A WORTH Savings Group member weighs the produce she is selling from a shop she expanded with guidance from WORTH'S Microenterprise development materials.

The Learning Initiative is generously co-funded by:

The MasterCard Foundation

Other Programme Development and Research Partners:

Pact International

Habitat for Humanity International Nepal

Samjhauta

United States Agency for International Development

For further information:

Aga Khan Development Network (AKDN)

1-3 Avenue de la Paix

1202 Geneva

Switzerland

Tel: +41 22 909 7200

Fax: +41 22 909 7291

E-mail: info@akdn.org

Website: www.akdn.org

The WORTH experience proposes a delivery model that supports an integrated approach at programme launch, with complementary interventions incorporated to address the issues underlying the need for SGs in the first place. The programme also points to the potential of using self-instructional neo-literate materials to anchor complementary interventions and highlights the value of SGs as providers of a social safety net for their members and for the larger community.

Lessons Learnt

WORTH groups became strong solidarity groups that have embarked on numerous collective IGAs and infrastructure development initiatives. Group members have also been remarkably active in setting and enacting social agendas which reflect, at least in part, the self-confidence that women attribute to having been beneficiaries of WORTH. Drawing lessons from the integrated approach taken by WORTH in Nepal could change the way future SG development takes place.

Brief based on research and case study sponsored by the Aga Khan Foundation’s Savings Groups Learning Initiative, written by Marcia Odell in September 2010.

AKF SAVINGS GROUPS LEARNING INITIATIVE

WORTH Nepal: Assessing the Value Added and Sustainability of a Women’s Empowerment Programme

It is not unusual for well-established Savings Groups to provide a platform for social interventions. However, WORTH, a women’s empowerment programme implemented by Pact International in Nepal, is unusual in that it combined Savings Groups’ activities with value-added, socially-focused activities from its inception. The value-added activities spearheaded by WORTH, including literacy training and business development services, function to support its primary objective: the empowerment of its members. Separate post-programme interventions utilized the skills Savings Group members had developed to conduct housing and health interventions.

Savings Groups

Savings Groups (SGs) refer to self-managed community-based groups that provide their members access to basic financial services. SGs are composed of 15 to 25 self-selected individuals who meet regularly (usually weekly or fortnightly) to save and, if desired, borrow for short periods, paying monthly interest at a rate set by the group. After approximately 12 months, all savings and earnings are distributed back to group members (often referred to as a share-out). The earnings usually are distributed in proportion to their savings. SGs respond directly to the unmet financial services needs of the remote and rural poor by providing: i) a secure place to save; ii) the opportunity to borrow in small amounts and on flexible terms; and iii) affordable basic insurance services. SGs aim to increase household financial assets and to decrease household vulnerability to financial and other shocks.

SGs are a simple, transparent, cost-effective and sustainable means of providing entry-level financial services to people who are too poor or isolated to be served by other financial service providers. For this reason, they are being actively promoted by leading international development agencies including CARE, Catholic Relief Services, Oxfam America, the Aga Khan Foundation (AKF), PLAN International, and others including national and local partners. The number of SG members has grown rapidly to about three million people at the end of 2009, mostly in Africa, but with increasing numbers in Asia, including Central Asia, and a few in Latin America. SGs are complimentary to other financial services; some SG members also use financial services from other providers.

Learning Initiative Objectives

This research study is one of a series of studies sponsored by AKF’s Savings Groups Learning Initiative funded by AKFC and The MasterCard Foundation. The Initiative examines how SGs are used as a platform for development activities and how linkages to other services take place and with what benefits to group members. It considers how financial services combined with other development activities add
A typical poor rural family in Nepal can produce food for only three to six months of the year so most families are deeply in debt. According to World Bank estimates at the time of the WORTH programme, indebtedness used about 20 percent of the average annual rural income.

WORTH group members dig a channel for an electricity line that they have brought to their village. Participation in WORTH enables projects like this to occur. Although five WORTH groups did not have a productive outcome, they have brought to their village.

The WORTH experience proposes a delivery model that supports an integrated approach at programme launch, with complementary interventions incorporated to address the issues underlying the need for Savings Groups in the first place.

Context

WORTH is a women’s empowerment programme designed and implemented by Pact, an American organization. In Nepal, WORTH provided integrated support to develop a broad range of skills, from basic literacy to financial literacy, with the global objective of empowering beneficiaries. Pact and the donor agency, the United States Agency for International Development (USAID), anticipated that the integrated service delivery approach would deepen both the motivation of beneficiaries and the benefits of the programme. From 1999 to 2001, WORTH trained 6,000 groups (approximately 125,000 women) in 21 districts across southern Nepal. Members received access to savings and credit services, as well as literacy education, business development services, and rights and advocacy training.

WORTH’s Savings Groups (Village Banks or VBs) are similar to SGs except that members i) maintain a long-term time horizon and do not disband and reconstitute the group every year, and ii) commonly distribute earnings every six months through entries in members’ passbooks, while retaining members’ savings and the group’s earnings so that the loan fund can continue to grow to support loans to members. With Pact’s support, women developed VBs, became literate, started or grew businesses, and learned about their rights. By pairing income generating activities (IGAs) and education together in one programme, WORTH’s initiative had positive impacts and added value for members across development sectors.

Platforms and Linkages

This case study examines the WORTH project and its various activities as well as two additional interventions involving WORTH groups but implemented by other national and international organisations separately. The study addresses the sustainability and replicability of the programmes.

Literacy Training: WORTH’s literacy training was the cornerstone of its program. In 2003 two-thirds of group members reported that before WORTH they had not been able to read a book, fill out a savings passbook, get information from public signposts or sign their names. That proportion had dropped to eight percent after four years of programming. Members of one group reported they had encouraged each other to read, “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.”

Business Development: In conjunction with developing VBs, WORTH provided business development training to enhance new opportunities that access to the VBs’ financial services offered members. Value was added because of i) the integration of microenterprise development messages in all WORTH literacy materials, including stories about women in business and ii) use of the Appreciative Planning and Action framework, which encouraged women to share their business-related success stories with each other.

Rights, Responsibility and Advocacy (RRA): When RRA training began, some women did not know that they, as women, had any rights. Many particularly valued learning that a woman needed to register her marriage if she was to have any recourse to access property should her husband die. Women enjoyed RRA, but its integration into the rest of the programme was sub-optimal because the RRA training was often provided at the same time groups were learning how to set interest rates or how to calculate VB dividends.

Reproductive Health and HIV/AIDS project: After the WORTH project ended, a national NGO called Samjhauta implemented a health project from 2002 to 2003. Samjhauta focused on developing and testing self-instructional materials as an effective means to i) disseminate health information, ii) generate group discussion, and iii) motivate women in SGs to mobilize the community around HIV/AIDS issues. Samjhauta identified WORTH groups as ideal partners since they were already organised, met regularly, exhibited trust among members that supported frank discussion of sensitive issues, and were familiar with the use of written material for learning. The existing VB model made it possible to reach out twice as many women as originally planned. However, a significant challenge of this programme design was that VBs did not have a strong technical foundation upon which to build future HIV/AIDS related programming.

Housing Financing Project: In 2005, Habitat for Humanity (HFH) Nepal’s “Save & Build” (S&B) programme used VBs in four WORTH districts to provide low-income people an opportunity to build or improve their homes with financing channelled through the VBs. HFH-Nepal benefited from the capacity of VBs to manage and lend funds responsibly. After initial training in S&B procedures, VBs were well qualified to take on most of the implementation of the S&B program, including beneficiary selection and training, technical assistance, as well as loan disbursement and collection. Given their strong relationship with the community, members were ideally placed to evaluate credit risk and ensure timely repayment. In turn, members saw S&B as empowering as it led to concrete changes in the community and enhanced VB members’ status. Interestingly, the S&B product reached predominantly non-members, since most group members already had improved housing from the VB activities.

Sustainability

Two-thirds of WORTH VBs survived the Maoist insurgency and civil war that faced Nepal until 2006 and were still functioning in 2007, six years after the programme ended. Furthermore, these groups had created approximately 425 new groups with no external assistance. At the time of the post-programme assessment in 2007, it was estimated that from the original membership of 35,481 women participating in VBs when the Pact programme ended in 2001, in 2007 there were over 37,000 women members. In contrast, relatively few of the WORTH VBs that received post-programme interventions from external organisations have sustained the additional activities.
A typical poor rural family in Nepal can produce food for only three to six months of the year so most families are deeply in debt. According to World Bank estimates at the time of the WORTH programme, indebtedness used about 20 percent of the average annual rural income.

WORTH group members dig a channel for an electricity line that they have brought to their village. Participation in WORTH enables projects like this to occur.

The WORTH experience proposes a delivery model that supports an integrated approach at programme launch, with complementary interventions incorporated to address the issues underlying the need for Savings Groups in the first place.

The Savings Group treasurer prepares for transactions at the group’s weekly meeting. The group relies on social cohesion to maintain financial discipline, placing a high value on social interaction as well as saving.
Various evaluations of the HFFH Nepal housing project indicated the sustainability of the housing intervention hinged on whether or not HFH can develop a programme that does not depend upon subsidized capital for the housing loan fund. Without moving away from that subsidy, S&B will always be dependent upon external contributions.

Lessons Learnt

WORTH groups became strong solidarity groups that have embarked on numerous collective IGAs and infrastructure development initiatives. Group members have also been remarkably active in setting and enacting social agendas which reflect, at least in part, the self-confidence that women attribute to having been beneficiaries of WORTH. Drawing lessons from the integrated approach taken by WORTH in Nepal could change the way future SG development takes place.

The WORTH experience proposes a delivery model that supports an integrated approach at programme launch, with complementary interventions incorporated to address the issues underlying the need for SGs in the first place. The programme also points to the potential of using self-instructional neo-literate materials to anchor complementary interventions and highlights the value of SGs as providers of a social safety net for their members and for the larger community.

For further information:

For further information:

Aga Khan Development Network (AKDN)
1-3 Avenue de la Paix
1202 Geneva
Switzerland
Tel: +41 22 909 7200
Fax: +41 22 909 7291
E-mail: info@akdn.org
Website: www.akdn.org

The Learning Initiative is generously co-funded by:

The MasterCard Foundation

Other Programme Development and Research Partners:

 Pact International
Habitat for Humanity International Nepal
Samjhauta
United States Agency for International Development

Empowerment Programme

It is not unusual for well-established Savings Groups to provide a platform for social interventions. However, WORTH, a women’s empowerment programme implemented by Pact International in Nepal, is unusual in that it combined Savings Groups’ activities with value-added, socially-focused activities from its inception. The value-added activities spearheaded by WORTH, including literacy training and business development services, function to support its primary objective: the empowerment of its members. Separate post-programme interventions utilized the skills Savings Group members had developed to conduct housing and health interventions.

Savings Groups

Savings Groups (SGs) refer to self-managed community-based groups that provide their members access to basic financial services. SGs are composed of 15 to 25 self-selected individuals who meet regularly (usually weekly or fortnightly) to save and, if desired, borrow for short periods, paying monthly interest at a rate set by the group. After approximately 12 months, all savings and earnings are distributed back to group members (often referred to as a share-out). The earnings usually are distributed in proportion to their savings. SGs respond directly to the unmet financial services needs of the remote and rural poor by providing: i) a secure place to save; ii) the opportunity to borrow in small amounts and on flexible terms; and iii) affordable basic insurance services. SGs aim to increase household financial assets and to decrease household vulnerability to financial and other shocks.

SGs are a simple, transparent, cost-effective and sustainable means of providing entry-level financial services to people who are too poor or isolated to be served by other financial service providers. For this reason, they are being actively promoted by leading international development agencies including CARE, Catholic Relief Services, Oxfam America, the Aga Khan Foundation (AKF), PLAN International, and others including national and local partners. The number of SG members has grown rapidly to about three million people at the end of 2009, mostly in Africa, but with increasing numbers in Asia, including Central Asia, and a few in Latin America. SGs are complementary to other financial services; some SG members also use financial services from other providers.

Learning Initiative Objectives

This research study is one of a series of studies sponsored by AKF’s Savings Groups Learning Initiative funded by AKF/C and The MasterCard Foundation. The Initiative examines how SGs are used as a platform for development activities and how linkages to other services take place and with what benefits to group members. It considers how financial services combined with other development activities add...