they had shared these new beliefs and seen changes take place in their families.

Some women felt that WORTH had helped them assert their property rights. They said that this had increased their economic security and made it easier to maintain a savings account that could be used for family needs. They also appreciated being free to buy things for their children or themselves without having to ask their husbands for money.

Household decisions

As WORTH members accumulated savings and developed the ability to keep financial records, they began to play a more significant role in household decision making. Sometimes they even became the sole decision maker in place of their husbands. As one said, “Before WORTH, any decisions made by husbands would be right because we did not know how to argue against what was wrong. Now we can sell the products made with our loans without consulting family members or husbands. We are aware of our rights, duties, and dignity. We can talk about rights both inside and outside the house.”

This newfound confidence in their decision making ability has led women to devise creative solutions to problems.

Saving

In general discussions women said WORTH had introduced them to the concept of saving. When they had needed money before WORTH, they would borrow at very high interest rates and then sell crops or whatever else they had to pay back the loan. Participating in WORTH had motivated some to stop smoking or drinking tea to accumulate the money needed to start savings accounts. With savings, women no longer needed to borrow so often. When they did need a loan

the women now had access to funds through their Village Bank and paid interest pegged at a reasonable rate that would go to the group.

Village Bank membership and leadership development were closely linked.

Women in WORTH Village Banks developed the confidence and skills to become strong leaders in their communities. Nearly half of all VBs (47 percent) reported that management committee members had become leaders of *other* groups, including saving groups, replicated VBs, associations devoted to the advancement of women, community development groups, farmers’ associations, and cooperatives. (See Table 2.7.)

Table 2.7. Other leadership positions held by VB management committee members.

In savings groups	21%
In associations devoted to the advancement of women	15%
In community development groups	13%
In mothers’ groups	12%
In cooperative associations	10%
In other local clubs	6%

Likewise, one in five of the VB management committees reported that other members had become leaders of a variety of local and even district groups, including associations devoted to the advancement of women and mothers (33 percent), saving groups, farmers’ banks, other Village Banks (28 percent), and cooperative associations (13 percent). Two women had become leaders in district development coordination committees.

Table 2.8. Highlights of women’s favorite stories illustrating their roles as new leaders.

- Ability to talk with others on different issues
- Increased mobility—no longer confined to the house
- Increased self-confidence and ability to make decisions
- Ability to lead and mobilize a group
- Ability to make domestic decisions, in cooperation with the husband, that previously had been made by the husband alone
- Positive attitudes of family members toward the member’s involvement in group activities
- Acquisition of the habit of saving, reading, and keeping accounts clearly
- Ability to conduct business
- Ability to conduct legal education classes or act as a facilitator in other organizations engaged in social justice, such as helping first wives get their rightful share from their ex-husbands.

Nearly all the management committees reported changes in their peers' behavior. As a result of the support provided by the group, approximately half of the committees said changes were visible in the members' mode of interacting, including their discussions with others on family and community issues. They noted in particular women's ability to make decisions with self-confidence. Moreover, management committee members observed that women became more mobile, no longer confined to their homes. Observations drawn from the many stories women told about their emerging leadership abilities appear above in Table 2.8.

Results from Replicated Groups were similar.

The discipline, discussions, and decision making of the Village Bank supported the development of its members.

How did WORTH foster the development of these new leaders? Three characteristics of Village Banks may help explain this: discipline, discussion, and decision making.

Discipline

From the beginning of the program, women in WORTH learned that their group was not a social club, although social activities might take place. It was a business group whose members were intent on breaking out of poverty. Accordingly, group members set rules and policies regarding meeting times, savings rates, and loan policies that they expected every member to respect. Failure to do so commonly resulted in fines set by the women themselves.

If honoring a commitment to meet over a number of years indicates discipline, then Village Bankers can claim high marks. As will be discussed in Chapter 5, in 2007 nearly three-quarters of the groups still met every month; some met weekly as they had done during program implementation. These were substantial meetings—one or two hours was the norm—and on average 22 members attended. These findings point to Village Banks as disciplined groups, with disciplined members, even after many years entirely on their own.

Discussion and decision making

Village banking requires women to work together to achieve their goals. The *Appreciative Planning and Action* principle that underlies group discussion and decision making in VBs acknowledges the experience and wisdom of group members: "All the knowledge we need is in the group." By putting responsibility directly on members for developing a strong group and a vibrant organization that can become a pillar in the community, WORTH facilitates the development of leadership at every step of its development and operation.

Management committee members were asked what topics apart from banking and business had been discussed at VB and RG meetings in the previous six months. Their responses, summarized in Table 2.9, indicate the broad span of issues to which group members applied their collective thinking and the many opportunities that VB discussions offered members to show leadership.

Table 2.9. Topics apart from banking and business discussed at VB and RG meetings in the last six months (multiple responses).

	Village Bank (n=285)		Replicated Group (n=45)	
	No.	%	No.	%
Community improvement: cleaning markets, neighborhoods, and roads	76	27	9	20
Physical infrastructure: arranging grants to build temples, roads, drains, latrines; disseminating information on toilets and protecting the water supply; getting donations for schools; charging water fees	66	23	6	13
Domestic issues: constructing houses; educating children	50	18	5	11
Health/illness/family planning: HIV/AIDS; child nutrition and immunization; distribution of vitamins; treatment for pneumonia and diarrhea; providing medicine to treat worms; discussions on safe motherhood and reproductive health	44	16	5	11
VB issues: Charging fines to those who are absent or tardy; registration of the group; discussions around not splitting the group; continuity/unity of the group; increasing membership; growing the group fund	39	14	5	11
Controlling alcohol and drug abuse including stopping sale of alcohol; organizing songs against the dowry system	12	4.2	2	4.4
Running income-generating activities (keeping goats; collective farming of turmeric, planting bananas; collective vending shop; production of candles, incense)	11	3.9	3	6.7
Other: entertaining guests; group business opportunities; teaching about voting rights; picnics; welcoming observers; delegation to the municipality; other groups; forest monitoring; women's rights; adult literacy classes; assistance to the Red Cross; village and religious activities; child marriage	49	17	12	27

BRINGING WOMEN TOGETHER

Women of different castes and ethnicities were attracted to WORTH.

Traditional cultural and ethnic barriers are deeply rooted in Nepal's ancient social mores and religious structures. As a women's empowerment program, WORTH has always been open to all women who wished to participate. As noted in the Introduction, no special efforts were made in WORTH's early days to target those who were especially poor or from disadvantaged castes, known as Dalits, or to bypass women from the upper Brahmin and Chhetri castes. Thus it is not surprising that the demographic profile of VB members reflects a greater-than-average proportion of high-caste women when compared to a profile of the general population in the Terai region. (See Table 2.10.)

Table 2.10. Caste or Ethnicity of VB or RG members, compared to the district population as a whole.

National Census - WORTH Terai Districts			Village Bank		Replicated Group	
Caste/ethnicity	No.	%	No.	%	No.	%
Advanced-high castes, including Brahmin/Chhetri	1,226,209	38	4253	60	682	64
Middle Class Groups	598,834	18	1,111	16	175	17
Janajati, Hill, Newar, and Thakali (exc. Dalit)	103,821	3	254	4	21	2
Terai Middle Class, inc. Yadav, Teli	185,072	6	55	1	19	2
Tibeto-Burman Hill and Indigenous Tribes, inc. Rai, Limbu, Tamang, Gurung, Sherpa	309,941	9	802	11	135	13
Disadvantage Groups	1,297,477	40	1,490	21	196	19
Terai Indigenous, Janajati, inc. Tharu	705,983	22	1237	17	119	11
Muslim	170,829	5	6	1	6	1
Dalit, inc. Newar Dalit	420,665	13	247	3	71	7
Other	144,225	4	212	3	11	1
Total:	3,283,132	100	7,078	100	1,064	100

Nonetheless, those of lower castes and from ethnic groups lower on the socioeconomic ladder were greatly attracted to the program and, according to the external evaluation of 2001, accounted for 44 percent of all members. Furthermore, as that study observed, WORTH provided a mechanism by which those who were better-off financially, and/or of higher social status, could help “the less educated learn to read, setting in motion the process of spontaneous replication...where old groups create new ones.”³⁴

In 2007, 21 percent of the women in WORTH Village Banks were from the lowest rungs of the socioeconomic ladder, with 17 percent coming from the Tharu, the former bonded-labor class. Those from the middle socioeconomic classes accounted for 16 percent of VB membership, roughly equal to their proportion of the overall Terai population (18 percent). Sixty percent were high caste, though they may have been poor.³⁵

³⁴ Ashe and Parrott, p. 46.

³⁵ High-caste or advanced groups generally include Brahmin and Chhetri, but also Baniya, Thakuri, Sanyasi, Rajput, Kayastha, Mawadi, and others. Low-caste “Dalit” groups include Damai, Kami, Sarki, BK, Lohar, Chamar, Dom, Marik, Ram, Harichan, Sunar, Kori, Khatik, Pasi, Soni, Musahar, Lohari, Tatma, Khatwe, Dhobi, Gaine, Dusadh, Paswan, Pasi, Sonar, and others. “Other” includes Bhumihaar, Kushahwaha, Kurmi, Kalwar, Kanu, Sudhi, Kumhar, Rajbhar, and others.

“We all live together and feast together”

The women members of Jagriti Mahila Bachat Samuha, Damak, Jhapa district, have made strong progress in improving relations among different castes. Here is their story:

“In our village, caste-based discrimination was rampant. ‘Untouchables,’ or so-called low-caste people such as Kami and Damai, were not allowed to enter the homes of so-called high-caste people: Brahmin and Chhetri. These social rules applied in public places as well as private homes.

“When WORTH facilitators asked us to identify major problems in our community, we concluded that caste-based discrimination was among the worst. But the practice had deep roots. Because our group included people of both high and low castes, we addressed our personal relationships within the group first. We made Tara Pariyar, who belonged to the ‘occupational’ caste, president of our group. This helped soften, and ultimately eliminate, any caste-based discrimination among us. But an enormous challenge remained: how to bring similar understanding into our homes and the broader community. It took months to spread concepts such as human rights, human dignity, and human value.

“We shared what we learned with family members, who—while reluctant at first—began to understand that caste discrimination has no place in the 21st century.

“The process was not easy. But now members of our community have eradicated caste-based discrimination. We all live together and feast together. Only a few years ago we could never have dreamed that this would happen.”

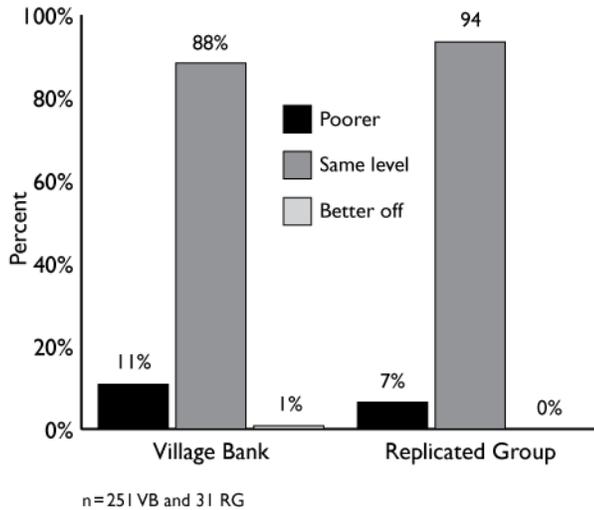
Village Banks showed little tendency toward “upward creep” in the socioeconomic status of new members.

Traditional microfinance programs often tend to gravitate toward the higher caste and better-off. WORTH groups showed no such trend. Three-quarters of the Village Banks and two-thirds of Replicated Groups brought in new members who were generally at the same level as existing members.

There were small but notable changes, however. Nine percent of VBs and 4 percent of RGs reported that new members generally were poorer than the average group member. At the other end of the spectrum, only 1 percent of VBs and no RGs said that new members generally were better off than the average active member. In other words, in the minority of cases in which WORTH groups brought in new members of a different socioeconomic level, the new women were more apt to be poorer rather than better off than the average group member. Similar results were observed in the 2001 Ashe/Parrott study.³⁶ (See Figure 2.1.)

³⁶ Ashe and Parrott, pp. 28, 34.

Figure 2.1. Most new members are poorer than existing members rather than wealthier.



Many very poor women want to join WORTH Village Banks.

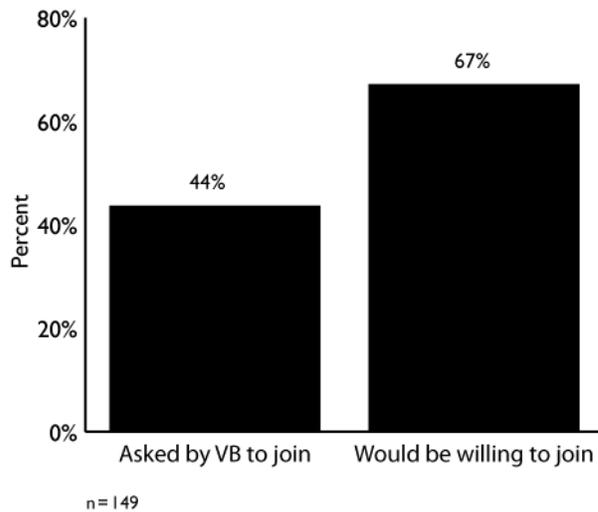
To learn how non-WORTH community residents of low economic status viewed Village Banks, researchers interviewed 157 such women for this study. Sixty-three percent of this non-representative sample was composed of Dalits (58 women) and Tharus (41 women), groups in which women are traditionally very poor and marginalized.

Almost all (95 percent) of the women interviewed knew about the WORTH group in their village and were familiar with the savings and loan functions of the VB. One-fourth knew about the meetings and discussions held by group members and said they understood the value of those meetings. One-third were aware of specific actions that VBs had taken to help people in their villages who were not members, including helping poor and sick people and providing loans to people in need. A quarter of the women also knew about the campaigns WORTH women had conducted against the dowry system, domestic violence, and trafficking of girls.

Almost half (44 percent) of the women interviewed had been asked to consider joining the local Village Bank. A great majority (88 percent) had been prevented from doing so because of insufficient time, insufficient money to begin saving, or opposition from their husband. Only two of the women invited to join a group thought that being of low caste could be a problem or that they had not been treated well by women in the group because of caste.

Two-thirds of these women said that they would like to belong to the WORTH group. (See Figure 2.2.) Three-quarters were keen to obtain loans to help them get out of poverty and 39 percent appreciated the benefit of saving money. Eighteen percent valued the opportunity to establish relationships with other women in order to work together in various activities.

Figure 2.2. Most low-economic-status women polled would like to join a VB.



When asked if there was anything they did not like about the group, 68 percent had no particular complaints. Thirteen percent of the women felt the savings requirement would pose a problem. Twelve percent felt discrimination because of poverty, illiteracy, or caste would be an issue.

Given that both the non-WORTH group members and the women in WORTH articulated or demonstrated an interest in reaching out to each other, and, as indicated previously, women felt WORTH had helped them deal with caste discrimination, there is a clear opportunity in future program expansion for WORTH to reach individuals farther and farther down the socioeconomic ladder.

In conclusion

WORTH women through their groups have been increasingly active in their communities and engaged in helping others. They have embarked on social campaigns to reduce discrimination, increase access to education and health, promote girls' education, and reduce trafficking and rape of girls. They have played an important role in addressing domestic violence. Members of groups have become leaders of other groups, conducting literacy and adult education classes, advocating for women's rights, settling conflicts, and/or supporting women victims of abuse. Many have helped teach others to start businesses. Village Banks have helped women cope with the major problems they face and develop leadership abilities.

CHAPTER THREE

Village Banks Survive and Multiply

Eight years after WORTH began and six years after the formal program ended, Pact found about two-thirds of the Village Banks still in operation. On average, they had grown slightly larger and lost only two of their original members since 2001. Most had intensified rather than reduced their activities since program workers stopped visiting. Many women were so enthusiastic about the program that they began to replicate it: unprompted by Pact, a quarter of the groups had helped to start an estimated 425 new groups with approximately 11,000 members. WORTH groups have clearly sustained and replicated themselves, rare accomplishments among development programs.

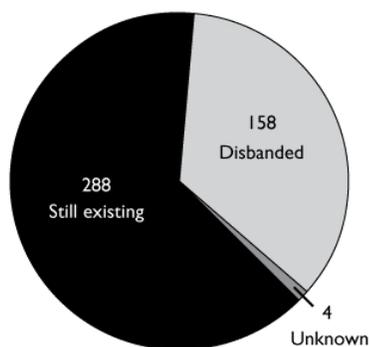
Two-thirds of Village Banks are still operating.

Pact's expectations were modest when it commissioned the current study in 2006. Pact hoped to find a quarter of WORTH's original 1,536 banks still active, but expected that any remaining Village Banks (VBs) would be reduced to perhaps half their original membership.

International grassroots development programs have a mixed record of sustainability. In the best of circumstances groups in a highly decentralized program dwindle over time, losing members or disbanding entirely. And these were not the best of circumstances: the Maoist insurgency and collapse of governance in Nepal meant that markets had been depressed, people would have had trouble meeting, and women would have found it difficult to keep cash secure during most of the six-year period between program completion and this study. Could WORTH participants really maintain their banks and businesses while trying to keep out of the way of both the police and the Maoists?

The resilience and adaptability of the Village Banks and the commitment of their members upended all predictions. Approximately two-thirds (64 percent) of the original 1,536 Village Banks—nearly 1,000 (983) groups with approximately 25,000 members—were still active five or six years after all WORTH-related support ended. Specifically, of the 450 VBs included in the sample, 288 were found still to exist; 158 had disbanded. The fate of another four could not be determined. (See Figure 3.1.)

Figure 3.1. Two-thirds of Village Banks are still operating.



n=450 VB

NUMBER AND SIZE OF VILLAGE BANKS

The number of WORTH Village Bankers in Nepal today may have actually increased since 2001, when 35,000 women were in VBs. If in 2007 there were approximately 26,000 women in VBs, and if the estimated 427 RGs, with approximately 11,000 women, were all operational at the time of the survey, then the total of 37,000 women in WORTH in 2007 exceeded the 2001 total by 2,000 women.³⁷

Membership in VBs has been remarkably stable and even growing.

If sustained membership indicates a VB's value to its members, then VBs have been highly valued. Of the 288 Village Banks in the study, 37 groups had not lost a single member since forming, and the remaining 251 groups had lost a total of only 462 members since 2001, an average of about two members per group. Nearly 13 percent of VB management committees report that they had no new members in over eight years. Management committees also reported that three-quarters of their members had belonged to the group for at least five years. Nearly half of the 45 RGs had never lost a single member.

The evaluation of WORTH in 2001 found that group membership was stable at an average of 22 members per group, up from an average of 21 members at program startup. At that time, on average fewer than two members were reported to have left a group in the previous six months, with 48 percent of the groups having no losses. Those who left were easily replaced, as on average there were seven women in the community being considered for membership at any given time.³⁸

³⁷ Original membership of 1,536 VBs = (1,536 x 23.1) = 35,481 women;
 2007 membership of 983 VBs plus 427 replicated VBs (983 x 26.6) + (427 x 26.2) = 37,334 women.

³⁸ Ashe and Parrott, pp. 28, 34.

In the present survey, Village Banks reported that they had an average of 23 members when they first joined the program in 1999 (nearly the same number reported in the 2001 study), but had since grown to an average of nearly 27 members. This meant that approximately 26,000 women were part of WORTH Village Banks.³⁹ RGs had grown on average from 25 to 26 members since they were first formed.

Furthermore, the groups could grow even larger if they chose. Nearly three-quarters of the Village Banks and Replicated Groups had a waiting list averaging four women for VBs and three for RGs. (Although WORTH groups theoretically could be any size, generally VBs have not wanted to become larger than 25 or 30 women because meetings can become long and unwieldy, given the time required for recording savings deposits, loan disbursements, and loan installment payments.)

KEY FACTORS FOR VILLAGE BANK LONGEVITY

What accounts for the survival of so many Village Banks? Management committees in 78 percent of the operating groups attributed sustainability to group dynamics: trust among the members, reliance on consensus to make decisions, and a sense of cooperation. A sizable proportion (61 percent) also credited the savings component of village banking because it helped members solve their financial problems and made it easier for women to get loans. (See Table 3.1.) Replicated Groups (RGs) gave similar reasons for their survival.

Table 3.1. Most VB management committees attribute their groups' longevity to mutual trust.

Why do you think your group has come this far? (multiple responses)

	Village Bank	
	No.	%
Mutual trust among the members; conducting activities with group consensus; collective support and sense of cooperation	225	78
Saving scheme, which allowed us to get loan easily and helped solve problems among the members; understanding the value and habit of saving; opportunity for saving	175	61
Transparency of the accounts	31	11
Leaders capable of establishing relationships with NGOs, disseminating the advantages of saving, and fostering a sense of attachment to the group	24	8
Support of cooperative associations and social development organizations in accounting training	9	3
Other: chance to use funds; members' sense of responsibility; group registration; timely loan payments; collective problem solving; expectation of future support from others	22	8
Total	288	—

³⁹ 983 VBs x 26.6 members = 26,148 members.

Most groups had intensified their activities since WORTH support ended.

Rather than slowing their activity after Empowerment Workers (EWs) stopped providing support in mid-2001, Village Banks had increased their savings and loan transactions, business activities, and literacy work. More than eight in 10 groups reported that they had increased their savings and loan transactions; over half were holding more meetings, earning more income from business, offering more support to members with individual and family problems, and conducting more literacy activities than they had during the original program. (See Table 3.2.)

Table 3.2. Most groups have intensified their activities since the EWs stopped visiting.

How have group activities changed since the EWs stopped coming?

	Decreased (%)	Stayed the same (%)	Increased (%)
Savings	2	9	89
Loans	1	13	86
Meeting as a group	2	28	70
Getting income from businesses	1	33	66
Getting support from the group to address individual and/or family problems	2	40	58
Literacy	14	32	55
Learning how to do business	3	47	50
Networking with other women's groups	8	50	42
Making and implementing plans for social action	6	62	32
Making and implementing plans for infrastructure development	6	72	22

Management committee members of the RGs also reported that their activities had intensified since they were established.

Literacy was the only arena where more than a handful of groups had cut back on their initiatives. Even in this case, while 14 percent of the groups reported doing less to promote literacy than they had while EWs were providing support, almost four times as many groups (55 percent) reported they were more actively promoting literacy than when WORTH training was in full swing.

FORMER MEMBERS

In explaining why those few members had left VBs, management committee members said that over 40 percent had done so because they had moved away for reasons including marriage or pursuit of further education. Eighteen percent had left because they could not afford to participate in the weekly saving, and 8 percent had left due to personal and family reasons, such as old age, pregnancy, or the burden of raising small children. (See Table 3.3.)

Table 3.3. Reasons given by VB management committees for members' departures.

Main reasons for persons to have left the group (in number of persons left)

	Individuals	%
Departure due to marriage, higher education, or some other reason	189	41
Difficulty in participating in weekly saving due to poverty	83	18
Personal and family reasons, including old age, pregnancy, small children	37	8
Group meeting place located too far from home	29	6
Death	28	6
Objection of husband or other family members	21	5
Lack of cooperation from the group and its members	18	4
Inability to understand the value of the group	17	4
Joining another group; starting to save at another place	10	2
Problems with loans: could not get one when needed, could not start a business with one, or could not pay one back	9	2
Inability to handle the passbook or account	3	0.6
Lack of benefit from the group	3	0.6
Other	13	3
Do not know	2	0.4
Total (number of persons who left group)	462	100

When 153 former WORTH group members were asked their reasons for leaving the group, they presented a somewhat different story. Nearly half said that family members had pressured them to leave, 40 percent reported that their business could not support loan repayment, and more than a third said that the demands of group meetings were too onerous. A third also reported that they had not liked the way they were treated by other group members, and a third cited a savings rate that was too high. (See Table 3.4.)

Table 3.4. Reasons given by women who left VBs for their departure.

What were the main reasons that you left the group? (multiple responses)

	Individuals	%
Family members pressured me to leave	76	50
My business did not generate enough money for me to repay my loan	63	41
I was unable or unwilling to attend all the group meetings	57	37
I did not like the treatment by other group members or had personal conflicts with other members of the group	51	33
Savings rate too high	50	33
The group's meeting place was too far away	34	22
The loan amount was too small	34	22
I could not continue because I spent the money on a crisis or a celebration	27	18
I did not like the repayment schedule	25	16
The loan length was too short	23	15

A fifth of these women felt that the group could be improved if all members complied with group rules and maintained “unanimity and mutual confidence among members.” Twelve percent of respondents argued for equitable treatment and even preferential treatment in lending to the group’s poorest members. One in six women said that the group should maintain regular saving and even increase the amount being saved, which would increase potential loan size, or that accounts needed to be maintained better. (See Table 3.5.)

When asked to name the two things they liked least about the group, the two most prevalent issues, at 12 percent each, were that the group did not provide loans equally to all members and lack of unity among members.

Table 3.5. Suggestions given by former members for improving the group.

What do you think should be done to improve the group? (multiple responses)

	Individuals	%
Maintain unanimity and mutual confidence among members and compliance of all members with rules of the group	32	21
Maintain continuity of saving or increase the amount of saving; maintain the account properly	24	16
Maintain equality in dealing with the members, listen to the members’ views, and/or give priority to the poor members while distributing loans	19	12
Provide training to the members in business and skill development	15	10
Increase the size of the group fund and the amount of loans; increase the income source of the group and invest in drinking water supply	15	10
Members should be more active; all members should attend the group meeting	14	9
Provide training to all members on how to maintain the group account	13	9
Carry out social works; be active in eradicating superstition and antisocial practices	10	7
Hold meetings monthly and regularly	9	6

Departing women did benefit from group membership.

Eighty-nine percent of the women who had left their Village Banks said they had benefited from being a member of the group. Ninety percent said that the group had helped them to save, and nearly three-quarters said that the group had helped them make loan repayments. Sixty-two percent of these women noted that the group had helped by providing advice and support when they needed help personally, while over half pointed to new friendships. (See Table 3.6.)

Table 3.6. How former members say being in the group helped them.

Please tell me the specific ways in which being in the group helped you (multiple responses)

	Individuals	%
Helped me to save	123	90
Helped me to make my repayments	98	72
Provided advice and support when I needed help personally	84	62
Offered me new friendships	72	53
Allowed me to develop my leadership skills	38	28
Gave me training and new information	28	21
Gave me business ideas and contacts	16	12
Other: taught me to read and write; taught me about legal rights	3	2
Total	136	

These former members were asked what two things they had liked best about the group. Nearly two-thirds named saving and the corollary growth of the group fund, while the same proportion said that they especially appreciated being able to borrow at a low interest rate. More than 40 percent of respondents especially valued the interaction among members and mutual support.

When asked if they would consider rejoining their group in the future, nearly half (46 percent) of these women said “yes” or “probably.” This relatively high response can probably be attributed in part to the fact that 99 percent of them had been able to withdraw their savings when they left their groups. The other 1 percent (2 women) almost certainly had their savings applied to outstanding loan payments.

SOME VILLAGE BANKS DISSOLVED, OTHERS STARTED

Just as it is important to understand why women left their groups, it is useful to know why Village Banks disbanded. These groups received the same training as those that survived, so what accounted for the difference? One hundred fifty-eight women from dissolved groups were tracked down and interviewed.

The categories in Table 3.7 below overlap somewhat, but it is clear that leadership was a core issue that resulted in a host of other problems, such as lack of interest, poor attendance, or lack of unity. The Maoist insurgency had an impact, and in some cases the support from the program outreach workers was insufficient for the group’s needs.

It is possible that a high proportion of the dissolved groups were among the last that received bookkeeping training. Anecdotal accounts indicate that groups that received training early were able to reinforce what they had learned during on subsequent visits of the Empowerment Workers, which had increased their chance of survival. That would suggest that technical training needs to take place early so management committee members have time for on-the-job training.

Table 3.7. Reasons given by former members of VBs for why their group dissolved.

Why did your group dissolve? (multiple responses)

	Individuals	%
Lack of interest from members; too few leaders	59	37
Discontinuation of support from Pact/NGO	50	32
Departure of most members	36	23
Poor attendance resulting in irregular saving and loan repayment	34	22
Loss of trust, lack of unity in group	27	17
Problem keeping accounts	26	17
Political unrest resulting in insecurity around saving	25	16
Large loan not repaid resulting in fear of saving in group	21	13
Lack of leadership	17	11
Other: e.g., lack of discipline; poor leadership; internal disputes	19	12

Of the 158 women interviewed from disbanded VBs, 26 had carried the lessons of WORTH with them and started new economic groups. All of these groups conducted savings activities and about three-quarters also disbursed loans. Nearly a quarter of the new groups had active income-generation activities in animal husbandry, vegetable gardening, silk production, or seed distribution.⁴⁰

Members are so enthusiastic about WORTH that they want to encourage others to establish new banks.

Groups were asked if they would like to help take WORTH to other women in Nepal, and 80 percent of both VBs and RGs said that they were “very excited to do that.” The other 20 percent said they would be “somewhat interested to help.” Not one group said that it would not be interested in supporting the spread of WORTH. (See Table 3.8.)

Table 3.8. Most VBs and RGs want to help spread the WORTH model.

Would you be willing to help take WORTH to other women in Nepal?

Description	Village Bank (n=288)		Replicated Group (n=45)	
	No.	%	No.	%
Yes, I would be very excited to do that	231	80	36	80
Yes, I would be somewhat interested to help	57	20	9	20
No, I would not be interested in doing that	—	—	—	—
Total	288	100	45	100

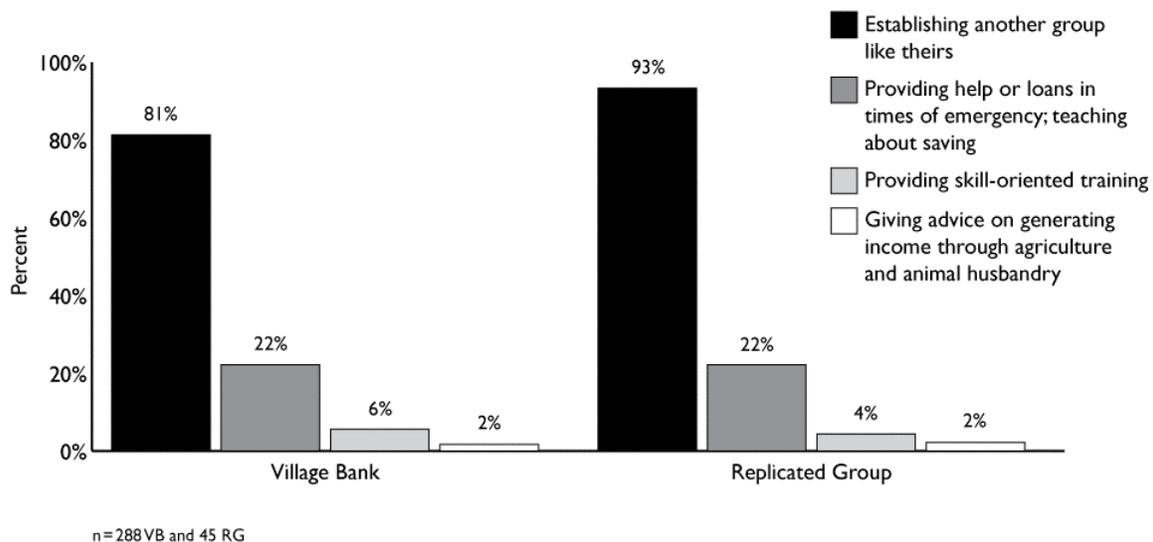
Over three-quarters of the Village Banks said that they would help spread the model by teaching other women about savings schemes. More than half said that they would give advice on group

⁴⁰ Dissolved group survey: Q104, 105.

formation, and nearly half said they would impart their own skills and experiences in areas including animal husbandry, agriculture, and leadership. Nearly half of the groups said they would be willing to teach how to give and take loans, and a quarter said that they could teach new groups how to maintain their transaction record books. Replicated Groups had similar results.

The members of the Village Banks and Replicated Groups also were asked in an open-ended question what they would like to do for the benefit of the women of their village. More than 80 percent of VBs and 90 percent of RGs reported that they would like to establish another group and emphasize to them the value of saving. Even though Replicated Groups had not started very many new groups themselves, by the time the survey was conducted their enthusiasm to do so was remarkably high, exceeding that of established Village Banks. This represents untapped potential for ongoing replication. (See Figure 3.2.)

Figure 3.2. How VB and RG members would help other women in their villages.



While women’s expressed interest in teaching technical skills is a reflection of the value they place on those aspects of WORTH, it should be noted that an indication of women’s charitable thinking lies in the fact that nearly a quarter of the groups said that they:

Would like to help other women in times of emergency / provide loans even to non-group members to assist in the time of problems / would like to get united to rescue the women who are victims of injustice and provide financial assistance / advise to take leadership roles / teach what we know and advise to save small amount, Rs. 10–15 to make life easier.

Many women are aware of both the financial and social benefits of participating in a WORTH group and are thinking about sharing their experience and learning with others. This interest in reaching out marks an important shift for women from being *beneficiaries* of the program to becoming *benefactors* to neighbors and peers.

A quarter of the Village Banks have helped to start hundreds of new groups.

If some members of the Village Banks want to replicate the WORTH model, there are others who have actually done it. VB management committees reported that women in a quarter of the VBs had helped start Replicated Groups. Most had helped form only one Replicated Group, but some had helped to form two, three, or even more. (See Table 3.9.) This works out to a total of 125 RGs for this sample of VBs and an estimated 427 RGs in the WORTH program area.⁴¹ If an average RG had 26.2 members at the time of the survey, as management committees reported for the purposively sampled RGs, then the RGs, if still operational in 2007, had approximately 11,000 members.

Table 3.9. Women in a quarter of VBs helped start at least one Replicated Group.

Have any members of your group helped start any other groups?

	No.	%
Yes	73	25
No	215	75
Total VBs	288	100
Number of groups started		
1	47	65
2–3	18	25
4+	8	11
Number of women in these groups		
<20	10	14
20–24	12	16
25–29	9	12
30+	21	29
Do not know	21	29
Total VBs helping to start RGs	73	100

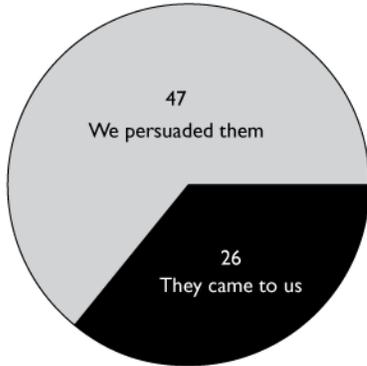
The initiative to form new Village Banks came largely from the existing groups. Interviews with the 73 VBs that had helped new groups form revealed that two-thirds of them had persuaded others to form the RG. (See Figure 3.3.)

⁴¹ The estimated number of RGs and members:

- a) 933 VBs in the total seven districts: $(125/450 \times 933) = 259$ RGs
- b) 1536 VBs in all program districts: $(125/450) \times 1536 = 427$ RGs
- c) 427 RGs x 26.2 members = 11,187 members.

Figure 3.3. Village Banks took the initiative to get new groups started.

Who initiated the action to start new group(s)?



n=73

The original VBs said that they had helped new groups by “checking and supporting them,” teaching them how to operate the group accounts, inviting them to visit their groups, and providing guidance on how to conduct meetings. Some groups also reported providing forms and books related to WORTH activities. (See Table 3.10.)

Table 3.10. How VBs helped new groups get started.

What did you do to help them get started? (multiple responses)

	No.	%
Checked and supported them	43	59
Taught them to balance accounts	31	43
Invited them to visit our group	31	43
Provided training (on maintaining accounts/meeting procedures)	25	34
Provided forms	10	14
Provided books	7	10
Leader encouraged other members in the community; leaders themselves attended the new group’s activities	4	6
Other (encouraged to save money)	1	1
Total	73	—

Even though RGs indicated enthusiasm for replication, this second generation of banking groups did not lead to a thriving third generation. Of the 45 RGs included in this study, only three (7 percent) reported that they had helped form a new group. Similarly, only one of the 288 VBs reported that an RG in its area had formed another new group.

With Help from One Community Bank, Another Finds Its Voice

The women members of Aadarsha Mahila Bachat Samuha, Baniyabhar, Bardiya district, received important guidance from members of an earlier established community bank, Babahi Mahila Samudahik. They started with no ideas about the value of saving money, or how to give loans to those in dire need. They also knew little about the value of collective work. Over time, members of the new group have learned “to share with others the knowledge and skills that we have learned so that they can also be aware about various social and economic issues.”

The women explain further: “We have now learned that group cooperation is necessary to share both happiness and sorrow. We do not learn only from each other in our own group; we go to other nearby groups as well. We ask members of these other groups [to] share issues of importance and needs.”

As can be seen in Table 3.11, virtually all of the Replicated Groups paid nothing in cash or in kind for the services provided by the WORTH group, even though the assistance provided was often substantial. While nearly half (49 percent) of new groups needed fewer than eight hours of training and support, the majority received more time. A fifth received eight to 15 hours, while 14 percent needed between 36 and 90 hours to learn about village banking.

Table 3.II. Details from VB management committees about the replication process.

	No.	%
Which books did the RGs use? (multiple responses)		
<i>Our Group</i>	11	100
<i>Forming Our Village Bank</i>	8	73
<i>Village Bank Lending</i>	8	73
<i>Village Bank Entrepreneurs</i>	6	55
Total	11	
Did most members get copies of the books or only the leaders?		
Leaders only	8	73
Members	3	27
Total	11	100
Where did they get them from?		
We gave the used books	1	9
Pact office	3	27
Other: from our members; youth club; community bank; cooperative or social development forum	7	64
Total	11	100
Did they pay for these books?		
Yes	1	9
No	10	91
Did a new group pay for the service it received? If so, what?		
Cash	—	—
Kind	1	1
None	72	99
Total	73	100
Total value of “in kind” payments (Rs)		
500	1	
In total, how many hours of training and support did the new group need?		
<8	33	45
8–15	14	19
16–23	6	8
24–35	10	14
36+ (36–90)	10	14
Total	73	100
Over how many hours was this training and/or support provided?		
<8	36	49
8–15	17	23
16–23	5	7
24–35	7	10
36+ (36–90)	8	11
Total	73	100

When asked what they would recommend in a program to start new groups, two-thirds of the WORTH management committees said it would be important to give advice about saving activities. A third emphasized the importance of giving advice about how to establish a group

and run it smoothly. A fifth of the committees called for education on the importance and uses of loans. In a corollary question, committees were asked to what extent they considered various elements of WORTH important. (See Table 3.12.)

Table 3.12. VB and RG management committees weight the importance of different elements of WORTH.

If you were to design a program to start new groups, to what extent do you consider the following elements as important aspects of WORTH? “Very important” responses.

	Village Bank (n=288)		Replicated Group (n=45)	
	No.	%	No.	%
Learning to read and write	269	93	42	93
Learning to keep good records	239	83	41	91
Learning to start or grow businesses	211	73	36	80
Learning to function effectively as a group	209	73	34	76
Learning from other groups	182	63	29	64
Other: deducting interest in advance; recovering loans on time	285	99	45	100
Total groups	288	100	45	100

Although it is not surprising that management committees valued lending, their endorsement of literacy reveals a dichotomy between what is valued and reality. As has been mentioned, books were only rarely available after Pact support ended. Only 15 percent of new groups benefited from any books in the *Women in Business* series. Further investigation seems essential: women replicating Village Banks embrace literacy, but the use of WORTH books by members of the new groups was anything but the norm.

More than half of the VBs continued contact with other groups.

The 2001 WORTH impact evaluation observed that one of the strengths of the original project was its success in building networks.⁴² Ashe and Parrott observed that while most microfinance programs linked only the individual or solidarity group to the microfinance institution (MFI) program through its staff, WORTH built relationships across groups through regular “Monthly Mobile Workshops,” in which group leaders came together for supplemental training and discussion. As a result, 60 percent of the groups exchanged visits and 70 percent collaborated on campaigns to stop such activities as gambling, drinking, and the trafficking of girls.

As noted in Chapter Two, WORTH groups also periodically held “Family Days,” during which women presented group and personal accomplishments and dreams to their families. Many women said these events had helped their families understand and accept the program.

⁴² Ashe and Parrott, pp. 29–30.

The current study explored how these networks had fared over the last six years, and found that over half of the VBs still met with other groups to socialize or to share ideas and experiences. A little more than a third provided technical support to each other, while a quarter worked jointly on advocacy campaigns. (See Table 3.13.)

Table 3.13. More than half of VBs continued to engage with other groups even after EWs stopped visiting. (multiple responses)

Has your group been involved with one or more other groups since the EW stopped coming, to undertake any of the following? (% yes)

	No.	%
Socializing	156	54
Sharing ideas and experiences	155	54
Providing technical support to each other	105	37
Joint advocacy campaigns	80	28
Joint social projects	68	24
Cross group visits	62	22
Joint fundraising	24	8
Forming an association	20	7
Printing forms	12	4
Other	3	1
Total	288	—

Friendship Networks and Mutual Support Bring Cooperation

Ms. Phul Maya Rai of Himchuli Samudahik Bank, Letang, Morang district is happy today, having a large network through the women’s group of which she is a member. She remembers the time before WORTH reached her village. At that time her son Shyam Rai used to study in a school. One day, he asked his mother for the fees overdue to his school for many months. The school administration had warned him that they would not admit him into the school unless he paid the fees due. Poor Ms. Rai had no money to give him. She asked neighbors and relatives to help her, but all of them turned a deaf ear. It seemed certain that Shyam would have to leave the school.

Ms. Rai had heard about a group formed in the village. She did not know what the group was doing, but she had no option but to go to the members and tell them about her situation. The group organized a meeting to solve her problem. It had only been recently formed and so far had not collected much money. However, they decided to collect some money from other sources and help her. Her son was able to return to school.

The group invited Ms. Rai to be a member and join their saving and credit program, and she did. She became involved in various training programs through WORTH, and learned to do productive work and make money, to meet her family needs and ensure that she is able to educate all her children.

In conclusion

Sustainability is a common theme in development literature and a recurring goal in the field of development planning and implementation. It remains an elusive aim, rarely achieved. Yet substantial proportions of Village Banks have not only survived, but thrived, replicating themselves in significant numbers with neither external encouragement nor support. Even women from disbanded VBs have created new savings and loan groups. It is no small accomplishment, and a tribute to the women themselves that they have done this in an environment plagued by civil unrest and armed rebellion and in communities confronted with conflict that for a number of years decimated markets and suppressed national economic growth.

CHAPTER FOUR

Beyond Village Banking: Literacy and Empowerment

Women in Nepal women are a numerical minority because they are marginalized. Women commonly suffer abuse at the hands of their husbands and other family members and women from the lower castes and minority ethnic groups face particular challenges. Overcoming these and other obstacles, women in the WORTH program built their own Village Banks and small businesses, and substantially enhanced their self-confidence through WORTH's unique literacy-led empowerment approach. This sets WORTH apart from traditional microfinance programs and even from other savings-led microfinance efforts. Indeed, WORTH is the largest and perhaps only savings-led microfinance program to include training in literacy and management practices. It may be the only savings-led microfinance program designed explicitly to promote the empowerment of women and not simply the development of community-based savings and credit groups to increase economic well-being. As a result of their WORTH experiences women are becoming leaders in their communities, working together, helping each other, and reaching out to those worse off than themselves.

In a country of extreme poverty and social stratification, women occupy the bottom rung of the ladder.

Historically the women of Nepal have been marginalized, and today gender equity is still a dream, not a reality. The low status of women has had many manifestations. Among the five most populous countries of South Asia, for example, Nepal ranks last or next to last on every important indicator pertaining to the well-being of women, including infant mortality, maternal mortality, malnutrition, immunization rates, life expectancy, access to safe water, illness, and calories available per day.⁴³

Nepal has one of the highest indices of "son preference" in the world. Nepali society prefers boys who from birth receive more and better food, and better access to life's other resources and opportunities. Meanwhile women and girls work much harder than men. On average women work 11 hours a day, compared with eight hours for men. Women have little control over their lives because Nepal's legal system and cultural norms restrict women's legal rights, including those relating to inheritance, property ownership, and marriage, as well as their decision making authority. Violence against women is prevalent in Nepali society with 95 percent of the respondents in one survey reporting first-hand knowledge of violent incidents.⁴⁴ Each year an estimated 5,000 to 7,000 girls under the age of 16 are trafficked to Indian brothels, and thousands more work as prostitutes within the country.⁴⁵

Durga Pokhrel, former chair of the National Women's Commission in Nepal, asks:

⁴³ World Bank, June 2000, p. 6.

⁴⁴ SAATHI/The Asia Foundation (TAF), 1997, p. 43.

⁴⁵ UNICEF, 1996, p. 4.

Is anyone empowered who has not the skill or access to earn even ten rupees a day, who is hungry each day, who cannot feed or provide for her children's basic needs, who is often sick and unable to work, who cannot read, who is mistreated in her husband's home?⁴⁶

THE IMPORTANCE OF LITERACY

Nepal also ranks low in terms of literacy, which is considered to be one of the most critical variables relating to development in general and the adoption of modern health and family planning practices in particular. Just a few years ago two-thirds of females over the age of six had never attended school, compared to only one-third of males.⁴⁷

By age 18 (and often younger, though it is illegal), many young women have married a man chosen by their parents. By age 19, a young woman typically has had her first child—the first of five or six—and the cycle begins again. In sum, women are often in poor health because of too little food, too much childbearing and work, and limited access to healthcare. Submissiveness, passivity, obedience are traits traditionally expected of Nepali women.

At Last, It Is Good for Women to Speak Out

Anita Chaudhari of Jharana Mahila Bachat Samuha, Udayapur, Bardiya district explains how WORTH helped her progress in her life.

“Before WORTH, women in the area lacked awareness of their value as human beings. Their principal understanding was that women were subordinate to men; women certainly did not have the courage to voice their opinions, even if they had good ideas. Older men, and sometimes other women, including mothers-in-law, would often prevent a woman from asserting her views. The common expression was, “Aimai bathi bhayeko ramro hoina” [It's not good for a woman to be talkative.] Women felt they had no alternative but to listen and obey.

“Now times have changed, thanks to training sessions and other WORTH-related activities we have attended. We have learned about women's rights and gender equality. All our village women have united together. Whatever problems we face, we solve them with a unified voice. Through unity we have found strength, and no longer feel subject to the authority of men. We feel confident arguing for our views and giving guidance to men and other women. The men in our community listen to us; they seek our advice and recognize the progress we have made. Today, women play a leading role as decision makers in the family and in the community.”

⁴⁶ Durga Pokhrel, “Women's Empowerment Situation in Nepal,” April 30, 2002.

⁴⁷ World Bank, June 2000, p. 6.

WORTH's focus on women's empowerment is unusual, and perhaps unique; women value the literacy component of this empowerment model highly.

All microfinance programs promote access to credit so that poor people can improve their lives by increasing their economic activity. At its core WORTH is about much more than that: it is about the *empowerment* of women. Banking, business, and literacy, the three core components of WORTH, all play an important role in helping women transform their lives.

This report has already said much about the profitability of village banking and women's efforts to grow small businesses, and about women reaching out to others within their communities. Yet, ultimately, literacy, not savings or credit, is what many women value the most in WORTH.

Achieving literacy has long been one of the greatest challenges facing poor Nepali women. As of 2007, literacy among Nepali men stood at 62 percent as compared to 26 percent for women.⁴⁸ In fact, in 12 of WORTH's 21 districts, female literacy rates were below the national average.⁴⁹

As discussed in the Introduction, Pact's WORD program tackled the problem of literacy through a major national project that ultimately reached half a million women from 1994 to 1997. Subsequently, many of the local NGOs that conducted WORD took the new WORTH program to many of these same women. The WORTH literacy curriculum, which was originally developed as a refresher course for women who had received some basic literacy training, was soon used in WORTH groups to enhance the literacy of all members, illiterate and semiliterate, many of whom had not been part of WORD.

Literacy was embedded in WORTH's design and implementation strategy.

WORTH's four-book, self-help literacy curriculum focused on these program objectives that Pact believed would promote empowerment: fostering a strong self-image, forming strong groups, and developing successful banks and businesses. The curriculum provided essential information in each of these areas, usually set forth in stories that encouraged women to reach their own conclusions through group discussions.

WORTH moved away from the traditional practice of hiring facilitators to serve as adult educators. Instead, literate members of a group helped their peers who wanted to learn. Using materials that Pact developed specifically for this self-help approach, thousands of Nepali women in WORTH groups did learn to read and write, while other women were able to experience the satisfaction of helping their peers. Pact reasoned that all of this supported WORTH's empowerment objectives.

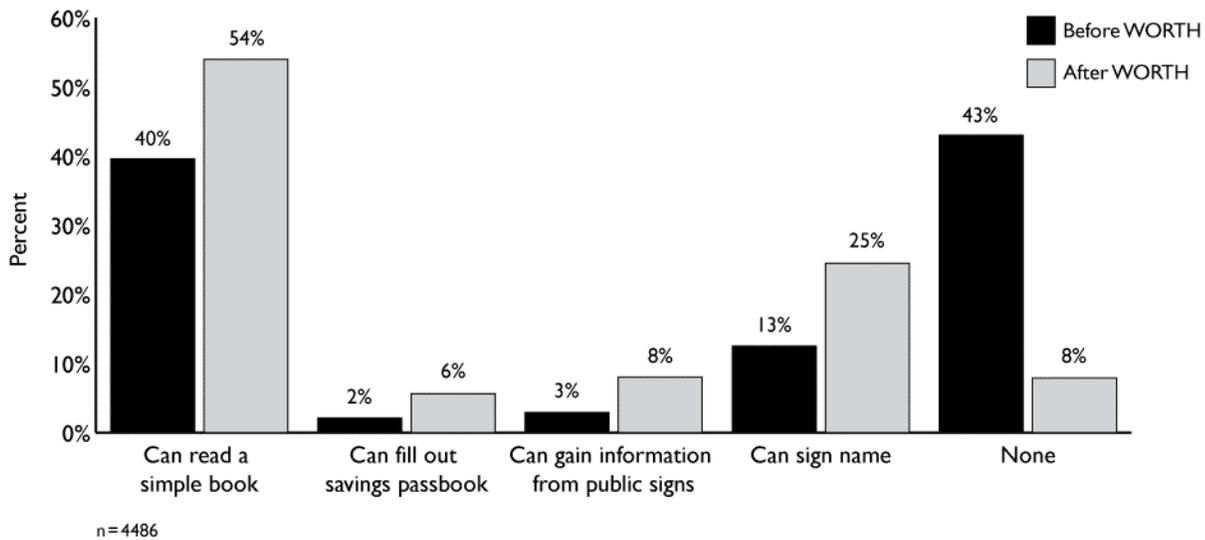
⁴⁸ IRIN, "Nepal Humanitarian Country Profile," UN Office for the Coordination of Humanitarian Affairs (Source: UNDP, April 2008), www.irinnews.org/country.aspx?CountryCode=NPA&RegionCode=ASI.

⁴⁹ Central Bureau of Statistics, Nepal, "Literacy 15 Years of Age and Above," population census, 2001.

The proportion of members totally lacking in literacy skills dropped to 8 percent.

Forty percent of Village Bank (VB) members reported that they could read a simple book at the beginning of WORTH. After WORTH, this grew to 54 percent. Before WORTH, more than two-fifths of VB members reported that they could not read a book, fill out a savings passbook, get information from public signposts, or sign their names. After the program, the proportion of women totally lacking in such skills dropped to 8 percent. (See Figure 4.1.)

Figure 4.1. Literacy status of VB members before and after WORTH.



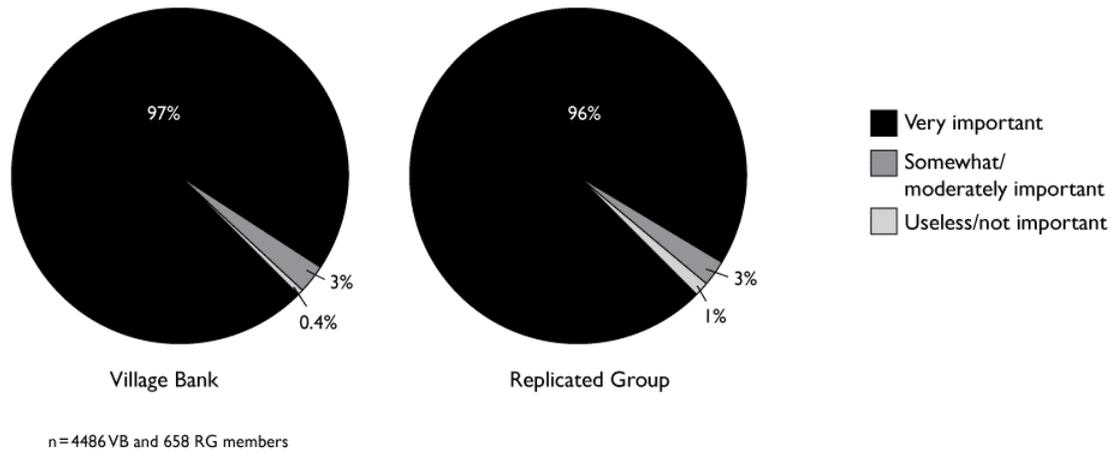
Replicated Group (RG) members started at a somewhat higher literacy level than VB members, possibly because their groups had formed more recently. The percentage of RG women who could read a simple book increased from 49 percent to 62 percent, while the percentage lacking even rudimentary reading and writing skills declined from 33 percent to 14 percent.

Members of VB and RG management committees reported progress in literacy in proportions very similar to those reported by group members themselves.

Virtually all WORTH members valued literacy very highly.

Nearly 97 percent of VB and RG members regarded literacy as a “very important” aspect of their lives. (See Figure 4.2.) One-half of VB members and 44 percent of RG members said the literacy they had gained as a result of their participation in WORTH had changed their lives.

Figure 4.2. VB and RG members' opinions of the importance of literacy.



Literacy was extremely important for the members of the Saraswati Village Bank, landless women from several different ethnic groups and castes who had accumulated almost \$1,000 by 2001. Members encouraged each other to read, “to build our confidence, faith in ourselves, faith in the savings and records; no one is coming to take our savings.” They were proud of their achievements:

We can all write our names now, and most of us can read. Literacy makes a big difference. We know the difference but we can’t explain it. It’s inside.

Small Steps in Literacy, Livelihood, and Self-Confidence Give a Sense of Pride

Lalita Chaudhari of Nari Kalyan Mahila Samuhik Bank, Narayani, Nawalparasi district has taken a remarkable journey from illiteracy and poverty to self-confidence and pride.

Until recently Ms. Chaudhari was illiterate, poor, and had very few household necessities. If guests came to visit, she generally lacked not only grain to make food, but also decent plates and bowls. After joining her group, Ms. Chaudhari started taking steps to improve her situation. She learned the value of saving money and took literacy classes. She also began to learn skills such as weaving and knitting, which allowed her to earn increasing amounts of money.

Ms. Chaudhari’s changes have prompted a better atmosphere in her household. She now wants to welcome guests and is no longer worries about new family members or feels shy in front of guests. She has learned that she can make guests happy with whatever she has. In understanding her situation better, Ms. Chaudhari has learned that even rich people worry and sometimes feel inadequate. She explained: “The most valuable things I’ve learned are awareness and, afterward, satisfaction. If we are aware enough of our reality, we can find satisfaction with whatever we have. I did not go to school, so I cannot be a learned person, as others are. But I am happy that I have learned to read and write in my older years. What satisfaction could I ask for beyond this?”

Women in both VBs and RGs were told that other women’s groups in Nepal would like to replicate the WORTH model, but that resource constraints might prevent them from undertaking all the activities that the Village Bankers had done. When asked to rank WORTH activities in importance for the purposes of replicating the model, 76 percent of the women ranked “learning to read and write” first and 20 percent ranked “saving” first. Most ranked “saving” second and “receiving loans” third. Women gave the lowest priority to “maintaining relations with other women’s groups” and “planning and implementing social activities and infrastructure development.” RG members gave similar responses. When VB management committees were polled on this same question, they also gave literacy top billing. (See Tables 4.1 and 4.2.)

Table 4.1. Women ranked “learning to read and write” as the most important element to preserve as the WORTH model is replicated.

Activities	Ranking	% of VBs	% of RGs
Learning to read and write	First	76	64
Saving	Second	59	58
Receiving loans	Third	45	56
Learning about women’s rights and advocating for them	Fourth	22	18
Learning how to start and operate a small business	Fifth	20	22

Table 4.2. Most managing committees rated five elements of the WORTH model as “very important.”

If you were to design a program to start with new groups, how important would be the following elements of WORTH?

	Village Bank (n=288)			Replicated Group (n=45)		
	Very important (%)	Important (%)	Not important (%)	Very important (%)	Important (%)	Not important (%)
Learning to read and write	93	7	—	93	7	—
Learning to keep good records	83	17	—	91	9	—
Learning to start or grow businesses	73	26	0.3	80	20	—
Learning to function effectively as a group	72	27	0.3	76	24	—
Learning from other groups	63	37	0.3	64	36	—

Paradoxically, while both regular members and management committee members affirmed that they valued literacy highly, VB women did not always pass the literacy curriculum along when they started new groups. (See Chapter 3.) Of the 73 VB management committees that helped start RGs, 53 percent reported that the new groups were not carrying out literacy activities. Yet all management committees reported that the new groups were saving and lending money.

This may be because literacy education works best when each woman has her own copy of the introductory WORTH literacy book, *Our Group*. Women in VBs were not always able or willing to pass on their books because they were either using them or had promised their copies to others. Learning to read and write also requires the direct assistance of literate helpers or teachers and a longer commitment of time and energy without the immediate income-generating potential of banking and business.

Members of almost half of the RGs were learning to read and write despite these obstacles. Twenty-nine percent of VB management committees said that most of the RGs in their area were doing literacy work, while 18 percent said that all the RGs in the area were doing this.

Members learned many skills in addition to literacy, banking, and business—and shared these skills with others in the community.

Nearly all VB management committees said that their members had mastered a wide array of skills, including public and, even political, speaking and community mobilization or leadership. Members used such skills to speak out about their rights, including property inheritance rights. (See Table 4.3.)

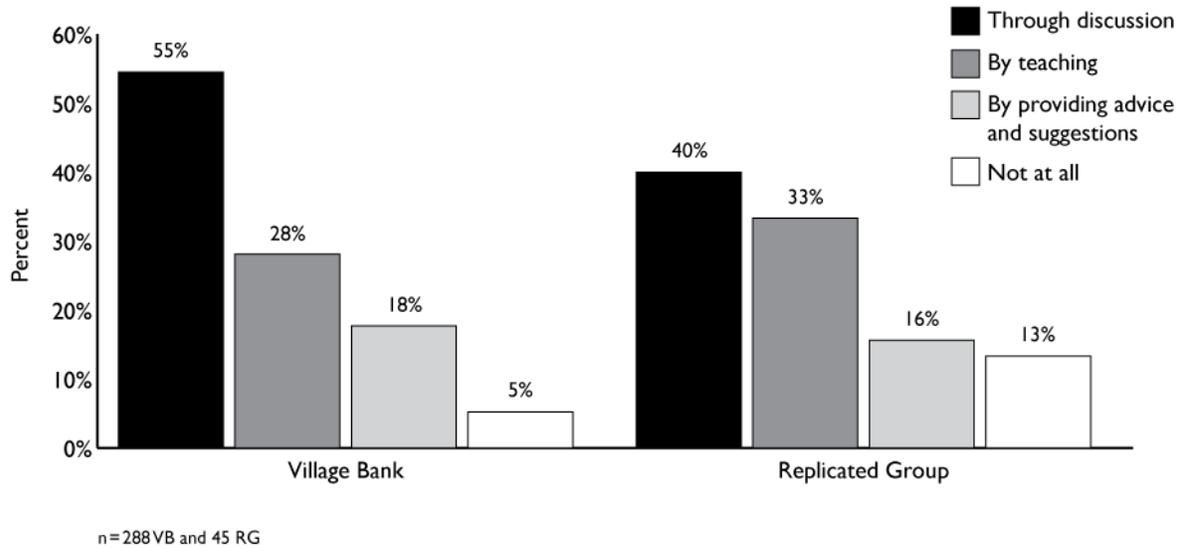
Table 4.3. Skills learned by members as a result of WORTH, according to management committees.

Did members learn any skills as a result of WORTH?

	Village Bank		Replicated Group	
	No.	%	No.	%
Yes	274	95	39	87
No	14	5	6	13
Total	288	100	45	100
Skills learned (multiple responses)				
Account keeping; use of calculator; auditing; handling bank account	108	39	14	36
Public speaking; participation in social activities	50	18	9	23
Saving; providing loans to businesspeople; running businesses from loan	40	15	8	21
Managing shops; starting businesses and teaching the same to others	37	14	7	18
Community mobilization; leadership	29	11	8	21
Raising one's voice for women's personal and property rights	26	10	4	10
Vegetable gardening; animal husbandry, including goat, cow, and buffalo keeping	25	9	—	—
Writing and reading and teaching the same to others	18	7	1	3
Other: how to identify gender and domestic violence; cooperation; maintaining relationships with trustworthy friends	6	2	1	3
Total	274	—	39	—

Village Bankers reached out to their community in a variety of ways. More than half of the VB committees reported that members discussed their loans and how they used them, and nearly one-third taught classes. (See Figure 4.3.) Others provided advice and suggestions for developing businesses, including ways to increase monthly income through entrepreneurial activity. Discussions and classes about agriculture addressed such diverse issues as preparation and use of organic fertilizer and insecticides, vegetable gardening and mushroom cultivation, increasing production with improved seeds and fertilizers, compounding medicines for cattle, inoculating poultry against diseases, and the advantages of pig and goat keeping.

Figure 4.3. How members shared skills with others, according to management committees.



“I am a decision maker now”

Ishwori Nepal, treasurer of Digdarshan Mahila Bikas Bachat Tatha Rin Sanstha Pithuwa, Chitwan, has strong ideas about family and community decisions, but until recently, she lacked the means to express herself. Shyness played a prominent role. She would curse herself, saying that speechlessness was simply her fate. Even in her specialty, buying and selling clothing, grains, and livestock, she kept quiet on pricing decisions.

Of course, Ms. Nepal’s reticence had nothing to do with fate. In her community, women customarily kept silent as their husbands dictated roles and responsibilities. Women did not have the language, or confidence, to give their husbands feedback or suggestions. Furthermore, decision making by a woman in the family and community is considered not only strange, but a disgrace to the husband, parents-in-law, and other older members of the community.

As a participant in WORTH, Ms. Nepal learned about women’s roles within the family, including a woman’s rights. She and other participants felt empowered and their husbands were pleased to cede some responsibilities. As a result, she gained courage to express her thoughts and opinions. She improved not only her ability to express herself but also the level of equality between men and women in her community.

Nowadays Ms. Nepal is a leader in her family and community. She is a member of committees on school management, temple construction, sanitation, and other matters. “I have not only shown people that women can work at the level of decisions, but I myself am a decision maker now,” she said.

EMPOWERMENT: APPLYING APPRECIATIVE PLANNING AND ACTION

Appreciative Planning and Action: Women discover their strengths and help one another.

Several other programs rely on group savings to fuel microfinance. WORTH, however, is special in the following important respects:

- It is a program built on self-help, on women helping themselves and each other. It is the only program that includes literacy and business management training
- It is the only microfinance program that holds women's empowerment as a major goal
- WORTH is the only program that uses *Appreciative Planning and Action* (APA) to start the process. The APA group-based empowerment approach is the foundation of all WORTH training programs, workshops, books and other materials, and is consistently rated as the most popular and inspiring component of all training sessions.

APA is a simplification and adaptation of a method called *Appreciative Inquiry*, developed at Case Western Reserve University for use in the corporate sector. The foundation of this methodology is the *Participatory Rural Appraisal* approach developed by Robert Chambers of the Institute of Development Studies, University of Sussex, in the United Kingdom.⁵⁰ The APA methodology was further elaborated with input from Case Western/USAID's 1990–2001 *Global Excellence in Management (GEM) Initiative*.⁵¹ This unique community-level planning approach is now used in WORTH in Asia and Africa and by other organizations in other countries.⁵²

APA's fundamental philosophy is that it is more productive and empowering to search for the root causes of success than to try to understand problems. Its approach is based on three basic principles:

- If you look for problems, you will find and create more problems
- If you look for success, you will find and create more success
- If you believe in your dreams, you will create miracles.

WORTH Empowerment Workers in Nepal used this APA approach to help women at group meetings to share stories that portrayed their capacity for achievement, to share their successes, and to join and build upon what they learned. They encouraged women to meet in their groups regularly and to engage in this four-step process:

- 1) *Discover*: Women were asked to remember a moment in their lives when they felt proud, excited, or in charge, when they felt they could accomplish anything, and then share those stories with one another. Stories ranged from the predictable—

⁵⁰ *Methods for Community Participation: A Complete Guide for Practitioners*, Somesh Kumar and Robert Chambers, October 2002; *Rural Appraisal: Rapid, Relaxed and Participatory* (IDS Discussion Paper), by Robert Chambers, 1992.

⁵¹ The Organizational Excellence Program (OEP), a pilot project founded in 1990 to create ways for the U.S. Agency for International Development (USAID) to offer innovative management and leadership training to U.S. Private Voluntary Organizations. The OEP became the Global Excellence in Management Initiative (GEM) operating under a USAID grant given to SIGMA/Case Western Reserve University. See <http://appreciativeinquiry.case.edu/intro/timeline.cfm>.

⁵² For example, see "The Power of a Positive Lens in Peace Building and Development," Malcolm Odell with Bernard Mohr, Case Western Reserve University, *Designing Information and Organizations with a Positive Lens: Advances in Appreciative Inquiry*, JAI/Elsevier, Oxford, UK, 2008; "Appreciative Planning and Action: Experience from the Field," Malcolm Odell (Sue Annis Hammond and Cathy Royal, eds.), *Lessons from the Field: Applying Appreciative Inquiry*, Practical Press/Thin Book Publishing Co., Plano, Texas, 1998.

- recognition at school—to the unforeseeable—rescuing a child who had fallen down a well.
- 2) *Dream*: Empowerment Workers asked women what they would like to accomplish in five years with WORTH. Women were asked to draw pictures showing what they wanted their communities to look like and what they dreamed for their children and grandchildren, and to share their pictures with each other.
 - 3) *Design*: Empowerment Workers asked women how they planned to use the WORTH program to realize their dreams.
 - 4) *Do it now*: Women decided upon a small project to start immediately that would put their plans into action.

Other elements of the APA process included celebration of success through “dance and drum” and “discussion and dialogue” for evaluating progress and finding ways to do things “even better.”

Women began to see themselves as achievers rather than victims and discovered their inherent power to change their lives. In the process, the group provided support in solving practical problems, sharing new knowledge, and celebrating success. Together members created visions of the future, including what they wanted for their children, grandchildren, and communities. As they noted their accomplishments as bankers and businesswomen and the increased respect from others, women realized they could achieve their visions for their families and villages. Taking these visions to others in their communities, they worked together to tackle of the toughest social issues imaginable: domestic violence, child marriage, girl trafficking, spousal abuse, and HIV/AIDS.

The Asia Foundation complemented the APA process with training in rights, responsibilities, and advocacy that helped WORTH women experience the power of community action.

The Asia Foundation (TAF) delivered a six-month course in women’s rights, responsibilities, and advocacy during WORTH implementation. As part of the TAF curriculum, as in the APA approach, women were expected to develop action plans for bringing about development or change in their communities. At the beginning of WORTH, women’s collective activities in the community were split between physical infrastructure development and social campaigns/collective actions. After two years, however, a shift became evident: nearly two-thirds of women’s collective activities focused on social change, including campaigns against such problems as alcoholism, gender-based violence, polygamy, child marriage, and the denial of education to girls.

From Darkness into Light

Bimala Upadyaya was at the mercy of her in-laws. With her husband, Hari Prasad, away working in India, Ms. Upadyaya could not move about outside the home. She was aware of the importance of saving money, but could not attend very often the meetings and literacy classes conducted by her WORTH.

Ms. Upadyaya was not permitted by her in-laws to study the group's empowerment literacy book at home either. She decided to learn to read her empowerment literacy book during her trips to the jungle to collect fodder and fuel. The members of her savings group helped her and she gradually (and secretly) learned to read and write.

Ms. Upadyaya's friends suggested that she write to her husband to let him know about her achievements. Indeed, Hari Prasad was impressed with Ms. Upadyaya's newly acquired reading, writing, and math skills. Dismayed to learn about the way his parents were treating his wife, he started sending letters to his parents warning them to treat her better. Ms. Upadyaya read his letters to his parents. They were surprised to learn about Ms. Upadyaya's newly acquired literacy skills and were impressed to find that their "good for nothing" daughter-in-law could actually contribute to the family's welfare through her savings group membership and activities.

Before Ms. Upadyaya learned to read, no one read Hari Prasad's letters to her or gave her any information about his whereabouts. Now she can communicate with him directly and has gained status in the family. She attends her group meetings and her family seeks her advice when household decisions are made. As Ms. Upadyaya puts it, the WORTH literacy program has brought "golden morning rays to a world previously filled with darkness."

Sharing of success stories through APA resulted in thousands of new businesses.

The results of the simplified APA empowerment and planning process became evident early in the WORTH program. Pact's semiannual results surveys revealed that before the WORTH business books and materials had even been published and distributed—before any business-oriented training had begun—women were already starting new businesses. Between June 1999 and June 2000, the number of women with microenterprises quadrupled, from 19,000 to 76,000. During the same period women's gross earnings increased seven-fold, from \$600,000 to \$4 million.

Table 4.4. WORTH objectives and results indicators, 1999-2000

	June 1999 (6 months results)	June 2000 (18 month results)
Women in business	19,000	76,000
Savings	\$720,000	\$1.2 million
Group loans (est.)	\$250,000	\$1 million
Microenterprise gross earnings/sales	\$600,000	\$4 million

US\$1 = Rs. 70

Two factors appear to account for these unusual results:

- *Integrated empowerment messages* had been woven into all literacy and training materials, particularly in support of microenterprise development, including stories about women in business
- *Women learning from women*: The empowerment stimulated by the *Appreciative Planning and Action* approach had encouraged women to share their stories, make plans, and take action.⁵³

The current study supports these early findings that APA has been an effective, sustainable process. Two-thirds of VB management committees attribute their groups' longevity to "mutual trust, frequently related to conducting activities with group consensus," a process consistent with the APA approach. When asked how their group activities had changed since the Pact Empowerment Workers stopped visiting in 2001, 70 percent of the Village Banks reported that "meeting as a group" had increased, while over half (58 percent) reported "getting support from the group to address individual and/or family problems" had increased. This suggests that empowerment came from WORTH group meetings conducted around the APA process. (See Table 4.5.)

Table 4.5. How have group activities changed since the EWs stopped coming?

	Decreased (%)	Stayed the same (%)	Increased (%)
Meeting as a group	2	28	70
Getting support from the group to address individual and/or family problems	2	40	58
Networking with other women's groups	8	50	42
Making and implementing plans for social action	6	62	32
Making and implementing plans for infrastructure development	6	72	22

In conclusion

Together the data summarized in this chapter and throughout this report suggest that WORTH made empowerment possible for groups and individuals beyond what can be attributed to the economics of village banking. Women placed remarkably high value on WORTH's literacy component, saying it was as least as important as the banking program, if not more so. Women gained self-confidence and practical leadership skills, engaging in public speaking and teaching others. WORTH women took on leadership roles in their communities and, with the support of the *Appreciative Planning and Action* process, undertook a wide range of social and community development activities.

⁵³ From "Moving Mountains: Appreciative Planning and Action and Women's Empowerment in Nepal," Malcolm J. Odell, Jr., in *AI Practitioner*, London, August 2004, pp. 5–10.

CHAPTER FIVE

Business, Banking and Accounting for Empowerment

When Pact initiated this research it expected that after six years significant changes—even deterioration—would have taken place in Village Banks' membership, management, and accounting systems as banks struggled to survive in an environment of scarcity, political unrest, and uncertainty. Pact assumed that many, if not most, Village Banks would have disappeared and that the operations and performance of those that remained would not meet the standards established at the outset. Changes did occur. Groups simplified the bookkeeping system, and without forms some reverted to simple ledgers. Management and membership remained stable, however, and meetings continued regularly, although more often monthly than weekly. Loans were given and repaid, and transparency and accountability remained intact.

It is remarkable how little had changed in the operation and management of Village Banks (VBs) since 2001. The membership of operating VBs had remained stable; members had reached out to other women, seeking as new members those of similar socioeconomic or lower status. Lacking outside support of any kind, VBs had cut back on literacy programs that were dependent on now-scarce core handbooks, though women in many Replicated Groups (RGs) still did pursue the mastery of reading and writing skills. Management and accounting practices had been retained and members of existing VBs had taught new groups much just as the original groups had been trained by Pact and its partner NGOs. Without a continued source of WORTH accounting forms, VBs had improvised their own record books. WORTH systems clearly had not deteriorated, and in several ways they had been improved.

Seeing themselves as active bank members, women highly valued their groups and retained discipline and commitment over the long run. They did not, however, feel bound to the WORTH systems and policies they had learned and practiced early in the program. While women in WORTH still embraced the program's fundamental tenets of self-help, group solidarity, transparency, participation, and fair play, most groups had adapted WORTH's systems to meet their evolving needs. They had made changes in such arenas as record keeping, meeting schedules, loan policies, and dividends.

Women Unite to Make Public Health a Priority

The members of Gramin Bikas Mahila Samuha, Dibya Nagar, Chitwan, are living a healthy life nowadays. Tremendous improvement in their village has occurred since WORTH began working with them. They report:

“In our village we never used toilets. People relieved themselves in any open space. The roadsides and fields, where we planted crops, were rarely clean. Another resource we lacked was water; the nearest source was more than a 10-minute walk away. Installing a tube well [stainless steel tubing to transport water from an underground source] in our homes cost too much money. People and animals drank from and bathed in the same well water. Not surprisingly, illness was common and people sought treatment from traditional healers. Life in our village was chaotic.

“Then we heard about WORTH, which facilitates growth and opportunities for women. Women in our area decided to form a group and began learning about sanitation and health. We started collecting money for the benefit of the community. We came to understand the importance of having a separate toilet for each household. The money we collected went toward the construction of a tube well in each home. Sometimes, we remember how it was before: we were living in a jungle-like environment. We had no idea how effective forming a group could be.”

Some record-keeping practices changed over the years.

The original WORTH record-keeping system had eleven forms, including savings and loan passbooks, a financial statement, and a balance sheet. Management committee members received a nine-day course in the use of the bookkeeping system that taught them about those forms.

In the beginning WORTH groups were remarkably dedicated to following guidelines faithfully and treated the *Women in Business* books almost as sacred texts. Pact staff recall, for example, discovering many groups using a clock at their meetings. When asked why, the women responded, “Because in *Our Group*, it is written that we should do this exercise for 15 minutes. We must be sure we do that.” Similarly, WORTH groups were very careful to use the printed forms provided by Pact, and showed concern if in a new banking cycle all the forms were not available.

In 2007, by contrast only 12 percent of VBs reported using the original forms, and another 16 percent were using an adaptation of those forms. Three-quarters of the management committees had shifted their own forms or a traditional ledger book.

Two primary reasons perhaps explain this change in practice.

First, and perhaps more obvious: the forms were no longer available. Groups could not readily obtain more forms once the formal program ended. While some groups banded together at the end of the program to order several years' worth of forms at a discount, and others found creative ways to procure forms (as illustrated in the story below), many made no provision for their future needs. Many groups likely reverted to using a simpler, more readily accessible system when forms ran out.

Second, while the bookkeeping system provided strong checks and balances and made it possible for a VB to track its assets and liabilities carefully the system was not streamlined or particularly intuitive. A management committee might opt to drop the cash control sheet, cashbook, or summary transaction sheet in an effort to simplify and accelerate the bookkeeping process. Time-saving measures would have been welcome since most groups reported that their meetings usually lasted about two hours. This was a big time commitment for women who typically work 10-to 14-hour days.

**Community Development Center
Finds an Innovative Way to Produce Savings Passbooks**

In February 2002, seven months after WORTH fieldwork and support ended, a Pact team went to visit programs in Nawalparasi supported by a local NGO, the Nawalparasi Community Development Center (NCDC). The team learned that NCDC had been established four years before and had helped foster 54 women’s economic groups, including 24 Village Banks. NCDC’s focus was on women’s development, and most of its staff and officers were teachers who volunteered.

The NCDC staff member showed the team bright-green passbooks that NCDC had recently printed. Thanks to a rather remarkable fundraising initiative, NCDC had raised the money for printing the passbooks (Rs. 3, or 4 cents, each) by producing a local Nawalparasi telephone directory, selling advertising space in it, printing it (for Rs. 20, or 25 cents). Selling it to merchants for Rs. 40 (53 cents) made them a profit of about Rs. 20 per copy. This enabled them to print about seven passbooks for each directory they sold.

Meeting participation remained strong.

High meeting attendance is another good indication of group dedication. Management committees reported that an average of 22 members (81 percent) attended a typical meeting—the same as the number of members who had attended the most recent meeting and very similar to average attendance in 2001. (See Table 5.1.)

Table 5.1. Participation of members in the group meetings.

	Village Bank	Replicated Group
Number of members at a typical meeting (average)	22	20
Number of members at the last meeting (average)	22	20
How long does a meeting usually take?		
Two hours or more	34	38
One or two hours	59	56
Less than one hour	8	7

A Penny in the Bank, and Dignity Follows

The women of Mahila Utthan Samudahik Bank, Baniyabhar, Bardiya district, explained how WORTH helped them improve life in their village.

“Before WORTH came to our village, we did not know what it meant to save money. Whatever money we got hold of, we spent it right away. We never thought about the future. The main contribution of WORTH to our area was to make people aware of the advantages of saving money and offer tips on how to do it. In learning about how to spend more wisely, members of the group realized how, in the past, we had thrown away our hard-earned money on things that could be harmful to our bodies, such as cigarettes and liquor, or that at least were not necessary, such as tea. We came to understand that we could let go of our addictions and save our extra money.

“Our group has accumulated money, and our fund is increasing day by day. We can use this money for our children’s education, including high-cost English medium private boarding schools. We also use our money for health care. Instead of taking our sick to traditional healers as we once did because we lacked money, we can now take advantage of the nearest health post or hospital. We are coming to understand that traditional healers often cannot truly help sick people. Treatment at a hospital or health center is quicker and achieves good results.

“In addition to earning money for ourselves and our families, members of our group have gained confidence. We know better how to respect others and how to protect our welfare; this means no longer purchasing unhealthy items and refraining from idle gossip and backstabbing. We no longer see the same value in wasting time. No longer can anyone accuse us women of lacking logic; this was a common charge before WORTH arrived. We have dignity, we have courage, and we have savings. These qualities are at the center of our lives.”

The groups discussed a wide variety of topics besides banking and business.

Attendance at meetings was probably so strong in part because VB members saw their groups as something far more important than simply a banking group. As discussed in Chapter 2, at their meetings members typically discussed a broad range of issues of importance to them.

Management committees reported that topics fell into the following main categories:

- *Social issues.* Topics included the need to clean village markets, roads, and *toles* or blocks
- *Infrastructure.* Topics encompassed the construction of temples and roads, and the promotion and construction of sanitary latrines and drinking water facilities
- *Domestic affairs.* Groups discussed the education of children
- *Health issues.* Groups discussed caring for the sick, HIV/AIDS, immunization, distribution of vitamins, treatment of pneumonia and diarrhea, the provision of medicine to treat worm infestation, reproduction, and safe motherhood⁵⁴

⁵⁴ While not measured during this study, the 2001 MIS results survey reported a 78 percent increase in the number of WORTH women practicing family planning since the program started in 1999, a finding that confirms numerous other studies that suggest a high correlation among education, income, and the adoption of family planning practices.

- *Financial or economic issues.* Groups explored fundraising possibilities including the promotion of folk media, goat keeping, collective turmeric farming, candle and incense production, and shopkeeping
- *Alcoholism and drug abuse.* Groups considered ways to control these problems in their communities.

Two-thirds of the VB management committees and 56 percent of the RG committees reported that members brought up specific personal or family problems during meetings. The principal problems were quarrels with husbands (including domestic violence) and arguments between mothers-in-law and daughters-in-law, followed by matters related to illness and sexually transmitted diseases. (See Table 5.2.) A group’s most frequent responses were to offer advice, support, or monetary assistance.

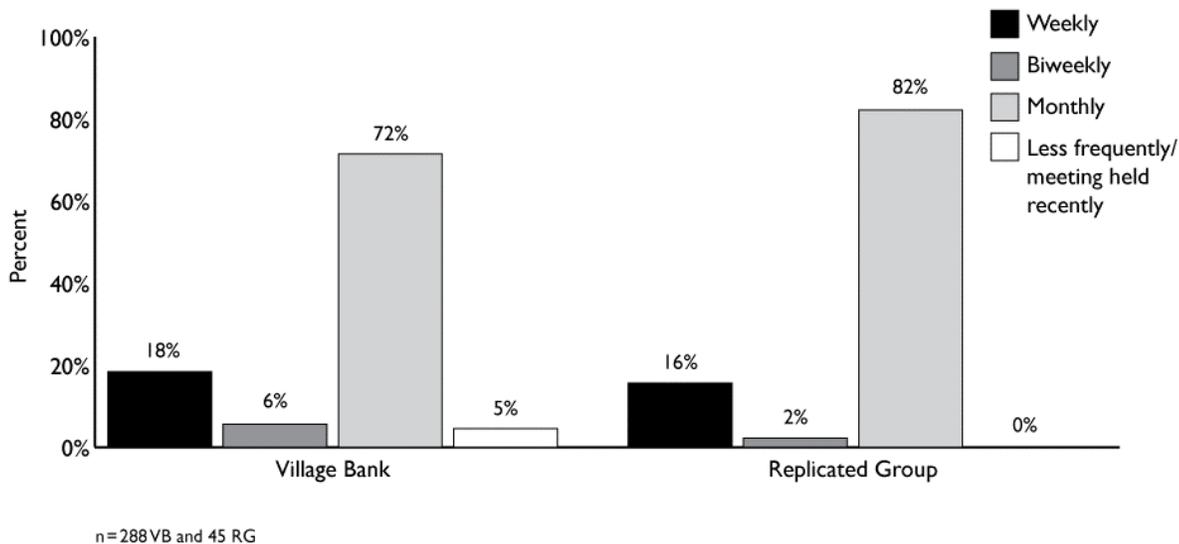
Table 5.2. Most important or prevalent issues discussed in VB or RG meetings, according to management committees.

	Village Bank (n=188)		Replicated Group (n=25)	
	No.	%	No.	%
Quarrels between husband and wife (alcohol frequently a factor); husband's objection to wife joining the group; quarrel between two wives; conflict among neighbors	145	77	16	64
Health matters, including sexually transmitted diseases	34	18	7	28
Labor and money issues concerning agriculture; financial problems	21	11	5	20
Mothers-in-law's complaints about daughters-in-law's rights to savings	20	11	2	8
Inability to pay school fees	17	9	2	8
Breakdown of animal husbandry and agriculture	11	6	2	8
Other: polygamy; dowry system; rights to inherited property; adult education; business; gambling; unwanted pregnancy	15	8	2	8

Meetings were less frequent than they had been early on.

During the formal WORTH program groups met every week for two hours, excluding the time management committees spent to balance the books after the meeting ended. Over the years many groups adopted a different schedule. This is understandable given the Maoist insurgency and the little time to spare women had from their household, childrearing, and daily chores. Although some management committees (18 percent) said meetings were still held every week, nearly three-quarters reported that their groups held meetings every month. (See Figure 5.1)

Figure 5.1. Frequency of meetings in VBs and RGs as reported by the management committees.

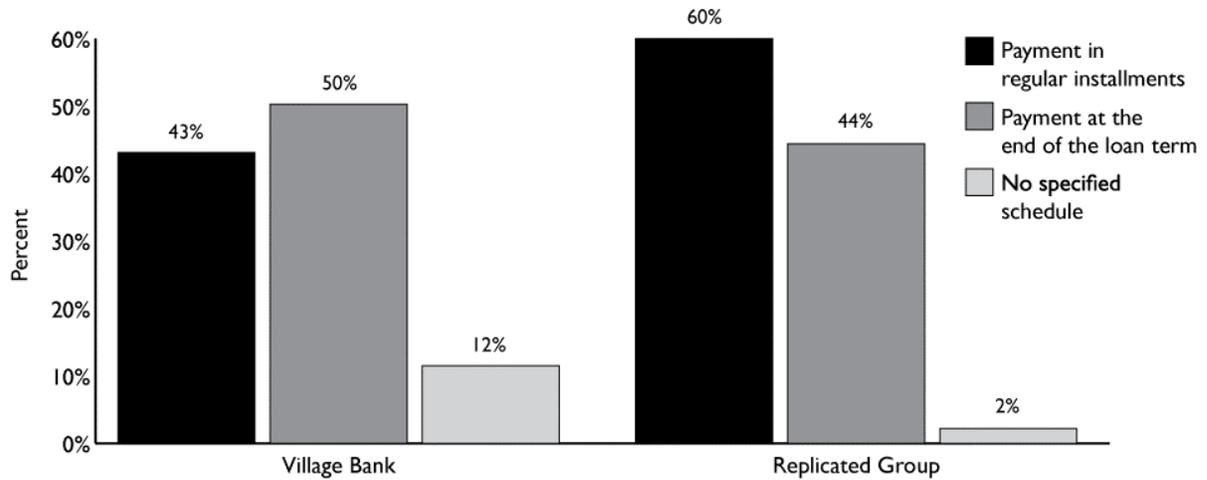


Loan repayment policies varied.

WORTH groups learned to operate a lending system in which the group withheld interest at the time of the disbursement of a loan. The week after receiving a loan the borrower paid the first of equal installments that she continued to pay for the loan’s term. Once an installment was paid, the group could immediately relend that capital to another borrower. This system makes it possible for groups to work their capital very hard and efficiently. Village Bankers appreciated this system’s ability to generate a high return. Indeed, when a woman suddenly needed cash, it was common for her to borrow from outside the bank so that her savings could continue to return a profit.

Many groups moved away from this weekly installment system. Although 43 percent of the Village Banks reported that their members paid their loans back in regular installments, many groups expected monthly rather than weekly payments. Half of the VBs reported switching to a payment schedule in which borrowers paid at the end of the loan term. (See Figure 5.2.) Though this did not generate as much interest income as did weekly installments, this more relaxed system of loan repayment required fewer meetings and less bookkeeping, and may have been more suitable to the cash flows coming from borrowers’ business investments. It may also have reflected the depressed market opportunities that women experienced during the Maoist insurgency.

Figure 5.2. Types of repayment schedules used by VBs and RGs, according to management committees (multiple responses).



n=288VB and 45 RG

Some Village Banks made loans to nonmembers.

Although women in WORTH read about and discussed the dangers of lending to non-members, one in five Village Banks reported that they did this. When this occurred, over half of the VBs reported charging a higher rate of interest than they charged internally. A few management committees said that they had lent funds to another VB or savings group at a rate of 2 percent per month.

Most Village Banks had not altered dividend practices since 2001.

Women read program materials together that taught them about the dividends a Village Bank could distribute at the end of each loan cycle, which was four months long. Women were encouraged to distribute a “paper dividend,” one that would be recorded in each woman’s savings passbook but not actually taken out of the members’ collective savings. By leaving their money in the bank, members would sustain the growth of the fund.

In 2007, approximately 90 percent of the VB management committees reported that they do not pay dividends in cash, but rather recorded them in each member’s savings passbook. Eight percent of VBs paid dividends in cash and 4 percent paid some of the dividend in cash and recorded the rest of the dividend in the passbook. Replicated Group results were similar.

The fact that such an overwhelming majority of groups had continued the practice of retaining the earnings of their bank indicates that women appreciated the group fund’s capacity to generate an attractive return as a loan-dispensing vehicle. As discussed previously, women also appreciated that the fund is a resource that can be tapped for community projects, emergencies, and special needs, a form of informal insurance that served as a “safety net” for members and their families. (See Table 5.3.)

Table 5.3. How dividends are distributed, according to management committees.

Does the group pay out cash or record the dividend in each member's savings passbook, or both?

	Village Banks		Replicated Groups	
	No.	%	No.	%
Cash payment	22	8	2	5
Deposit in members' savings passbooks	227	79	37	86
Both	12	4	2	5
Deposit in members' accounts	27	9	2	5
Total	288	100	43	100

Some WORTH Village Banks had negotiated loan terms with a microfinance institution.

When WORTH was first designed, some envisioned savings-led village banking as little more than a preparatory step for groups to link to credit-led microfinance services. The rationale was that if WORTH groups could show that they could hold savings, be responsible borrowers, invest prudently in income-producing businesses, and even keep accurate accounts of their transactions, microfinance institutions (MFIs) would find them highly desirable clients.

In fact, although 8 percent of Village Banks have linked to MFIs, village banking has proved anything but merely a stepping stone to accessing MFI financial products. Indeed, although MFIs have approached VBs with loan offers, the responses have varied. Some VBs have welcomed the offers, while some have rejected them because they did not want to pay interest to an external entity. Other Village Bankers have bargained. Specifically, when offered loans at 24 percent annual interest, one VB countered with an offer to take the loans at 18 percent, relend to members at 24 percent, and then allocate the 6 percent spread as part of the distribution of dividends to VB members.

Management committee members had not changed as often as WORTH recommended.

Members of each Village Bank elect a four-person committee responsible for managing the day-to-day affairs of the group and keeping the accounts. The original WORTH program recommended an orderly rotation of management committee members as a way to spread the workload and maintain transparency in bookkeeping.

When committee members were asked how many years they had been in office, nearly 90 percent said more than five. It seems that management committee members were comfortable doing their jobs and did not want to move out of their positions. It is also likely group members wanted them to stay. In addition, new candidates may have not have stepped forward because the work might have seemed onerous or the skills required too challenging. Whatever the reason, as WORTH expands, this is an issue that deserves further exploration. Although long tenures do not seem to have compromised account keeping or overall group governance, they are not particularly desirable, and WORTH should look for ways to encourage more frequent rotation.

In conclusion

During the six years preceding this research, VBs modified their operations and procedures, sometimes rejecting the messages set forth in the *Women in Business* books that the groups had read together, and which they had often revered during program implementation. Many VBs streamlined their record-keeping practices, even if it meant losing some safeguards; shifted their meeting schedules and loan repayment from a weekly to a monthly schedule; made loans to nonmembers; and changed dividend practices to accommodate women's need for cash.

What is especially interesting, however, is how much stayed the same and even improved over these years. A high proportion of VB members continued to attend meetings regularly. Women retained their commitment to transparency and responsible management even as VBs adapted organization and management practices to meet their needs. This can be seen as an indication of VB members' increased confidence, competence, and clarity of thinking as they have made WORTH's "best practices" even better and more effective in meeting women's needs.

CHAPTER SIX

Comparing WORTH and Traditional Microfinance

The multibillion-dollar credit-led microfinance industry has justifiably caught the attention of the public, media, and the worlds of finance and development, and is now reaching tens of millions of the world's poor. Yet the savings-led approach—epitomized by WORTH, but including programs from other major organizations as well—remains one of the best-kept secrets in the international development field, attracting barely 2 percent of all microfinance funding while reaching approximately two million of the world's poor.⁵⁵ Analysis of the data from this study reveals that WORTH's savings-led model may well have at least two-and-a-half times—and possibly as much as nine times—the impact of credit-led programs, for between one-quarter and one-tenth the cost. Savings-led programs are failing to attract greater investment for a variety of reasons, ranging from the “bandwagon effect” to established ties between donors and credit-led programs.

A comparison of credit-led and savings-led microfinance indicates that each has certain advantages.

Key differences between two microfinance models, the familiar credit-led microfinance and the relatively unknown savings-led version typified by WORTH, are outlined in the Introduction of this report.⁵⁶ At the heart of these differences is the question of where capital comes from and who manages it: a microfinance institution (MFI), as in traditional credit-led microfinance, or the borrowers themselves, as in the WORTH approach.

Box 6.1, on the next page, builds on the differences between these two models and summarizes key advantages and disadvantages of the two approaches. On the one hand, MFIs can deliver larger loans to more clients at start-up savings-led programs: WORTH Village Banks (VBs) initially cannot give substantial loans to a large number of group members because it takes time for women to build their loan fund and learn to manage their assets.

On the other hand, WORTH village banking can be launched at considerable scale and expand relatively quickly since women themselves help replicate the model. Village Banks do not require the apparatus of a formal banking institution or the regular visits of institutional staff to make loans or collect payments. This makes WORTH Village Bank lending far less expensive than that of MFIs.

Further, in the credit-led model, interest charged on loans flows to the MFI, leaving the community. In WORTH's savings-led approach, interest income stays with the women, building equity that can be reinvested in lending over and over again.

⁵⁵ In addition to Pact, a small number of other private international organizations (CARE, Catholic Relief Services, and Oxfam America are the largest) offer savings-led programs. These do not include the literacy, empowerment, and business development offerings that WORTH provides.

⁵⁶ See Introduction, Box 2.

Box 6.1. Some advantages and disadvantages of savings-led and credit-led microfinance models.

SAVINGS-LED MICROFINANCE: WORTH—GROUP STRENGTHENING

Advantages

- Village Banks accrue equity for group and individuals because interest income remains with women.
- The approach builds on existing local groups, community-based organizations, churches, and NGOs.
- Groups themselves are responsible for handling their money safely and controlling fraud.
- Replication is carried out by women themselves.
- Sustainability of loans and other services rests in hands of women and their groups.

Disadvantages

- It is difficult initially to include sophisticated services or products beyond saving and credit.
- The group must put in considerable effort to manage the fund.
- It takes time to accumulate enough capital to support larger loans for many members simultaneously.

CREDIT-LED MICROFINANCE: MFIs—FINANCIAL INSTITUTION BUILDING

Advantages

- Relatively large loans can be made available to borrowers relatively quickly.
- An MFI can provide additional services.
- An MFI can provide ongoing support and guidance to borrowing groups.

Disadvantages

- Interest income flows to the MFI.
- It is difficult and costly to create large-scale, sustainable MFIs.
- The MFI must ensure safe money handling and control fraud.
- Replication, expansion must be carried out by the MFI.
- The sustainability of loans and services to women depends on the MFI.

Savings-led microfinance requires less donor investment to reach the same number of people.

For the past several decades, the vast majority of funding for microfinance worldwide has supported credit-led microfinance programs. The 1,200 MFIs that report to the Microfinance Information eXchange have 53 million borrowers and 64 million savers with the numbers growing annually by 25 percent and even more in some countries. Assets of these MFIs total \$33 billion.⁵⁷ New microfinance organizations continue to appear, supported by private and civic organizations, churches, and private donors who have come to appreciate the significant positive

⁵⁷ Centre for the Study of Financial Innovation (CSFI), “Microfinance Banana Skins 2008: Risk in a Booming Industry,” pp. 6–7.

impact that available credit has on the lives of the world's poor, particularly disadvantaged and hardworking women. All told, the credit-led approach to microfinance serves 97 percent of current microfinance customers while receiving 98 percent of public donor funding.⁵⁸

In his paper "Underinvestment in Savings-Led Microfinance: A Costly Market Failure," Stephen Donnelly of the John F. Kennedy School of Government at Harvard University estimates that savings-led microfinance program providers have reached approximately two million of the world's poor women at a cost that probably has not exceeded \$110 million.⁵⁹ Even if the various savings-led microfinance programs he considers were funded at \$25 million per year, all savings-led programs together would be receiving less than 2 percent of public funding.⁶⁰

This global pattern of highly uneven investment would be understandable if there were compelling evidence that the savings-led approach was either less effective or more costly than the traditional microfinance model. In fact the opposite is true. Using WORTH as the example of "augmented savings-led microfinance" programming, Donnelly points out that the savings-led model provides the same economic and business-development returns to women and their families as credit-led microfinance, but without the costs of providing loan capital and managing loans.

Donnelly further asserts that the savings-led model produces demonstrable benefits from investment in people's abilities beyond what is typically found in credit-led microfinance. These benefits are evident in WORTH's measurable effects on such issues as literacy, family health, decision making, girls' education, empowerment, self-respect, freedom from domestic violence, and community leadership.

What is more, Donnelly posits that savings-led programs such as WORTH do all this at a fraction of the cost of even the most efficient and effective credit-led approaches. Drawing on the Asian Development Bank Institute's paper "Forms of Microcredit Interventions and Cost-Effectiveness," Donnelly reports that the savings-led approach currently costs nongovernmental organizations (NGOs) between \$20 and \$50 per person; the credit-led approach costs between \$150 and \$600 per person. He writes:

...a significant advantage of the augmented savings-led technology [as typified by WORTH] is that the cost to serve is between 4 and 10 times lower than for the credit-led technology. As such, not only should it yield higher impact per person served, but it should also be able to serve several times more people per donor dollar.⁶¹

⁵⁸ Microcapital.org, "What Are the Total Global Assets in Microfinance?" Oct. 31, 2007; cited in Stephen Donnelly, "Underinvestment in Savings-Led Microfinance: A Costly Market Failure," Harvard Kennedy School, March 2008. The work of Donnelly, which is built on the data set from this research, underpins the analysis set forth in this chapter.

⁵⁹ Donnelly, p. 5.

⁶⁰ Donnelly explains that there are other savings-led initiatives such as India's Self Help Group program, postal savings banks, savings and credit cooperatives, and credit unions, but that these were beyond the scope of his analysis for several reasons. Postal savings banks are not used to mobilize savings locally and thus do not achieve the benefits of the credit-led approach. Savings and credit cooperatives and credit unions are member-owned, semiformal, and formal organizations that have similarities with savings groups, but tend to be larger and more formal in structure. India's Self Help Group program is funded by the Indian government and uses a different operating model; its large size made meaningful comparisons difficult. Donnelly, p. 8.

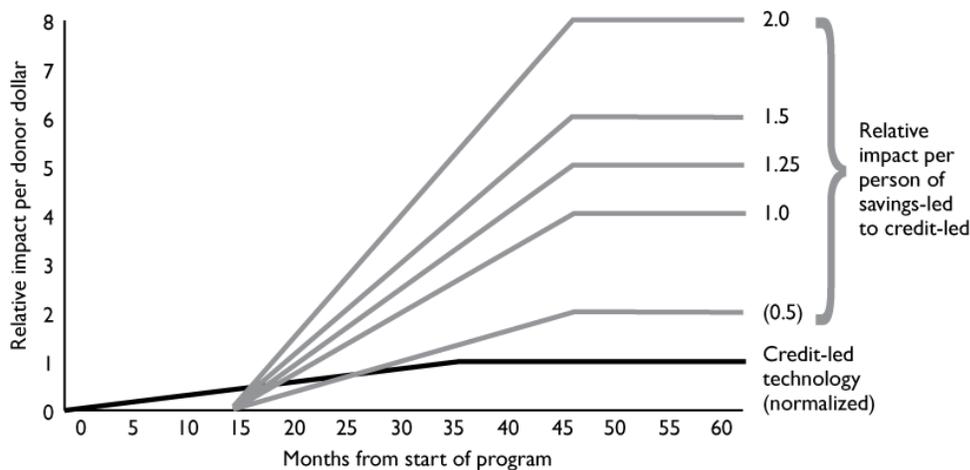
⁶¹ Donnelly, pp. iii-iv, 34.

Net Present Value analysis reveals a difference in impact per person per dollar invested.

As discussed in the previous pages, one advantage of credit-led microfinance is that it can deliver loans quickly to new clients. Donnelly developed a model to compare the impact of the savings-led and credit-led methods that takes this time factor into account. In this model, the impact of the savings-led approach is not felt until one year after that of the credit-led approach. The model assumes it takes 36 months after benefits begin to accrue before full benefits are realized. Given the figures discussed above, Donnelly assumes that credit-led programs cost four times as much as savings-led interventions.

Figure 6.1 shows the relative impact per person, per donor dollar using the two approaches.⁶² If the savings-led approach yields the same benefits per person as the credit-led approach, the “steady-state impact” per donor dollar would be four times higher thanks to the difference in cost. Similarly, if it delivers twice the benefit per person, the “steady-state impact” per donor dollar would be eight times higher.

Figure 6.1. Relative impact per donor dollar of the standard credit-led and augmented savings-led approaches to microfinance, for different levels of impact per person served.



In either case, it makes a crucial difference how long the benefits are assumed to accrue. Assuming the same impact per person, and using a 5 percent discount rate, the Net Present Value (NPV) of future impact for just the first five years is twice as high for the savings-led technology as for the credit-led model. Table 6.1 shows the difference in NPV for different assumed levels of impact per person, after five or 10 years.^{63, 64}

⁶² Donnelly, p. 35.

⁶³ Donnelly, pp. 34–36.

⁶⁴ Donnelly, p. 36.

Table 6.1. NPV of discounted future impact for the augmented savings-led approach, credit-led approach normalized to 1.

Relative impact per person of savings-led to credit-led approach	NPV of discounted future impact for savings-led versus credit-led models	
	5 year, 4 times as cost effective	10 year, 8 times as cost effective
50% less	1.0	2.2
Same	2.0	4.5
25% higher	2.5	5.6
50% higher	3.0	6.7
100% higher	4.0	8.9

In short, the WORTH savings-led approach represents a significantly better investment than the credit-led approach. So why has development market investment not shifted over time from the credit-led to the savings-led modality? Despite modest growth of the savings-led approach, the vast majority of resources remain dedicated to the credit-led approach.

There are a wide range of reasons why investment in savings-led microfinance has been limited.

The first is the “bandwagon” effect: when the development community had positive experiences with the credit-led approach, it began to support or replicate the idea. Indeed, microcredit, particularly of the credit-led variety, has received huge acclaim in recent years. Muhammad Yunus and the Grameen Bank shared the Nobel Peace Prize, and 2005 was named the UN Year of Microcredit. In the same vein, most academic and practitioner publications on microfinance have focused specifically on the credit-led approach, to the exclusion of savings-led microfinance.

Second, the microcredit boom led to the formation of formal and informal networks that made it easier for credit-led technology to grow than technology related to newer modalities. For example, once a body of literature and data on microcredit became available, it was relatively easy for others to do more research in the same area. This research has been used, in turn, to justify more funding for credit-led initiatives—and for more research.

Third, donors have developed ties to credit-led NGOs and MFIs that make it easier for them to disburse funding to support this approach than to those offering a different system. To begin funding the savings-led approach at scale would require donors to develop a new set of networks and knowledge.

Fourth, donors favor programs that can move large amounts of funding rapidly—even if that funding cannot always be well invested—rather than those that require less money per person. A recent review of microfinance programs at the World Bank and the United Nations Development Programme (UNDP) reported that:

One consequence of these patterns is the observed fact that UNDP and the World Bank have funded too much microcredit in circumstances where success was highly unlikely from the beginning.⁶⁵

Donnelly's interviews with donors confirmed that the fact that the savings-led approach requires significantly less money per person actually makes it less attractive to many donors: it is harder for supporters to give smaller amounts to many savings-led programs than it is for them to give larger amounts to a smaller number of credit-led efforts. Donors need to disburse funds, and it is far simpler to give one MFI \$25 million for a credit-led initiative than to give 10 NGOs \$2.5 million each for savings-led programs.⁶⁶

Fifth, savings-led microfinance depends heavily on local institutions at the grassroots level, which donors may find difficult to reach. The World Bank and UNDP found that microcredit is more constrained by a shortage of competent retail-level institutions than a shortage of funding. WORTH addresses this constraint effectively through its partnership model that engages local community-based organizations, grassroots NGOs, churches, and indigenous savings groups to expand its base of practitioners. Yet donors may well find it difficult to embrace programming with so many players, and may prefer to fund efforts through the single delivery entity of the MFI.

Sixth, the vast majority of donors know very little about the savings-led approach.⁶⁷ At a recent microcredit conference at the University of Pennsylvania,⁶⁸ a WORTH practitioner asked an audience of 40 to 50 microfinance students and professionals how many of them had heard of savings-led microfinance. Not one hand was raised.

In conclusion

Clearly those who know and understand the potential of programs like WORTH need to reach out and educate others about the highly successful, cost-effective savings-led microfinance method. Donnelly's brief economic analysis, which draws directly on the data gathered for this study, hints at the significant explosion in development that can occur if savings-led microfinance programs such as WORTH can attract substantial investment.

⁶⁵ CGAP, "Aid Effectiveness in Microfinance: Evaluating Microcredit Projects of the World Bank and the United Nations Development Programme," April 2006.

⁶⁶ Donnelly, pp. 40, 42.

⁶⁷ Based on Donnelly's personal interviews with a number of donors.

⁶⁸ "Global Assets: Local Access," University of Pennsylvania's Second Annual Microfinance Conference, Philadelphia, Pa., April 25, 2008.

CHAPTER SEVEN

Reviewing the Past, Looking to the Future

This study, perhaps the first rigorous longitudinal study of savings-led microfinance, examines a unique program. In WORTH, money saved in small groups becomes the money lent; women build equity as they incur debt; women are bankers, not just borrowers; and women are not only creating wealth, but also generating social capital. Like other savings-led microfinance programs, WORTH has been little noticed by the global development community, yet for over a decade, through capital generated entirely by the women themselves, the program has contributed to the empowerment and economic transformation of tens of thousands of poor Nepali women. Lessons from this first WORTH program include ways to reach deeper into the world of the very poor and disadvantaged; WORTH's potential to help stem the HIV/AIDS pandemic; ways to increase the program's impact and extent through replication and network creation; and an increase in scale through a new social franchising model, in which WORTH replication becomes a business.

This study indicates that women in WORTH are keen to expand their outreach, to help others start new Village Banks (VBs), and to engage more women, including those less fortunate than themselves. Women are interested in using their groups and the expertise they have gained in WORTH to help change their communities, by ending domestic violence, stopping girl trafficking, curbing the HIV/AIDS pandemic, and developing more and better networks with other women's groups.

Previous chapters have examined how women in WORTH have enhanced their economic well-being while their Village Banks have proved highly profitable with group assets that have grown from less than \$900 to more than \$3,000 in six years. WORTH VBs have given women a way to change their own lives and the lives of their families, and the banks have become the cornerstones of community development. Women have carried out innumerable activities through their Village Banks, including economic and social campaigns that tackle tough issues such as domestic violence and caste discrimination. Village Banks have more than survived; they now have multiplied because of their members' efforts to reach out to others.

This chapter will review the major findings and conclusions drawn from this research. Then it will summarize VB members' visions for the future, including their plans and dreams for WORTH. Third, the chapter will outline Pact's own visions for WORTH, an exciting new social-enterprise model of Village Bank replication. Finally, the chapter will close by reviewing the larger development community's underinvestment in savings-led microfinance programs and by arguing that both the existing grant-based WORTH program delivery model and the proposed new social franchise model offer untapped opportunities for investment.

Danfey Girls Savings Group

In 2002, a Pact team discovered six girls seated proudly on a porch in a dusty Terai village. With aplomb and self-confidence, the girls told their visitors about their 2-year old savings group, Danfey Bal Samuha, which is named after the national bird, the peacock.

The Danfay Bal Samuha has 9 members, age 9 to 14, who were inspired by their mothers' involvement in women's savings groups. The girls keep a very careful book of accounts with a set of rules and regulations all carefully recorded in their register. They raise money during various holidays from family and community members. They then lend their savings funds to their parents, who give them monthly allowances that they put back into their savings club. Their savings rate is now Rs.10/month (15 cents) and their savings total Rs. 3,600 (\$50). This amount has been lent to one of the parents at 1.25% per month interest.

One girl gave a brief history of the group: "First our mothers started saving so we decided to do it, too. Our mothers are in different groups, but they taught us about saving and simple record keeping."

A proud mother chimed in, "We got the idea and culture of saving through WORTH. We saw the girls wasting their money so we advised them to start saving as we were doing, and they did."

When asked what they were saving for, different girls exclaimed:

- "I want to be a teacher!"
- "I want to be a nurse!"
- "I want to go to high school!"

The girls like to think of their group as a "Bajat ra parne samuha" – "A Savings and Study Group."

Research findings show a broad spectrum of positive results.

In Nepal today approximately 1,000 active Village Banks remain from the 1,536 formed under the original WORTH program, a strong validation of their sustainability. In addition, as many as 425 Replicated Groups (RGs) have been created by the women themselves and operate entirely on their own. The VBs and RGs together, engaging more than 35,000 women, provide banking products, services, training, and support to their members, while at the same time significantly increasing members' assets and aiding the development and social transformation of communities.

The current research confirms that WORTH has had a significant impact on poverty and social activism among women who were some of the world's poorest and most marginalized not many years ago. Literacy and empowerment are as important to women as their banking and business activities, and have contributed to the remarkable stability in membership, banking practices, and

management of VBs. A brief summary of these achievements, drawing from Chapters 1 to 5, follows.

Economic development: In 1999, a Village Bank member may have struggled to amass her required savings of around 15 cents per week. In 2007 she had an equity stake averaging nearly \$116. Indeed, the average VB in 2007 had more than tripled its holdings since 2001 from \$825 to nearly \$3,100.

Community transformation: Members of WORTH Village Banks have become leaders in their communities. More than 95 percent of VB management committees said that their groups had undertaken social action of some kind, and more than 80 percent reported an infrastructure initiative of some kind. VB members said that their groups had helped them cope with hardships of life in Nepal, such as the Maoist insurgency, caste discrimination, and domestic violence, as well as had helped them develop leadership skills that they were using to improve lives, incomes, and overall well-being in their villages.

Sustainability and replication: When this research was initiated, Pact assumed that many if not most Village Banks would have disappeared and that the women's accumulated savings would have been lost to Maoists, members of the military, police, moneylenders, corruption, or errant husbands. In fact, eight years after their founding and six years after the formal WORTH program ended, Pact found approximately two-thirds of the VBs still in operation. On average, these groups had experienced stable membership and even grown slightly, with banks reporting that three-quarters of their members had belonged to the group for at least five years. Most groups had intensified their banking activities since program Empowerment Workers stopped visiting in 2001. Those VBs that had received the full bookkeeping training early in the implementation phase, and thus benefited from follow-up support longer than the VBs that received record-keeping training later, appear to have been the most successful in carrying on with the accounting system. Networks among VBs appear to have contributed to sustainability and replication after Pact support ended.

WORTH women were excited about the program and helped others to start their own groups, unprompted by Pact. A quarter of the VBs had helped to start RGs involving approximately 11,000 women. Even though RGs had not yet started very many additional groups themselves, their enthusiasm to do so was remarkably high, exceeding even that expressed by established VBs. This represents untapped potential for continuing replication.

In short, WORTH groups have sustained and replicated themselves to a degree that is unusual in development programs.

Literacy and empowerment: Nepali women are among the most disadvantaged in the world. They commonly suffer abuse at the hands of their husbands and other family members, and lower-caste women and those belonging to minority ethnic groups face additional challenges. Yet women in the WORTH program have built their own Village Banks, loan funds, and small businesses, and they have substantially increased their self-confidence through WORTH's unique literacy-led empowerment approach. WORTH may be the largest and perhaps only savings-led microfinance program in the world that includes training in literacy and business management, and it may well be the only such program designed explicitly for women. These

unique features have made it possible for women in WORTH to become community leaders, to work together in a variety of activities, and to shift from being receivers of aid to being benefactors in their villages.

Gaining Self-Assurance and then Prosperity, a Woman Becomes a Village Sage

Sarita Neupane of Grihani Bachat Tatha Rin Samuha, Gita Nagar, Chitwan district, came from a very poor family, and felt hesitant to talk to other members of her community. She did not know what was appropriate and what was not. Ms. Neupane had no land of her own, so she set up a hut in a public space, where she lived alone.

One day Ms. Neupane heard about WORTH and its activities. She knew other villagers who were involved and decided to join. Through her involvement in the group she learned many things, mainly how to read and write. She took part in every meeting and gained confidence. Having learned that saving money has great value, she started putting money away.

Ms. Neupane ultimately took out a low-interest loan from the group's fund. With the money she began raising goats and later growing vegetables, which she sold at a nearby market. The earnings were substantial. Ms. Neupane said, "I earn more than 70,000 rupees (\$1,092) a year from the vegetables."

Ms. Neupane has not only improved her lot financially; she is also more comfortable in social situations. She has become more talkative and has developed good decision making abilities. She is even known as a village leader. Ms. Neupane does not worry so much about her own situation anymore; she thinks about the welfare of others. For villagers who need advice, she acts as a listener and mentor. She tells her own story to inspire them.

Group management, accounting systems, and membership: Pact had expected that after six years significant changes—even deterioration—would have taken place in management, accounting systems, and membership as WORTH groups struggled to survive in an environment of scarcity, political unrest, and uncertainty. Researchers assumed that if groups had survived, their operations and performance would not still meet original program standards.

In fact, very little had changed. The operations of Village Banks had remained stable and retained responsible management and accounting practices. Management committees had not rotated their members as Pact had recommended, but this did not appear to have diminished the success of the groups. With no ready source of WORTH accounting forms, VBs had improvised their own record-keeping measures that simplified the original system, but that did not invite corruption or fraud. This simplification, together with the abbreviated time spent by VBs to help start new groups, has important implications for WORTH's own replication training systems in the future.

Membership of Village Banks often grew rather than declined. Women brought in new members who were of the same socioeconomic status as existing members or, less often, poorer than those already in the group.

On the whole WORTH, on its own and with the village women in charge, has been in very good hands.

Women generally found their expectations had been met.

When asked why they had wanted to join a WORTH group, Village Bank members gave three main reasons:

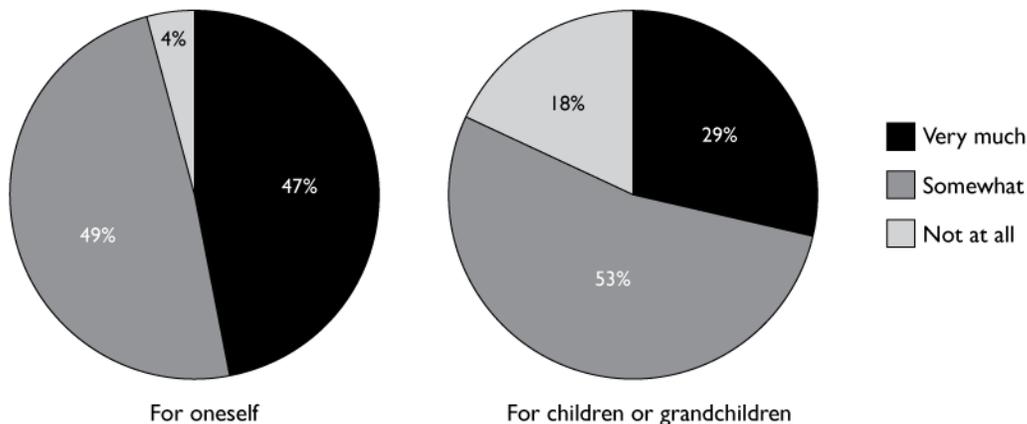
- To participate in the savings scheme (85 percent)
- To get loans to start or expand businesses (65 percent)
- To learn about legal education, women’s rights, and account keeping through literacy classes (52 percent).

A smaller proportion of women (9 percent) also hoped to develop their leadership skills and learn other skills to help them generate income.

The women were also asked what they hoped their membership in the group could do to help their children and grandchildren. An overwhelming majority of VB members (85 percent) and RG members (91 percent) reported that they joined their groups to be able to provide an education for their children. A few women (9 percent of VB members and 16 percent of RG members) said they hoped to learn literacy skills that they could pass on to their children.

Looking back over the eight years since WORTH began, 96 percent of the VB women said that their participation in WORTH had met their expectations, with 49 percent reporting that it had met them “somewhat” and 47 percent saying “very much.” Slightly more than a quarter of the women said that WORTH had helped them “very much” in realizing their hopes for their children, while over half said WORTH had helped “somewhat.” Eighteen percent of VB members reported that WORTH had not met their expectations regarding their hopes for their children and grandchildren. (See Figure 7.1.)

Figure 7.1. Nearly all VB members said their groups had met their expectations “very much” or “somewhat.”



n = 4486 members

Results from interviews with RG members were similar.

Educating Our Daughters

The members of the Nari Bhumika Bachat Samuha, Banigama, Morang district, are happy to be literate. They have not only developed their own ability to read and write; now they also want to educate their daughters. Here is their story:

“Previously, in our area, people used to send only their sons to the private English-medium schools (which are costly and are supposed to have high standards of quality, care, and behavior). The daughters were sent to the government schools (which are less costly and have low standards of quality and care). We the group members became worried about this situation when we learned about the equality between sons and daughters, men and women, and all human beings. One day we decided to launch a campaign to visit community people and ask them not to discriminate between sons and daughters.

“We went door-to-door throughout the community. We convinced people that it was important to give their daughters a quality education. We told them that educating daughters means educating whole families because a well-educated daughter can teach other family members. In the beginning it was very difficult to persuade the villagers, but we were confident and skillful.

“There is a person named Kanchha Chaudhari near our village. He used to send his sons to the English-medium school and his daughters to the government-aided school. He was stubborn in the beginning, but he became convinced when he saw other daughters of the community going to the English-medium private schools, and agreed to send both his sons and daughters to the English-medium school. As group member Rita Devi Thakur says, ‘We have seen equal behavior between sons and daughters in this family.’”

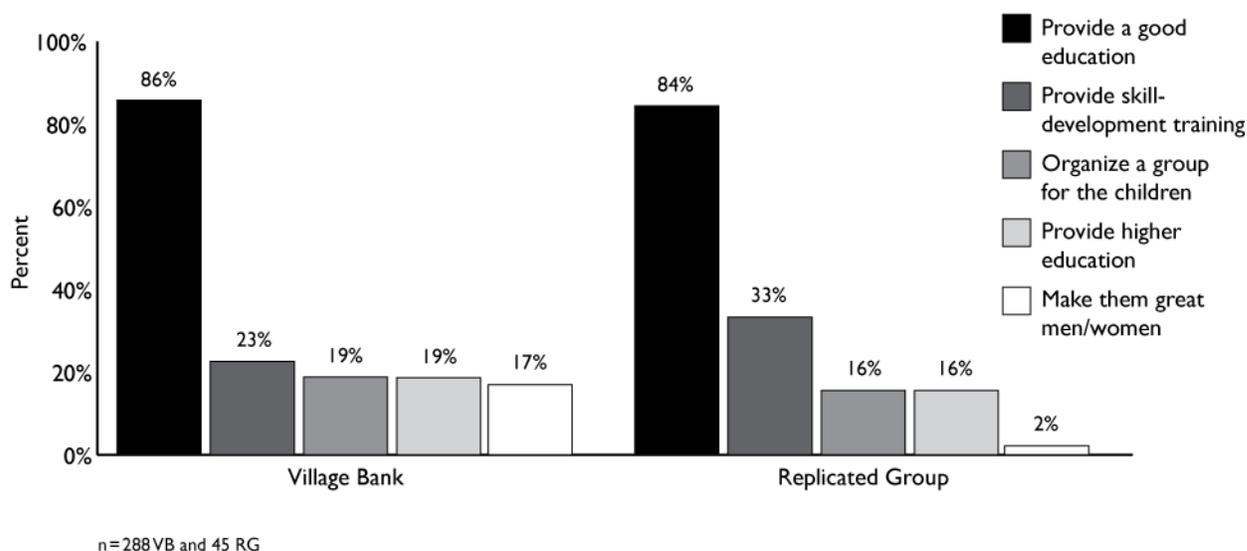
Women hoped to give their children an education so that they could find good jobs.

The dream of the great majority of women in Village Banks and Replicated Groups today is that their children, both boys and girls, will obtain an education and find good occupations. Nearly a quarter of VB members and a third of RG members hoped to help their children attain skills-oriented education in computer- or TV-related businesses, which require moderate investment but yield an adequate income. Smaller proportions of women sought to provide their children with higher education leading to careers as doctors, engineers, or social workers. Almost two in 10 VB members dreamed of their children becoming “great men and women.” (See Figure 7.2.)

More than half of the groups rated “increasing the group’s funds” as their most important goal.

Members of Village Banks and Replicated Groups were asked about their dreams for their groups. More than half wanted to increase their group funds, probably by increasing the number of members depositing savings into the fund. About a quarter said they would like to obtain training for members in skills such as making woven bags, soap, or candles; tailoring; or running flower shops so that the group fund and members’ incomes could increase.

Figure 7.2. What members hope to do for their children, according to management committees (multiple responses).



To further increase their incomes, women would like training in crafts, agriculture, and animal husbandry. They also want help bringing products to market.

Village Bank and Replicated Group members were asked to share their ideas about what would most help women boost their monthly incomes and contribute to local development. More than 60 percent suggested skills training, particularly in how to make hosiery, candles, incense, and soap. More than 70 percent thought that improving the local market would help: making arrangements to sell products such as milk and vegetables or creating an open market to sell products in bulk. More than a third of the respondents (37 percent of VB members and 42 percent of RG members) suggested that help with agricultural endeavors would be of use, including training in vegetable gardening and in the use of improved crop varieties and insecticides. Finally, a considerable proportion of women (19 percent of VB members and 24 percent of RG members) wanted training in animal husbandry, specifically in goat keeping and basic veterinary medicine.

Significant percentages of Village Banks had plans for some sort of campaign for social change.

Management committees were asked about their group’s plans for the future. The activities they described fall broadly under three headings: social or community activities, campaigns for social change, and new business ventures.

Social or community activities

Two-thirds of the Village Banks indicated that they were planning social or community ventures.⁶⁹ Many committees (20 percent of VBs and 33 percent of RGs) planned to blacktop, repair, or clean roads or to plant trees along roads and on abandoned land. Some (14 percent of VBs and 7 percent of RGs) had plans to build a meeting hall. About 9 percent of the committees planned to repair and clean local drinking-water taps, central wells, or temples or monasteries. Some committees (10 percent of VBs and 7 percent of RGs) intended to organize adult-literacy classes in coordination with the district development committee or to organize schools for women.

Campaigns for social change

Almost half of the surveyed VBs management committees (44 percent) planned campaigns for social change. Approximately 20 percent of the committees intended to raise awareness or hold rallies against the dowry system and polygamy or for women's rights and girls' education. Another 20 percent planned to challenge domestic violence, corruption, caste discrimination, drug abuse, or alcoholism.

New business ventures

Almost half of the committees (44 percent) indicated that they planned to engage in new business ventures. Twenty-three percent of the VBs planned to start vegetable gardening or produce candles, soap, or incense. Another 20 percent described plans to:

- Start collective agricultural plantations (7 percent)
- Increase the scale of animal husbandry (5 percent)
- Launch cooperative shops or rice mills (5 percent)
- Begin poultry farming, fish farming, or beekeeping (4 percent)
- Get mechanical training or equipment for business purposes—for example, by obtaining computer education, learning to make ice cream, or buying a sewing machine (4 percent).

Women's greatest dreams were to take WORTH to other women.

Of all the dreams of Village Bank members, the greatest by far was that they be able to take WORTH to other women. As reported in Chapter 3, when asked what they would like to do for the benefit of the women of their villages, the great majority of VBs said that they would encourage women to join existing WORTH groups or establish new ones. One-fourth of existing VBs had specific plans to start between one and five new groups in their own and neighboring areas. Eighty percent of VB and RG groups said they would be "very excited" to help take WORTH to other women in Nepal. Among the remaining one-fifth, almost all said they would be "somewhat interested to help." Not one of the groups indicated that it would not be interested in helping spread the WORTH program. (See Chapter 3.)

Women have laid the foundation for a new phase of WORTH Village Bank expansion.

One-quarter of the groups surveyed in this research have already begun to achieve their dreams of bringing WORTH to others. Women have created not just a handful of new groups, but rather hundreds, with at least 10,000 members. The WORTH women carrying out these replication

⁶⁹ Percentages add up to more than 100 with multiple responses to the question "What are your group's plans for the future?"

initiatives were not paid, nor did they ask to be paid. Replication was something they wanted to do and they did it.

Lifting the Veil of Ignorance

Sukarni Chauhan is a 45-year-old Muslim woman who lives in Betahani, a village that has several different ethnic and religious groups. Her story illustrates some of the challenges faced by minority Muslim women in Nepal and how Ms. Chauhan has become an inspiration to other women in her community.

“As a daughter-in-law in a Muslim family, my life was confined within the wrap of the veil. My only connection to the outside world was the conversations I overheard between Malik (my husband) and his friends. Whenever I asked Malik about subjects that I thought I understood from his conversations, he would make comments that showed his disdain for me as a woman. “What good would it do for a woman to learn about all these things?” he said. I took this as a challenge to learn to read and write. I wanted to read the morning papers that the men referred to in their conversations.

“I expressed this interest to my friends, who told me about an adult literacy class that was being offered in the community. It took me about a week to gather my courage to mention it to Malik, who objected immediately. I started secretly attending the literacy class, but when Malik finally found out he practically held me hostage at home. The women in the group showed up at our doorstep in no time to argue for my participation in meetings, and eventually Malik gave in.

“I regularly attended the literacy class and soon acquired the skills necessary to read the morning papers. It wasn’t as easy as I thought it would be. I had to work hard and manage my housework so that I had time to learn to read and write. I endured remarks from my sisters-in-law, who were secretly envious of my venture. My determination paid off when I became the best student in the class and was selected to attend a training session from the NGO affiliated with the group. I was nervous, and it was quite a surprise when Malik permitted me to attend the training.

“I was the only woman in a veil at the training session. Because of cultural and religious differences, I could not mingle easily with the other trainees. I suffered from great anxiety and had trouble sleeping at night because I worried about my children and my reputation in the village. But by the time the course was over, I could hardly wait for the next one.

“The training qualified me to teach in the child-education program in the community, where I earned a good monthly income. Malik and my sisters-in-law began to treat me differently—with more respect. I have been able to remove the veil of ignorance in my life because of my courage, my determination, and the encouragement I received from women in my group.

“Now my group is a part of WORTH. I save regularly and am reading the WORTH curriculum with the group. We are eager to form the one and only women’s bank in the community. I am very excited!”

Promising opportunities exist to reach the very poor and disadvantaged in new programs.

These women's enthusiasm for taking WORTH to other women suggests unprecedented opportunities for program expansion. The dream of women moving forward group by group, village by village has within it the seeds of a social movement with the potential to reach ever larger numbers of very poor and marginalized women. While WORTH's original focus was to reach women, not necessarily very poor women, the program has proved a powerful tool for engaging the very poor and has shown no tendency toward the "upward creep" that characterizes too many development efforts. Without prompting from Pact, better-off, high-caste women have reached out to those lower on the socioeconomic ladder, albeit in small numbers. In a parallel development, many VBs have undertaken social campaigns against caste discrimination, and others have helped create RGs among former bonded laborers.

Women in WORTH have experience as Village Bankers, mentors of new groups, and community activists, and they are strong networkers. They are in a choice position to reach out to the very poor with a program that has demonstrated it can succeed among the highly marginalized and disadvantaged.

Replicating WORTH groups can provide a new business opportunity to women.

The replication process can become a new business opportunity for women in WORTH. Indeed, Village Banks and their members are now poised to participate in a new social enterprise as innovative and exciting as WORTH itself has always been: marketing WORTH to others in the community—both its village banking and its complementary offerings in literacy and business development and management. Women in WORTH can run businesses that deliver the materials and training that other women need to become literate and organize VBs. Nepali franchisees can help organize a framework for women to do this as "WORTH entrepreneurs."

WORTH can help stem the tide of the HIV/AIDS pandemic.

As part of this new outreach, WORTH can lay the foundation for a concerted effort to stop the spread of HIV/AIDS. Pact pilot-tested a small reproductive health and HIV/AIDS-awareness and community mobilization program with WORTH groups in one Terai district during 2002 and 2003, with excellent results. Village Banks provide a forum where women can read about the disease, debate sensitive issues, and then decide how they want to organize their community to take up the battle. If tackling poverty and gender inequity are central to the fight against AIDS, then WORTH can play a vital role.

This research raises many new questions to prompt further research.

This study adds significant new information to that gathered previously about WORTH. Now it would be valuable to learn even more about women's incomes and expenditures, an area that could not be explored deeply in this study because the unit of analysis was the group, not the individual. Other research might dig even deeper into issues surrounding VB management and bookkeeping, literacy replication, business development activities, or the way women have "reached down" to poorer and lower-caste women than themselves.

Beyond WORTH itself, the entire field of savings-led microfinance deserves further research. The development finance and research communities have both missed valuable opportunities to examine this little-known sector. As Stephen Donnelly's analysis of data from this study indicates, even limited assessment of data from savings-led microfinance programs promises to reveal immense opportunities for development.

In conclusion

WORTH has proved remarkably robust and resilient in the hands of women who, for almost a decade and in the face of daunting obstacles, have shown their ability and commitment not only to hold on to their Village Banks, but also to change their communities. While there is more to be learned from the WORTH experience and about savings-led microfinance in a broader sense, it is clear that with literacy, village banking, small business development, and group solidarity, women can create a new image of themselves. As they gain self-confidence, invest increased amounts of income in their families, challenge cultural norms in their communities, and work to bring to other women the benefits of WORTH, they are in a position to change their world.

APPENDIX 1: SAMPLING METHODOLOGY

Note on District and Village Bank Sampling

Studied Village Banks were selected through population sampling while the remaining groups were purposively sampled.

District Sampling

The study design was developed to assess the most pertinent information possible based upon the availability of limited time and financial resources. Sampling was done in two stages. The first stage was largely determined by the limited resources available that would not allow all 21 districts in which the program operated to be studied and one-third of the total number of districts was arbitrarily chosen as the district sampling size. A sample of these seven districts was determined by ranking each district according to the number of WORTH groups existing at the close of the program in 2001, determining the sampling interval based upon a sample size of seven, and using a random number generator to initiate sampled district selection. The results of this sampling are shown in Table A1.1.

Table A1.1.
District Sampling Frame

District	East	Central	West	Mid-West	Far-West	No. WEP groups	Cumulative No. WEP		
Chitwan		x				1390	1390		
Morang	x					700	2090	Sampling Interval =	7357÷7
Nawalparasi				x		587	2677	=	1051
Bara		x				575	3252	random no.	524
Mahotari		x				474	3726		
Parsa		x				413	4139		
Kapilbastu				x		369	4508		
Jhapa	x					324	4832	Sample no.	Location in sampling frame
Surkhet			x			317	5149	1	524
Sunsari	x					306	5455	2	1575
Banke			x			274	5729	3	2626
Bardiya			x			264	5993	4	3677
Saptari		x				253	6246	5	4728
Kanchanpur			x			251	6497	6	5779
Rupendehi				x		225	6722	7	6830
Kailali					x	206	6928		
Dhanusha		x				136	7064		
Siraha		x				119	7183		
Ilam	x					81	7264		
Sarlahi		x				58	7322		
Rautahat		x				35	7357		
All Nepal	4	9	4	3	1		7357		

Determination of Village Bank sampling size

At the onset of the study, it was not possible to determine the number of Village Banks that still existed in the seven sampled districts since there was little contact with the district-base NGOs that supported the VB formation or continued to monitor their progress. Knowledge of the VBs that continued to function was essential so that a sampling frame for the VBs that still existed could be drawn. Getting that information would require a separate exercise, known as Phase I of the study.

Phase I – assessing the status of currently functioning groups

During Phase I, facilitators from the Valley Research Group traveled to each of the seven districts to meet with the NGOs that had supported the initiation and subsequent growth of the VBs during the WEP program period. The organization of these meetings was facilitated by Samjautha, a national NGO that knew the WEP program. Valley Research facilitators collected information related to the existence and location of VBs that were still functioning and as much information as possible on the emergence of groups either replicated through the support of the VBs after the WEP program ended in 2001. These data were then brought back to Kathmandu and used to make up the sampling frame for the VBs. Data also provided information about where the other groups could be found so that they could also be studied, albeit through purposive instead of population sampling.

Phase 2 – sampling frame

The sampling frame was used to develop a population sample for the entire seven districts using

$$n = \frac{z^2 p(1-p)/d^2}{1+(z^2 p(1-p)/Nd^2)} \quad \text{where}$$

n = sample size

z = confidence levels in transformed z values on a normal distribution.

For 95% confidence, z = 1.96

p = proportion of those meeting the measured criteria observed in the sample.

As the survey attempts to measure many different items, each with different variability, p is chosen at 0.5 to maximize p(1-p) and therefore maximize p's influence on n.

d = maximum acceptable margin of error.

A margin of error of 0.05% was used

N = total number of sampling units.

For this calculation, N = total number of VBs currently existing in the seven sampled districts.

APPENDIX 2: SURVEY INSTRUMENTS - APRIL 2007

- #1. Management Committee Questionnaire: Village Banks
- #2. Questionnaire for Former WEP Group Members
- #3. Survey Questionnaire: Village Bank Members
- #4. Dissolved Group Questionnaire
- #5. Questionnaire for Low Economic Status Women Non-group Members

#1

**WEP Assessment Study 2007
Conducted for Pact by VaRG
Management Committee Questionnaire: WEP Village Bank**

Questionnaire number	
Name of interviewer	
Name of supervisor	
Date of interview	

Section 1: Introduction

INTRODUCTION

Explain the purpose of this meeting: (purpose of the group interview, timing, importance, why we are here, what to be done, etc)

Visual prompts: The series of 4 WEP books should be on display:

1. Our Group	2. Forming our Village Bank
3. Village Bank Lending	4. Village Bank Entrepreneurs

101: Name of the group		
102: Name of the group at the end of WEP – 2001 (if different)		
103: District		
104: VDC/Municipality		
105: Ward No.		
106: Village/Tole		
107: Distance to the nearest paved road		
108: Distance to the nearest market		

109: Interview Details:

Persons present, position and length of time in office

S. NO.	Name	Position	How many years in office
1			
2			
3			
4			

110	Introduction (10 minutes)		
	These have been tough years since WEP started but you and your group have survived, even triumphed, in spite of the problems.		
110.1	Please think about your group’s achievements since WEP field support ended 5 years ago. Think about the things that you have done that you are especially proud of.	..... ..... .....
110.2	Choose the ONE you are most proud of and tell the story about it. Tell us the story from the beginning		

Section 2: Group Organization

201	How many years has your group been functioning? (Year:..... Month):.....	Years:.....	
202	How many members did the group have when it first joined WEP?	Number:	
203	How many members does the group have now?	Number:	
204	Are any other women seeking to become members of the group? If so, how many?	Number:	

a)	Membership and outreach		
205	Are new members generally a) poorer, b) same level, c) better off than the average group member?	Poorer.....1 Same level.....2 Better off .....3 No new members till now.4	
206	What are the main reasons for people to have left the group?		
	Reasons	Number who left for this reason	
	1		
	2		
	3		
4			
207	Has your group done anything to help others in your community?	Yes.....1 No.....2	→209
208	If so, what?	.....
209	Has your group done anything to reduce discrimination in your community?	Yes.....1 No.....2	→301
210	If so, what?	.....

Section 3: WEP Model

1	Context		
301	What other savings and credit options do women have in this area? (Multiple Responses)	Moneylenders .....1 Other savings group.....2 Commercial Bank.....3 MFI.....4 Other (specify).....5	
302	Are members of your group using any of these options? If yes, which ones and how many? (Multiple Response)		
		Number (if none, write “0”)	
	1 Moneylenders		
	2 Other savings group		
	3 Commercial Bank		
	4 MFI		
	5 Other (specify).....		
303	Does the group have a commercial bank account?	Yes.....1 No.....2	
304	If not why not?	.....

2	Leadership		
a	Capacity building		
305	Have any MC leaders of your group become leaders of other groups or organizations since joining WEP?	Yes.....1 No.....2	→307
306	If so, what type of groups? Please specify. (For example: replicated groups, user groups, religious groups, etc.)	..... ..... .....
307	Have any members of your group, become leaders of other groups or organizations since joining WEP?	Yes.....1 No.....2	→310
308	If yes, how many?	Number:.....	
309	If so, what type of groups? Please specify. (For example: replicated groups, user groups, religious groups, etc.)	..... ..... .....
310	What skills you have learned from WEP do you use?	..... .....
311	Do any of you use your skills learned from WEP used in other contexts, e.g., family, teaching friends, individual business, etc? Please specify.	..... ..... .....
312	What skills learned by other members from WEP have been used?		
313	Do any members use their skills from in other contexts, e.g., family, teaching friends, individual business, etc? Please specify.	..... ..... .....
b	Leadership experience		
314	Has your behavior, life, changed as a leader in your family or community, as a result of WEP?	Yes.....1 No.....2	→316
315	If so, please share your one ‘best story’ illustrating these changes in your role as leaders”		
316	Have you learned any skills as a result of WEP?	Yes.....1 No.....2	→318
317	If so, please share your one best skill that you learned?	..... .....
3	Participation		
a)	Attendance		
318	How often are meetings held?	Weekly.....1 Biweekly.....2 Monthly.....3 Less frequently.....4	
319	How many members usually attend a typical meeting?	Number:.....	
320	How many attended the last meeting? (We can calculate % from data in Q. 203)	Number.....	
b)	Group process		
321	How long does a meeting usually take?	2 hrs+ .....1 1-2 hrs.....2 Less than 1 hr.....3	
322	What important topics, apart from banking and business, have been discussed in the last 6 months? (<u>probe for</u> : most important three topics discussed)	..... ..... ..... .....

323	Do the group members bring their personal or family problems to the group for advice or help?	Yes.....1 No.....2	→325
324	If yes, what 3 issues have been the most important or most prevalent and how did the group help in each issue?		
	Issues	Actions for each issue	
	1		
	2		
	3		
325	If gender violence is not mentioned: Has your group ever dealt with the issues of the domestic violence?	Yes.....1 No.....2 Mentioned above.....3	→327 →327
326	If so what actions did you take?	..... ..... .....
327	If a member falls behind in making payment what does the group do?	..... ..... .....
4	Group Governance		
328	What forms or records are you using to keep track of your group's finances? Please show us the forms you are using.	Original WEP forms .....1 Adapted WEP forms.....2 Our own forms or ledger book.....3 Forms from other program.....4 Not using forms.....5	
329	Hold up copies of forms in WEP book and/or show copies of forms from the books. Ask: Are you using the following form? (Read all)		
		Yes	No
	1 Attendance and payment record	1	2
	2 Savings passbook	1	2
	3 Saving journal	1	2
	4 Loan passbook	1	2
	5 Loan journal	1	2
	6 Summary transaction sheet	1	2
	7 Cash book	1	2
	8 Cash control sheet	1	2
	9 Financial statement and balance sheet	1	2
	10 Commercial bank form	1	2
	11 Loan statistics form	1	2
	12 Other (specify)	1	2
330	Has any management committee member misused the group's funds in the past 5 years?	Yes.....1 No.....2	→332
331	If so, what action was taken?	.....
332	Due to the conflict, have you taken any specific precautions or actions?	Yes.....1 No.....2	→334
333	If yes, what were they?	..... .....
4)	Social Fund		
334	Does your group use any part of the group fund for social or charitable purposes?	Yes.....1 No.....2	→401

335	If yes, how has it been used? (Ask open-ended question and facilitator fill in Table)	
	Purpose	Who benefited? (1= Group member 2= non-member/ 3= community?)
	a)	
	b)	
c)		

Section 4: Sustainability, Replication, Networking and Collective Action

1	Sustainability and Evolution		
401	Why do you think your group has come this far?	..... ..... .....
402	Have group activities changed since the EW stopped coming?	Decreased	Stayed the same
	1 Literacy	1	2 3
	2 Savings	1	2 3
	3 Loans	1	2 3
	4 Learning how to do business	1	2 3
	5 Getting income from businesses	1	2 3
	6 Meeting as a group of trusted friends	1	2 3
	7 Getting support from the group to address individual and/or family problems	1	2 3
	8 Making and implementing plans for infrastructures development	1	2 3
	9 Making and implementing plans for social action	1	2 3
	10 Networking with other women's groups	1	2 3
	11 Other (specify).....	1	2 3
2	Replication		
403	Have any members of your group helped start any other groups?	Yes.....1 No.....2	→420
404	If so, how many all together?	Number of groups..... Total number of women in these groups:.....	
405	Who initiate the action to start new group(s)? Did you persuade the other group(s) to start, or did they come to you and ask for your help?	We persuaded them.....1 They came to us.....2	
406	What did you do to get them started?	Provide training.....1 Provide forms.....2 Provide books.....3 Invite them to visit your group.....4 Checking and supporting the group.....5 Balancing (account) their meeting .....6 Other (specify).....7	

407	What activities are these groups doing?				
		Yes (most)	Yes (all)	No	
	1 Literacy	1	2	3	
	2 Saving	1	2	3	
	3 Giving loans	1	2	3	
4 Community action	1	2	3		
408	Have any of the new groups replicated another group?	Yes .....1 No.....2 Don't know.....8			→410 →410
409	If so, how many?	Number of groups.... Total number of women in these new groups.....			
410	How many of these groups (replicated and new) have ever used "Our Group" and the other WEP" books?	Number of groups using WEP books:.....			
411	If so, which books did they use? (Multiple Response)	Our Group.....1 Forming our Village Bank.....2 Village Bank Lending.....3 Village Bank Entrepreneurs.....4			
412	Did most members get copies of the books or only the leaders?	Leaders only.....1 Members.....2			
413	Where did they get them from?	..... ..... .....		
414	Did they pay for these books?	Yes.....1 No.....2			→ 416
415	If yes, how much?	Rs.....			
416	Did a new group pay for the service it received? If so, what?	Cash.....1 Kind.....2 None.....3			→ 418
417	If they paid, how much was the TOTAL amount that they paid, or what was the TOTAL value of what they gave in kind?	Total Cash amount: (Rs.)... Total value of 'in kind' payments (Rs.)....			
418	In TOTAL how many hours or days of training and support did the new group need?	Hours:..... Days:..... Hours:.....			
419	Over how many days or hours was this training and/or support provided?	Hours: Days:..... Hours:.....			
420	If you were to design a program to start new groups, what would you do? What would be your best advice? (Open ended. Note key points)	..... ..... .....		
421	If you were to design a program to start new groups, to what extent do you consider the following elements as important aspects of WEP? (Read All)				
		Very important	Important	Not important	Not important at all
	1 Learning how to function effectively as a group	1	2	3	4
	2 Learning to read and write	1	2	3	4
	3 Learning to keep good records	1	2	3	4
	4 Learning to start or grow businesses	1	2	3	4
	5 Learning from other group	1	2	3	4
6 Other (specify)	1	2	3	4	

3	Networking with other groups		
	Informal networking		
422	Has your group been involved with one or more other groups since the EW stopped coming, to undertake any of the following:		
		Yes	No
1	Printing forms	1	2
2	Cross group visit	1	2
3	Socializing	1	2
4	Providing technical support to each other	1	2
5	Sharing ideas and experiences	1	2
6	Joint fundraising	1	2
7	Joint advocacy campaign	1	2
8	Forming an association	1	2
9	Joint social project	1	2
10	Other (describe)	1	2

Interview Sheet 2: collective actions since end of wep support

Please provide details. (For each issue multiple actions count as one, but give multiple dates and accounts) Continue on another sheet if necessary.

Social aspects (dowry, domestic violence, child marriage substance abuse, girl trafficking, education campaign, social crimes, etc)

Q423a Issue for action (1)	Q423b What actions were taken? (2)	Q423c Who initiated the action? a) Our group b) NGO c) Government d) Other (3)	Q423d Did any other groups collaborate in the action? (Put name of group) (4)
1			
2			
3			
4			

Physical infrastructure (water taps, community center, temples, bus stops, chautara, trails, etc)

Q424a Issue for action (1)	Q424b What actions were taken? (2)	Q424c Who initiated the action? a) Our group b) NGO c) Government d) Other (3)	Q424d Did any other groups collaborate in the action? (Put name of group) (4)
1			
2			
3			
4			

Section 5: WEP Impact on Poverty

501	Do you think that the economic well being of members of the group as a whole has changed <u>because of WEP</u> ?		Yes.....1 No.....2				→503
502	If yes, in what ways?		Greatly improved	Improved	Stayed the Same	Worsened		Severely worsened
	1	creasing family income	1	2	3	4	5
	2	rovide adequate food for the family	1	2	3	4	5
	3	ccess health services	1	2	3	4	5
	4	nd their/your children to school	1	2	3	4	5
	5	arting and building small businesses	1	2	3	4	5
	6	mproving housing and household sets	1	2	3	4	5
	7	Other (specify)	1	2	3	4	5
503	If no, why not?		.....			

Section 6: Remaining Comments

What are your group’s plans for the future? (Open-ended)

- 1) New social/community activities (specify).....
- 2) Campaigns for social change (specify)
- 3) New business ventures (specify)
- 4) Start new WEP Groups (number planned).....

Section 7: Member Sheet and Records

7.1 Interview Sheet 1: MEMBER SHEET

S. No.	Name and caste (1)	How many years in group? (2)	Age (3)	Marital status* (4)	Highest literacy level before joining group** (5)	Highest literacy level now** (6)	Land-less? (1= Yes 2=No) (7)	Caste/ ethnicity (8)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								

14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

* 1= Unmarried, 2= Currently married, 3= Widowed, 4= Divorced or separated
 ** 1) Can not read and write at all
 2) Can read and write name
 3) Can gain information from public signs
 4) Can fill in savings passbook
 5) Can read a simple book

7.2 RECORDS

		End of WEP support in 2001	Now	Notes comments
1	Number of members			
2	Grand total group fund from ALL sources			
3	Total income from group enterprises and fund raising activities			
4	Amount being held in reserve fund			
5	Amount being held in social fund			
6	Interest rate charged on loans per month			
7	Total number of loans made last 12 months			
8	Total amount lent out to members last 12 months			
9	Total amount lent out to non-members last 12 months			
10	Number of women behind in repaying their loans			
11	Amount of money that you do not expect to be repaid from loans given in the last 12 months			
12	How many members received loans during the last 12 months			
13	Number of women who made voluntary savings in the last 12 months			
14	Total number of loans that was never paid back since the EW stopped coming			
15	Total amount lost in loans that was never paid back since the EW stopped coming			

Put here any interesting qualitative information, observations and/or stories which have not been covered elsewhere. Put here any remarks on process/reliability of data.

Section 8: Savings, loans and group funds

1	Savings		
a)	Voluntary savings		
801	Does your group have voluntary savings as well as mandatory savings?	Yes.....1 No.....2	
b)	Dividends		
802	How often does the group pay dividends?	At the end of the cycle.....1 Not at all.....2 Others (specify).....3	
803	Does the group pay out cash or record the dividend in each member's savings passbook, or both?	Cash payment.....1 Deposit in members savings passbook.....2 Both.....3	
2 Loans			
804	What is the largest loan taken in the last six months by any member of the group?	Rs.:.....	
805	Which type of repayment schedules do you use in your group? Check all that apply.	Payment in regular installments.....1 Payment at the end of the loan term..2 Other (specify).....3	
806	How many of your members fell behind and had to extend their loan repayments in the last 12 months?	Number of members: Total value of their loans (Rs.):.....	
807	How is interest repaid?	Withheld at the beginning of the loan.....1 Paid in installments.....2 Paid at the end of the loan term.....3	
808	Estimate what proportion of loans are used for:	Number	Percent
	1 Agriculture (livestock, gardens, crops)		
	2 Shops		
	3 Petty trade		
	4 Manufacturing		
	5 Health		
	6 Education		
	7 Food for family		
	8 Dowry within family		
	9 Production of different items (shoes, pickles, clothes, etc)		
	10 Paying off loans taken from other program		
	11 Other (specify).....		
809	Has the group given or taken a loan to another savings group or village bank?	Given.....1 Taken.....2 No.....3	→812 →812
810	If yes, how much interest did you charge?	Rate (per month):	
811	If yes, how much interest were you charged?	Rate (per month):	

3	Group fund			
a	Amount and sources			
812	Do you loan to non-members?	Yes.....1 No.....2		→814
813	If so, what rate of interest (monthly) is charged to non-members?	Rate:.....		
814	Has the group ever taken a loan from an MFI?	Yes.....1 No.....2		→816
815	If so from where, how much and on what terms?			
	From where?	How much was borrowed?	Interest rate per month?	
	1	Rs.	%/month	
	2	Rs.	%/month	
	3	Rs.	%/month	
b)	Growing the Fund			
816	Does the demand for loans in the group exceed the amount of the group fund?	Yes.....1 No.....2		→818
817	IF YES, how much would you need to increase the group fund to meet the demand for loans from the members now?	Rs.:.....		
818	Has the group carried out collective activities to raise money for the group fund?	Yes.....1 No.....2		→STOP
819	IF YES, What are the two most profitable collective activities carried out to raise money for the group fund? (Probe: “any others?”)			
	Activity	Year	Amount Raised	
	a)			
	b)			
819	IF YES, What are the two most profitable collective activities carried out to raise money for the group fund? (Probe: “any others?”)			
	Activity	Year	Amount Raised	
	a)			
	b)			

#2

**WEP Assessment Study 2007
 Conducted for Pact by VaRG
 Questionnaire for Former WEP Group Members**

Fill in before meeting with former member:

a) Name of interviewer:	.....
b) Date of interview:	.....
c) Member name:	.....
d) Group name:	.....
e) Location (village, VDC):	.....
f) Number of years in group:	.....
g) Date left group:	.....
h) Was final loan repaid by borrower?	Yes.....1 No.....2

(Read to Former Member):

“We would like to find out a little about why you left your WEP group. Please think of all the main reasons you decided to leave. Your answers will not be shared with anyone else. This will take only a few minutes. Thank you for helping us.”

101	What were the main reasons that you left the group? (See the following list of possible answers. Do not read answers. Multiple responses are possible)	
101a	Were there problems with the group's saving or lending rules or procedures?	The savings rate was too high.....1 The interest rate on loans was too high.....2 The loan amount was too small.....3 The loan length was too short.....4 I did not like the repayment schedule.....5 I found another program which better met my needs.....6 Which one?..... Why is it better?.....
101b	Were there problems with the group?	I did not like the treatment by other group members.....1 The group disbanded.....2 I had personal conflicts with other members of the group.....3 Explain..... I was unhappy about group leadership.....4 I was unable or unwilling to attend all the group meetings (such as take too much time; too many meetings; have schedule conflicts).....5 I did not like the rules and/or the pressure established by the group.....6 The group's meeting place was too far away....7

101c	Were there business reasons?	My business did not generate enough money for me to repay my loan.....1 I went to a program that made larger loans.....2 Which one? _____	
101d	Were there personal reasons?	I got married and moved to a new place.....1 I could not continue because I spent the money on a crisis (such as illness,death) or a celebration (such as marriage) in my family.....2 My spouse (or other adult income earner) left me so I could not continue the business.....3 I was pregnant or had another person to care for (lack of time or ability to continue the business at the same level).....4 Family members pressured me to leave.....5	
101e	Were there any other reasons?	.....
102	When you left, what happened with your savings?	Savings withdrawn.....1 Savings kept by the group.....2	
103	What happened to any outstanding loan?	Paid with my savings.....1 Paid by me directly.....2	
104	Which answer best describes the importance of being able to save in your group? (Read answers. Mark only one answer)	Helped me quite a lot.....1 Helped me a little.....2 Didn't help me.....3 Didn't help me at all.....4 No opinion.....5 Do not know.....8	
105	Which answer best describes the importance of being able to borrow from the group? (Read answers. Mark only one answer)	Helped me quite a lot.....1 Helped me a little.....2 Didn't help me.....3 Didn't help me at all.....4 No opinion.....5 Do not know.....8	
106	Do you think you benefited from being a member of the group?	Yes.....1 No.....2	→108
107	Please tell me the specific ways in which being in the group helped you. (Do not read answers. Multiple responses possible)	Helped me to save .....1 Helped me to make my repayments.....2 Provided advice and support when I needed help personally.....3 Gave me business ideas and contacts.....4 Offered me new friendships.....5 Allowed me to develop my leadership skills.....6 Gave me training and new information.....7 Other (<i>specify</i>):.....8	
(Read to Form Members): “We are coming to the end of the survey. The next set of questions is about your opinion of the group.”			
108	Which best describes your experience of participating in the group? (Read answers. Mark only one answer)	Very good.....1 Good.....2 No effect.....3 Bad.....4 Very bad.....5	

109	Please name the two things you liked best about the group.	..... ..... .....
110	Please name the two things you liked least about the group.	..... ..... .....
111	What do you think should be done to improve the group?	..... ..... .....
112	Do you think that you might rejoin the group in the future? (Read answers)	Yes.....1 Probably.....2 No .....3 Only if specific changes are made .....4 Do not know.....8	

#3

**WEP Assessment Study 2007
Conducted for Pact by VaRG
VB Members Survey Questionnaire**

District			Date	
VDC			No. members in group	
Village Name			No. members attending	
Group name				
Interviewer names				

WEP Evaluation Workshop for Village Bank Members

The aims of this exercise are:

- to assess the relative value that women place on the different activities that WEP supported.**
- to assess women's perceptions of whether WEP outcomes related to women's empowerment and household poverty have had a positive or negative effect on women's lives, and the relative scale of that effect.**

INTRODUCTION

Explain the purpose of this meeting: (purpose of the meeting, timing, importance, why we are here, what to be done, etc)

Note: originally, the research team had concerns that VB women would not be able to differentiate WEP activities from other development activities. Our field testing showed that these concerns have been overstated. Still, the emphasis of the research is now on what the groups have achieved, and less of which program or organization was responsible for these achievements

Visual prompts: The series of 4 WEP books should be on display:

5. Our Group	6. Forming our Village Bank
7. Village Bank Lending	8. Village Bank Entrepreneurs

I. WEP and its Outcomes

A. Reviewing WEP Experiences

This activity reviews the elements of WEP and the different activities that WEP supported.

As the women enter the meeting, ask them to sit in pair to discuss together their recollections from WEP for a few minutes and then have each pair share their responses on the following:

For this, ask the group, “Think back to the time that the Empowerment Worker started to visit your group. What did you do during WEP?”

The facilitator may need to probe if women have forgotten some of the elements/activities of WEP. These elements/activities, broadly categorized, may include the following but also may include many other activities that groups are engaged in.

WEP Activities	
• Literacy	• Savings
• Loans	• Learning how to do business
• Starting businesses	• Meeting as a group of trusted friends
• Learning about women’s rights and how to advocate for them	• Making and implementing plans for social action, physical infrastructures
• Networking with other women’s groups	• Other actions (sketch quickly)

As the group comes up with specific activities, show a card drawn to represent the activity and ask if it does in fact represent what the women are describing. If a prepared drawing of one or more of the activities does not exist, sketch one quickly on a blank card. When each type of activity is presented, the facilitator should ask probing questions to get a complete story about the activity. Then in the same 2-3 pairs ask them to discuss and share together their very best experiences or stories with WEP and the very best things WEP helped them achieve in their lives. Ask the group of pairs to choose one of their best experiences or stories to share with the larger group. Put strict time limit to share the experiences or stories. Guiding requests and questions can include:

B. Literacy

This exercise attempts to assess WEP’s impact on women’s literacy.

This exercise is about literacy. Ask the women to think back to the time before they joined the group, and to think about their literacy level at that time. Explain that you would like the women to assess their literacy at that time according to the following levels of ability:

	Were able to:
1	read a simple book or better
2	fill out savings pass book
3	gain information from public signs
4	sign name
5	Cannot read or write at all

Go through each level of literacy and ask women to assess themselves. Then go through each level again and ask the women to give their opinion regarding maximum level of literacy before WEP and now. Record their responses in figure. Total for each column (before WEP and after WEP) will not exceed 100%, i.e. each individual participant will give only one response in each column.

	Maximum Literacy	Before WEP	After WEP
1	Can read a simple book		
2	Can fill out savings pass book		
3	Can gain information from public signs		
4	Can sign name		
5	None		

Q. Is literacy important? Suggest a scaling answer for this, such as:

	Number
Useless	
Not important	
Somewhat important	
Moderately important	
Very important	

Q. If the work you did during WEP to become more literate has been helpful to you, please share your most valued experience that illustrated this?

C. Loan Use

Note that some of the women mentioned receiving loans as an activity supported by their group. You would like to return to the issue of loans. Explain that you would like to learn how the group members used their loans. Ask about the types of things that loans were used for. You should be able to generate a list similar to the table below. For each loan use, ask each woman to raise her hand if she has ever taken a loan from the group for that purpose. Complete the table

Loan Use	No. women responding		No. women responding
• Agriculture (seeds, other inputs, harvesting or processing costs)		• Land	
• Livestock		• Health	
• Small scale manufacturing		• Shop-keeping	
• Education		• Home improvement	
• Food		• Wedding expenses	
• On behalf of others, including husbands or other family members		• Festivals and rituals expenses	
		• Petty trade	
		• Pay off other loans	
		• Other uses (list).	

D. Business Development

This activity aims to determine the types of business that women are engaged in as well as an indicative range of income obtained from the businesses.

Explain that some of the women mentioned starting businesses as an activity supported by their group. You would like to return to the issue of these businesses. Explain that you would like to learn more about what kinds of businesses were started as a result of being in the group and about how profitable they have been. Ask about the types of businesses that women have started or expanded since joining this WEP group. Read out the business type as give in the table below. Ask women to raise their hands to respond that they had started the business types. Count the number of hands raised and record on the table.

Business Type	No. women responding
1 = Commerce/ trade/retail (includes petty trade)	
2 = Manufacturing (includes food processing, textile production, crafts, leather work)	
3 = Service (includes hairdressing, restaurants, food stalls, cleaning services)	
4 = Agriculture or Livestock (includes food or other crop production, animal raising)	
98 = Not involved in an income-generating enterprise	

Ask the following guiding questions during the group exercise:

Has monthly income increased as a result of loans through WEP

Are women expanding their businesses

to get a more reliable picture of WEP's contribution to business development and diversification

to assess the degree to which members are using the business training and accessing and sharing other sources of business information

to get ideas of how women can best be assisted to significantly improve their monthly incomes and contribute to development of local markets and local development

E. Impact

	Enter number of women who respond				
	Greatly improved	Improved	Stayed the same	Worsened	Severely worsened
1. Do you feel <u>as a result of being in your group</u> that your economic situation has changed from before you were in the group?					
2. Are you better able to provide for the needs of your family as a result of your <u>group</u> activities?					
3. Specifically, as a result of <u>your group</u> , we can (Read all):	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
1 Provide adequate food for our families					
2 Obtain access to health services for our families					
3 Start and expand our small businesses					
4 Improve our housing and household assets					
5 Send more of our children to school					
6 Other (specify)					
Note: Perhaps we need to be more specific in our questions about education... Some suggested questions:			No. of women		
			Yes	No	No school age children
7 If you have school-age children, are they currently attending school?					
8 Since you joined <u>the group</u> , are you sending <u>more</u> of your children to school than before?					
<i>Additional questions</i>			No. of women		
8a How many of you have girls of school age (6-16 years)?					
8b How many of you are sending at least one of those girls to school?					
8c How many of you think your experiences in <u>this group</u> contributed to your decision to send your daughters to school?					

II. CHANGES IN WOMEN’S LIVES DUE TO WEP

This activity explores women’s perceptions of whether WEP outcomes related to women’s empowerment and household poverty have had a positive or negative effect on women’s lives, and the relative amount of that effect.

A set of commonly used indicators for women’s empowerment and household poverty is given below. Illustrations for each of these indicators have also been made.

The facilitator should hold set of illustrations while stating:

These are some of the issues that women from other WEP groups have talked about when asked about what has changed in their lives as a result of their membership in a WEP group.

Go through each card, questioning what it means to the women. Once there is consensus and that consensus is close enough to what the drawing was intended to represent, tape the picture to the wall or place it on the ground between the women. Once all the cards have been introduced, ask the group to take five minutes to select up to three cards that represent things in their lives that have been most influenced, or have changed the most by their participation in WEP. Explain that like all programs, participation in WEP may have had both advantages and disadvantages, good points and bad points. We have not come to hear only good stories of your experiences with participating with WEP. The changes might be positive or negative, and there is nothing wrong with selecting a card that represents something that has gotten worse. Through discussion today, we hope that you can paint a full picture of WEP, good and bad, so that the lessons generated can be used to make WEP for other women better.

ILLUSTRATED CARDS: Indicators of empowerment and poverty reduction	
Indicators of women’s empowerment	Indicators of household poverty
◆ Confidence and self-respect	● Family food security and nutrition
◆ Women’s income/ pewa	● Household assets
◆ Friendship networks and mutual support	● Ability to afford healthcare
◆ Literacy	● Ability to afford children's education
◆ Freedom and mobility	● Others that come up in discussions (quickly sketch)
◆ Freedom from domestic violence	●
◆ Role in decision-making in the household	●
◆ Caste relations	●

Once the group has selected their cards, ask them to decide on a single story that best illustrates how their lives have changed with regard to the issue, because of WEP. The presentation should cover two aspects:

- ◆ How has the issued represented by the card changed?
- ◆ How has the group been involved in making this change possible?

As the story is being told, facilitators should probe so that a complete story emerges and is recorded by a facilitator. Be sure to distinguish in your notes whether the changes described are considered ‘better’ or ‘worse’ than before WEP.

III. Changes in Lives: Ranking WEP Influences

“Say to the group that they surely have faced some very serious, difficult social and political challenges taking place around them. Then ask whether WEP helped them address these challenges... If ‘yes,’ how much... etc. etc.. “ (keep open to their own suggestions about the challenges)

Alternately, facilitators could use their own best judgment according to current situation in the village, to suggest possible challenges,... “... such as the Maoist rebellion, Collapse of Government, Madeshi uprising... etc...” and then note responses.

We might also want to include positive developments, like “Bringing about Peace Agreement” and/or “Restoration of Democracy” to assess potential WEP impact in helping bring these about? See below for possible framing of questions and responses.

Challenges	Level WEP’s impact on addressing the challenges				
	Greatly increased our ability to address this challenge	Increased our ability to address the challenge	No effect	Decreased our ability to address this challenge	Greatly decreased our ability to address this challenge
Group to suggest three greatest challenges. If they volunteer the those listed below, note their assessments of WEP’s impact, but do not ask directly about these	No. of women	No. of women	No. of women	No. of women	No. of women
1.					
2.					
3.					
After giving hints or probing:					
1.					
2.					
3.					
If volunteered: Note: These critical issues will not be explicitly included in the questionnaire however, the hints of these will be given to the respondents during survey					
a. Civil War/Maoist Rebellion					
b. Collapse of Government, Royal takeover					
c. Madeshi uprising					
d. Peace agreement					
e. Restoration of democracy					

Ask the group to narrate the single best story of how their lives have changed because of WEP's activities.

- Follow with ranking using the top 5 cards
- Close with choice of single best story of how their lives have changed because of WEP

IV. WEP in the Future

This activity assesses the relative value that women place on the different activities that WEP supported.

Ask the group to recall the activities that their group has done by referring to the cards from the first exercise. Explain that there is interest from other women in other countries in initiating a program similar to WEP. However, due to a lack of resources, it may not be possible to implement all the activities that were done in the past. Ask the women to re-arrange the cards on the basis of relative importance so that the most important activity is at the top, with the least important at the bottom. This knowledge of what women value most in the program will be very important in making it better in the future.

Most Valued



Least Valued

V. Valued Components: Ranking WEP inputs Making recommendations for WEP programming in the future

This section deals with women's dreams for the future, for their children and grandchildren, and then on their plans to realize those dreams. Moreover, whether WEP helped them realize their dreams and what they would like to do now to make these current dreams come true. Ask the following questions to the group to obtain such information.

- 1) What were your dreams for yourself, your children and grandchildren when you first joined WEP
(Draw pictures? Discuss? Share ideas?)

2) *Did participation in WEP help you achieve these dreams for yourself, your children, or grandchildren?*

	<i>For yourself</i>	<i>Your children/grand children</i>
<i>1= Very much</i>		
<i>2= Somewhat</i>		
<i>3= Not at all</i>		

3) *If WEP did help, what is your best story illustrating how it helped?*

4) *What are your dreams for your children and grandchildren now?*

(Draw pictures? Discuss? Share ideas?)

5) *What are your dreams for your group today? Village Bank? For other women in your village?*

(Draw pictures? Discuss? Share ideas?)

6) *What do you want to do now to help make those dreams come true?*

(Draw pictures? Discuss? Share ideas?)

7) *Would you like to help take up WEP to other women in Nepal?*

1= Yes, I would be very excited to do that

2= Yes, I would be somewhat interested to help

3= No, I would not be interested to do that.

8) *If 'yes,' what are your best ideas for helping make that happen?*

(Draw pictures? Discuss? Share ideas?)

#4

<p>WEP Assessment Study 2007 Conducted for Pact by VaRG Dissolved Group Questionnaire</p>

Questionnaire number	
a) Name of the respondents (try to include at least three former management committee members or other members who can provide information about the group)	
b) Name of interviewer	
c) Name of supervisor	
d) Date of interview	

1: Name of the group		
2. Name of the group at the end of WEP – 2001 (if different)		
3: District		
4: VDC/Municipality		
5: Ward No.		
6: Village/Tole		

101	Has your group dissolved?	Yes.....1 No.....2	→103
102	If so, why did your group dissolve?	..... .....
103	What happened with your group fund?	..... .....
104	Has any <u>other</u> group been formed as a result of your village bank?	Yes.....1 No.....2	→106
105	If so, what?	..... .....
106	Have <u>any</u> activities continued as a result of your village bank?	Yes.....1 No.....2	→Stop
107	If so, what?	..... .....

#5

**WEP Assessment Study 2007
Conducted for Pact by VaRG
Questionnaire for Low Economic Status Women Non-group Members**

(Note: Ensure that you select women from the poor economic strata of the village, residing within walking distance of the group (e.g., 1/2 mile). If possible select from Dalit, tribal group (Janajati)).

Questionnaire number	
a) Name of the respondent	
b) Caste/ethnic group	
c) Name of interviewer	
d) Name of supervisor	
e) Date of interview	

1: Name of the group (s)		
2: District		
3: VDC/Municipality		
4: Ward No.		
5: Village/Tole		

101	Have you ever heard of XXX group in this village? (probe: if the respondent says no or do not know, mention the name (s) of at least two group leaders of that group)	Yes.....1 No.....2	→ Stop interview
102	Do you know about the activities of that group?	Yes.....1 No.....2	→ 104
103	If yes, what are they?	..... .....
104	Has the group done anything that helps people in the village who are not group members?	Yes.....1 No.....2	→106
105	If yes, please specify.	..... .....
106	Have you ever been asked to consider joining the group?	Yes.....1 No.....2	→108
107	If yes, why did you not join the group?	..... ..... .....
108	Would you like to be a member of that group?	Yes.....1 No.....2	→110
109	If so, why?	..... .....
110	Is there anything you do not like about the group?	..... ..... .....