

# **Shaping Our Own Destiny**

Experiences of Micro Finance Programme in Slum and Squatter  
Communities in Kathmandu and Lalitpur Cities

**Lumanti Support Group for Shelter  
Kathmandu, Nepal**

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## Section I

### INTRODUCTION

#### **I.1 Background**

*Lumanti Support Group for Shelter* is a non-government organization dedicated towards alleviation of urban poverty in Nepal through the improvement of shelter conditions in slum and squatter settlements. *Lumanti* envisions secured housing to entire urban poor people through the enhancement of socio-economic conditions and increased dignity and capacities to lead the way forward. *Lumanti* strives for improving housing conditions of the urban poor.

At *Lumanti*, shelter means more than simply a house. The concept of shelter encompasses the whole living environment. Therefore, *Lumanti* works with the poor urban communities to help them improve the quality of their housing and advocate it as a basic human right. *Lumanti* is guided by the following statement:

*"Like farmers have a right to farmland and anglers have a right to fish in the sea, people have a right to decent shelter; be this in rural or urban areas. Problems arise when this right is infringed. The right to housing is for all. It is a universal right and it applies to everyone; women, man, children and everywhere without at discrimination. Housing is not simply limited to a house: it encompasses the broader understanding of habitat which has cultural, historical, social, economic, political, legal, environmental, physical and territorial implications." late Dr. Ramesh Manandhar*

Informed by above statement, *Lumanti* does exist to work on the urban poverty issues particularly security of housing for the poor people.

In order to materialize the goal of having secured housing by the urban poor communities, *Lumanti* has chosen micro finance as one of the priority areas since its beginning of engagement in development work in 1998. The aim of micro finance programme was to empower slum and squatter communities through improved economic conditions and self reliance. *Lumanti* adopted strategies to promote micro finance include to increase access and control over financial resources by the poor people, increase access to and opportunities for women to manage financial resources, promote and strengthen community-based financial institution and advocate for pro poor micro finance policy framework by the government/or micro finance regulating authority. Since micro finance work is generally understood as S&C (S&C) programme by the community people, the same terminology has been used in this document.

#### **I.2 Brief History of Saving and Credit Intervention**

The people living in slum and squatter settlements had a great amount of fear of eviction and uncertainties about their shelter. They had general perception that they were poor and disadvantaged because of their fate. They never through that they were entitled with basic human rights and there were government and other agencies to help them to get out from

the status of being disadvantaged. They had a feeling of being helpless and lack of trust among the community people.

In fact, this was a big hindrance to *Lumanti* to build a rapport and trust for working together and seeing a new picture of change in their lives. *Lumanti* conducted several interactions and established informal contacts with the community people. As many as community people did participate in the events organized by *Lumanti*, they gradually realized that the issue of economic empowerment raised by *Lumanti* had relevance in their lives. Few community leaders agreed to nominate their representatives to pursue the idea further. The representatives were ready to form an S&C group and started savings of NPR 5.00 per month. In 1997, a total of three S&C groups (participating ...members) were formed in communities namely Banshighat and Balaju under Kathmandu Metropolitan city and Lonhla under Lalitpur Sub Metropolitan City. Two of them were squatter and one was slum communities.

Soon after the formation of groups, few group members visited India and Thailand and observed activities done by the similar communities in their respective settlements. This was an eye opener for them to do something in their communities too. Later, another group of community representatives visited Mumbai, India and Cambodia to see community managed S&C scheme. By end of 2000, the total number of group reached to 60 along with ... members. *Lumanti* and community agreed to bring women from each household in the S&C group. As a result, all the group members were only women. The S&C groups were at very infant stage until end of 2000. Gradually, the S&C group members imparted training in managing group, book keeping, proper documentation of savings and loan transactions, and also clarifying roles and responsibilities of group leaders, members and staff, among others.

*Lumanti* believes saving money is a key tool in empowering and developing poor, urban communities. This is particularly so given that the urban poor are often considered a "risk" by financial institutions and, therefore, find it difficult to access loans through *Lumanti*'s micro-finance programme, at least one woman from each household is encouraged to join savings and credit group. The groups have an average of 18 members and most save on a

<b><u>Key Events of S&amp;C Intervention</u></b>	
1996	Lumanti decided to engage in addressing urban poverty social economic change in the slum and squatter communities
1997	Begun to organize women from various settlements through S&C groups
1998	S&C groups expanded to 13 from three in 1997 Team of S&C group members paid exposure visits to India, Thailand and Cambodia
1999	S&C group numbers kept increasing and reached to 35
2000	Number of S&C group reached to 60 along with participation of ... women
2001	Idea floated to explore possibilities of promoting groups into formal legally acceptable institution
2002	Process initiated to get registered the groups into savings and credit cooperative under the Cooperative Act
2003	Established three Savings and Credit Cooperatives (SCC)
2004	S&C leaders were imparted leadership management training
2005	All SCCs celebrated their annual function independently by inviting similar groups in other communities
2006	All S&Cs arrived at a situation of covering operating costs

monthly basis; however, there is some weekly and daily savings.

At Present, Lumanti is working with 2400 women savers in more than 500 savings and credit groups. These women manage their funds and groups themselves, however, Lumanti offers organisational and accounting support and training where needed. Loans are then distributed to members for housing improvements, health matters, emergencies and educational costs.

As time passed by, communities were further encouraged to participate in the S&C activities. As a result, by end of 2001, there were ... S&C groups covered .... members with accumulated saving of NPR ..... and loan disbursement of NPR ..... This encouraging progress made *Lumanti* and S&C groups realized to have a formal and legal mechanism to manage ever increasing funds and fulfill additional demands/needs of the members. It was necessary to strengthen informal S&C groups into a community based sustainable financial service providing institution. Thus, a total of three S&C Cooperatives (SCCs) were registered and functional since ..... Later, other communities have also taken initiative to establish saving and credit cooperative in the respective settlements.

### **I.3 Methodology of Documentation**

This document is not an evaluation report rather a documentation of community people's perspective whether and how they have been benefited from S&C intervention. Thus, informal and participatory methodologies were followed while collecting facts, case studies and views of the S&C members and their families. Secondary statistics are used from S&Cs and *Lumanti*'s database. The key methodology includes collection of success stories and cases from the community through focused group discussion and individual interviews with the concerned persons. The groups were randomly selected based on types and nature of enterprises undertaken, amount of financial resources mobilized and level of performance (both average and best performing groups). Two external people were given responsibility for the documentation supported by staff from SCCs and *Lumanti*.

## Section II

### CHANGES IN QUALITY OF LIVES OF THE PEROPLE

#### II.1 Income and Economic Development

Most women defined an empowered woman as: *one that has choices, similar to those available to men, and actively decides to develop both individual and family well-being. Empowering experiences are those which widen a woman's choices and help her to achieve her well-being goals.* Women has defined some important elements of empowerment that are sources of their power and well-being as: contributing to the family livelihood; speaking in public; some marketable skills; responsible roles in family and money decision-making, some husband/family support to pursue self-development opportunities as these relates wholly or partially.

Various evidences reveals that the S&C services provided to the women has been instrumental and effective in increasing the access to and control over the productive resources to the women and ultimately supporting in their endeavors towards social and economic empowerment.

##### II.1.1 Moving Towards Self Reliance

The S&C programme is designed to bring positive changes in the economic conditions of the people living in slum and squatter communities. There requires resources to be mobilized for bringing changes in sustainable way. Saving amount generated from the S&C group members became a cushion to the people to use as and when they need money be it for income generating purpose or be it for managing shocks and emergencies in the family. The S&C groups have generated and mobilized Rs .....which is a significant amount being revolved within the slum and squatter settlements. This has been a significant amount of capital generated to fulfill the financial needs of the community. This has proved that 'poor can save' for their future as well as to fulfill their financial needs. This has made local community financially a vibrant. The S&C activities are being institutionalized in the form of SCC with large sum of funds and indicate the increase sense of self reliance among the community people. The efforts have also made communities more hopeful in their bright future through mobilizing available capital in ventures that gives benefits and satisfaction to them. The community can fulfill their financial requirements from their own institution.

Overview of Capital Mobilization 1997-2006
Savings
Share capital
Other income
Total funds
Total lending
Outstanding loans
Total groups
Total members
Total population served by groups
Total SCCs
Total population served by SCCs
Source: Lumanti

The S&C group members seem to have a sense of self reliance when they have strong purse along with. Group members have anonymous views that their husbands were reluctant to give money for the little things we wanted to buy, but now we can buy things

for ourselves. One woman says that she was able to go to 'training' and learnt many new things. Another comment that before men had to search far and wide for loans, but now they need only ask their wives (and there is lots of laughter at this comment). Now, men/husbands listen to their wives more – traditionally men are the decision-makers, but now they respect their wives more. Women describe having more freedom, respect, and control over decisions and other matters related to their lives.

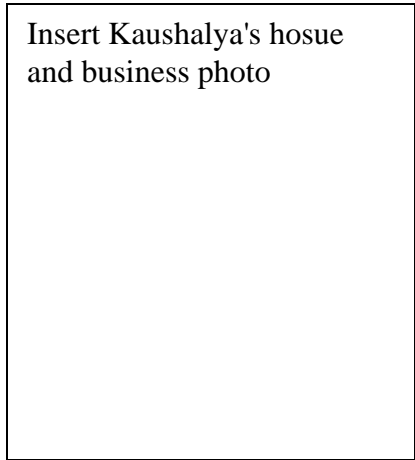
These days the community members don't feel that they need *Lumanti* to come and solve their every problem; they can do it themselves. "Any problems we might have had we now share together". They have confidence to generate more funds. At these days, group have capacity to save Rs. up to 1,000/m, where as saving of Rs. 5 per month was very difficult until few years back.

The Slum and Squatter communities did not have access to formal source of finance at time when they are seriously in need of money. They hardly find somebody who would lend them little money (mostly these people were not considered as trustworthy because they were squatters) and charge ... interest, which was a exorbitant indeed. With the accumulation of large sum in their own S&C groups and SCCs, now they need not go to the money lenders and the amount they would pay as interest goes to their own benefit.

Since the group stopped to go to the moneylenders rather started to share the available resources in moderate rate of interest, the demand of loan from moneylenders scrambled down to the bottom. Decreased demand coupled with the low rate of interest practiced by the S&C groups affected the prevailing rate of interest in the community. The group members have been able to borrow with the interest rates varying from 12-24% per annum as opposed to 60% from the individual money-lenders.

### **II.1.2 Creation of Employment and Entrepreneurships**

S&C groups operation is confined in providing financial services to women living in slums and informal settlements who have very limited entrepreneurship, marketing, and distribution process skills and clients are rather unstable. These basic traits of their members / shareholder have implications on enterprises development under credit assistance. Mostly members have loan need on consumption (health, education, repayment of older loans), and consumer durables (house repairs) rather than trade/income generating activities. These members tend to fulfill their basic need on consumption and consumer durables to provide focus on borrowing in trade/income generating activities. There are still large number of members who have taken loans for consumption (medical treatment, education and loan repayment) and paying back to the group.



The S&C groups have been undertaking enterprises consisting petty trading and service businesses, such as grocery, hotel/restaurant, repair and maintenance centers,

and vending business, among others. This has helped to enhance further skills, increased sense of achievement among entrepreneurs and created full time job as their own managers and producers.

*Ms. Kaushalya Darji and Mr. Hastaram Darji had been living in public land in Ramhiti community in Kathmandu with no sufficient income to manage their family until 2001. One of the S&C group members advised Ms. Darji to join them. After some time, Ms. Darji borrowed Rs. 5,000 and began tailoring. This gave good opportunity to the couple to be fully employed. The business went expanding and she further invested in the business by borrowing from the group. By middle of 2004, the couple was able to offer employment to few more people. The couple now has a permanent house to live and a good employment to earn.*

The S&C group members and their families have realized tangible changes in their communities with regard to flow of income in their families as

Insert photo of Shanti Ale

compared to couple of years back. The S&C activities have paved path for creating employment through business undertakings to the entire family members of the group. In a group in Bhim Mukteshor, there are 52 members and all of them own enterprises which are

diverse. Some of the group members in Majjubahal have been able to take benefit of group funds to finance family member for investing foreign employment. Likewise, in a Jagriti Tole in Balaju, 80 members out of 122, have undertaken enterprises ranging from poultries, groceries to the small hotels. According to available statistics, ...families, out of .... families in ... settlement where Lumanti is operating, have found to earn above Rs. 5,000 per month. Ms. Shanti Ale Mager tells her story that she borrowed Rs. 500 and started tailoring business. Since it went becoming beneficial, she expanded her business day by day. Now, she has borrowed Rs. 40,000 from her S&C group, which now gives her Rs. 6,000 income every month.

**Little Money Can Make a Difference**  
Ms. Parbati Lama, resident of Gairigaun, Kathmandu is an active member of the S&C group. She has been utilizing loans in a business, which has generated income up to the level to construct a two-room house along with water pump.  
  
insert her house

**House Wife to an Entrepreneur**

*Ms. Parbati Tamang is a resident of squatter settlement in Balaju, Kathmandu. She had been living life as per the norms of the society that women should be limited to household chores. She was totally dependent on her husband when she needs some money to fulfill her requirements. She had to sense her husband's mood before asking small amount of money. This was really a humiliating to her but she had no other way except to follow the tradition.*

*The situation started changing as soon as she joined S&C group. The group encouraged her to get in income generating activities. She explored all possibilities and decided to get engaged in pig raising work. First, she borrowed Rs. 5,000 to invest for the fence and buy small pigs. Within six months time, Ms. Tamang could sell them with a good price. She paid her loan to the group. She got additional loans from the group and expanded capacity to raise pigs. Gradually, the business expanded and she raise up to 20 pigs in a lot (six months) and earn more than one hundred thousand rupees as profit in a half year period, which is a very good amount of income in the community. Now Ms. Tamang is in a position to advise other group members for identifying enterprises and making the best use of loans.*

Women contribute to the family livelihood which is a crucial for families to survive and thrive. In the areas where the S&Cs were based, the majority of families engaged in trade

and business to earn for purchase of food for consumption or for a combination of sale and family use. In these families, without exception, the S&Cs women along with other women and sometimes their male counterparts of the household managed agricultural activities.

Appropriate half of the women possessed skills, on managing household and other income generating activities such as sewing, knitting and teaching. Learning and applying non-traditional skills were described as a concrete way for women to contribute to an improved livelihood and quality of life for themselves and their families. Changes in financial well-being were related to other aspects of life: one woman remarked that while she and her family used to eat just rice and salt, now they can eat more rounded meals.

Insert photograph of Kausalya couple and their new house

*Ms. Sukmaya Tamang ever struggled with poverty and inadequacy in her life. She along with her six-member family has been living in squatter settlement in Kathmandu. They had no regular source of income that could meet household requirements. Once she became part of S&C group, she borrowed Rs. 1,000 and started a local hotel in 2002. The business created employment to their family members. The hotel started yielding profits and Ms. Tamang has never to turn back her past. Now, she takes breath of great amount of satisfaction. She does not want to recall her past rather become laborious in the new venture. The small local hotel now has upgraded and can employ other people too. The hotel has created assets of hundreds of thousand rupees with annual turnover over half a million rupees. The business has not only made their lives comfortable financially but the family's social status has been enhanced and the family is being regarded as an imitable successful entrepreneur.*

Although there were plenty of livelihood opportunities in the city, the women living in squatter and slum communities could not enjoy this benefit just as lack of capital and their identity. Neither formal institutions (both government and non-government) recognized them as credible person and allowed to receive their services. Once they took economic empowerment initiative, they became recognized organization and generated funds to finance for the lucrative venture. This enhanced their level of confidence to the great extent and capital employed created numerous jobs and enterprises. The unemployed and semi-employed people were fully engaged in income generating process. As a result, the level of food security has substantially been increased. Many of the group members have constructed house, bought land, and raised livestock

Lumanti operates in .... settlements in Kathmandu where ... S&C groups are functional including .... members along with ..... capital mobilization. Women's engagement in S&C not only kept them busy but to other members in the family. The flow of such huge amount of money to .... members have multiplied the employment up to ..... One women in Palpakot S&C group says, her husband was doing masonry work little far from her home. He used to do hard work in one hand and could not give much time to the family in the other. Once she got capital from the group and started her own business, she asked her husband to work together in the same business, where he can earn more compared to the job he used to do.

### II.1.3 Housing Improvement

The main aim of the S&C programme was to acquire secured housing by the people living in slum and squatter communities in the cities. When asked to the group members, most of them had emphasized to improve their housing conditions.

Apart from the improved basic facilities in the communities, women's access to the productive resources increased. Before, the members had access to credit worth of Rs. 5,000 from the group. The S&C groups and the SCCs have introduced different kinds of saving products. As the amount of saving has gradually increased, the maximum amount of fund that the members can borrow also increased. The cooperatives have recently started giving loan up to Rs. 50,000. Both the S&C and SCCs have developed loan policy to provide multiple loans at a time for buying land and constructing houses, and undertaking businesses.

Insert a her hosue

When asked the group members in Balaju, 50 members out of 122 have invested in purchasing land and another 25 persons financed in setting up corrugated sheet on the roof. It can be observed while visiting the communities and talking to the group members that purchasing piece of land or improving conditions of the present house is one of the most popular and mostly financed activities in almost all the S&Cs.

The increased amount of fund available gave the opportunities for the women and their family members to invest more in their small trade and businesses, housing. A total of ... families, out of ... families, have improved their shelter borrowing from the S&C groups. In other words, ... families have invested sum of Rs. .... in buying land, constructing and repairing their houses, which is valued sum of Rs. .... with present prevailing market price. According to *Lumanti* database, a total of 30% S&C members have bought a piece of land, among them 50% are registered in the name of women. Likewise, a total of 99% members have improved their houses. This contributed in improved living condition of the poor families and helping them to live a dignified life.

*Ms. Kaushalya Darji lives with her husband in ... squatter settlement. The couple was really suffering from lack of enough food to eat. They were migrated from a village and there were nobody to know them and provide employment in Kathmandu. Besides, the practice of untouchability (inhuman caste based discrimination) against Dalits was rampant in the community. In the mean time, Ms. Darji joined in the S&C group. Other members were helpful and provided her Rs. 500 as loan in January 2003. The couple started tailoring business. The business gradually went becoming profitable, which helped them for managing food stuff. As the profit increased, they further expanded the business.*

*Within a three-year period, the couple has become an established tailor in the settlement and able to provide employment to other people. Their financial status is strong and now they have transactions of hundreds of thousands every month. As a result, they have built their own house with the profit of the undertaking.*

The S&C group members reflect their perception over the programme as follows:

- Responsible roles and positions in family on financial decision making
- Support from husband/other family members to pursue self-development initiatives
- It has given opportunity to learn and act
- It has contributed to family livelihood
- Capacity to speak in public
- Financially self reliant

### **Dyola Women Dare!**

The Dyola women belonging to the saving and credit group in Alko, Patan, have started making daring decisions in relation to the mobilization of local financial resources. Most of the women and their husbands have permanent jobs as sweepers with the Lalitpur Sub Metropolitan City (LSMC). Some of them, who were long-standing staff of LSMC, were able to withdraw large sums of money from the office. They came up with an idea to mobilize these resources and to help meet the needs of other group members. At least four women members who had some unused money lent funds to the S&C group. The total money made available in this way totaled Rs. 700,000. The group then mobilized this money as a credit to the members for large loans especially for purchasing land or house construction. In the last year, at least 10 members have taken housing loans in Alko, with the maximum amount of Rs. 300,000, at 24 percent interest per annum.

The women were aware about the possible risks, so they have introduced strict management policies to counteract the risks. The Dyola women, about five years ago a shy and confused group, now support the local economy through their daring decision, tempting us to go and ask them ...Eh girls, how did you come up with this idea?

#### **II.1.4 Acquisition of Assets**

The S&C group members and their families have acquired household assets that has helped them to live a quality lives. For example, almost all the families have now bought television, motorcycles, ornaments and other household appliances. The group offers loans to the members for investing in diverse areas.

In most of the cases the asset generated additional income in the family which could not have happened otherwise. If the enterprise is successful, the income will continue in the future and the asset will go on increasing ever. The process, in principle, will re-distribute the income in favor of the poorer section of the society.

The women then identify the person in the group that they say has experienced the biggest life change as a result of the S&C activities. This woman is embarrassed at being pointed out, though, and is very shy to speak for herself. With lots of encouragement, she says that her house was once made of mud bricks...she then took a loan for home improvement. Her husband is an alcoholic that has had to be hospitalized three times. Now, after taking three loans, the home has improved, the woman's husband is sober, and this woman has purchased property, used the *lalpurja* from one property as collateral for a loan to buy another piece of property, and her husband is now an elected member of the squatters federation! The women in the group say that this woman has been very strong and she put a great deal of pressure on her husband to realize these improvements.

The ever increased employment has been bringing more income to the entire family members. This has given opportunity to buy household assets to the members. A large number of women have acquired jewelry and ornaments. Most of the group members have purchased telephone, cell phone, television, refrigerator, gas stove, motorcycles, and bicycles, among other. This has increased family's asset bases both fixed as current. This helps them as a cushion during shortfall of income and any other unwanted crisis. Few families have bought commercial vehicles too.

### **II.1.5 Family and Individual Security**

Contribution to the family's financial security was repeatedly mentioned by the women as important to them. The family's financial situation was described as a constant concern by many of the women and of great importance to the family. Being able to save small amounts of money due to its easy accessibility at home was described as a major way for curtailing unproductive expenses and accumulation of large sum of money for future expenses. The S&C account adds to a sense of security which the majority of them believe is valued by the family and in turn makes them feel appreciated.

Contribution to individual financial security was raised by the women as significant positive and empowering change in their lives. Leading up to the empowerment discussion, the women had described many barriers to women empowerment in Nepali society. Absence of equitable legal rights in practice is one of them. For example, if a husband dies before his wife and her children (especially) her sons do not care for her, or if her husband and in-laws abandon her, or if a woman finds herself in an abusive family situation, then she will likely be in a very vulnerable financial situation without any way to change it. Although under normal conditions most women would not use their savings exclusively for their needs, the cash represents an important security net if her life situation changes and leaves her without a support system.

### **II.1.6 Contribution on Poverty Reduction**

Women participating in S&C activities described empowerment as their own sources of power currently, and elements which would develop their sense of power in the future. In general, empowered women use her choices to further her own and her family's sense of well-being. Participating women are more empowered than average Nepalese women in other part of the country and hence provides ideal example of the empowerment framework. They feel their contribution to family livelihood, speaking in public, acquisition of the enterprise management and marketing skills, responsible roles and positions acquired in the family on financial decision making, support from husband/other family members to pursue self-development opportunities, etc. as most crucial elements of their lives which are the sources of power and well-being (empowerment). They have acquired some senses of well-being and power through their participation in S&C in the form of confidence, social status, family financial security and individual financial security. Availability and use of financial services on trade/income generating activities has promoted wage and self-employment opportunities, provided incremental income and promoted livelihood options to participating women and their families. All these have contributed on poverty reduction of participating women of the S&C groups.

### **II.2 Changes in Social Strata**

When women were examined the benefits that they felt they received from savings and from being a member of the S&C, they determined that there are areas which have contributed to improved personal well-being or to their role in facilitating family well-being such as improved confidence, positive change in social status, greater financial security for family, greater financial security for individual due to savings opportunities provided by the S&C scheme.

## II.2.1 Confidence and Independence

Speaking in public is something that a few of the women had experience with i.e. approximately 10% and 20%. Although only a majority indicated that they were confident enough to speak publicly, and did so occasionally, it was recognized as an important way for families, the S&Cs to become aware of women's opinions and knowledge.

Positive change in social status was described by the women in three main ways as: greater respect from neighbors; admiration from female neighbors/friends because of her independent savings; and jealousy from neighbors due to a perception of growing wealth. Note that the women did not associate the later item, jealousy, as negative from them.

Women mentioned that they have benefited socially from being a member of the S&C summarized here as *improved confidence*. Women described feeling confident because of a positive change in the way higher caste neighbors treated them; happy because their children's future expenses are likely to be paid at least partially by savings, and a greater sense of independence.

### ***Women Can Look After Families***

*Ms. Hiradevi Karki-42 lives with her three sons and husband at Sankhamul, Kathmandu for last 18 years. One of her daughter has already married. Ms. Karki never went to school and hardly can write her name. She moved to Kathmandu from Sindhupalchowk with the attraction to the big city and could not make enough money to live a decent life in the village.*

*The city life was not so easy to Ms. Karki. She had to struggle with costly urban life. Ever increasing market price made things even worse at times. One day she came to know about S&C group from a neighbor. All the group members were squatter women and they understand how and why I borrowed the money. They too had financial problems but they gave me support and asked whether they could help me. After some time, I borrowed Rs. 5,000 and started small restaurant in July 2003. The business is yielding fairly good profits, and I feel very proud to be earning person for my family. I never dreamed of working and earning money in those times when women weren't allowed even to leave the house. The amount of support and love that I got through my fellow members has been so valuable to me. I don't think I ever had such close friends before or been in touch with such genuinely caring other people. The group has further been expanded and now I can borrow up to Rs. 30,000 without requiring physical assets as collateral.*

*It was said that women who worked instead of helping the family were just troublesome and rebellious, and they were looked down by the society. I also used to think it would be wrong of me to work, and that caring family should be my first priority in life. After working the S&C group, my thinking has been changed and it has taught me the truth that 'women are just as capable as men. They can do the same jobs, earn the same amount of money, and there is nothing wrong working with that. I learned that instead of living under the control of others, we could do something, however small, and make life easier. If we had not talked about women's rights and capabilities in our groups, I don't think so many of us would have been operating shops, running hotels and undertaking other businesses independently and prove that women can earn and look after their families'.*

Apart from economic benefits, the S&C group members have realized significant social benefits from their work. It helped the housewives to understand about wider society, development work and rights and duties. It also encouraged them to become cooperative to each other and that led stronger social ties among the community people. The increased capital paved path for collecting work for promoting social awareness and conducting development activities, such as non-discrimination, women's right, clean environment, construction of road, drinking water, health camp, drainage, among others.

The communities have also been able to settle inter and intra families conflicts with own mediation. The group leaders most respected ones and follows advises received from her. The group members are now in a position to identify their development needs and approach to the respective agencies especially municipal office, and NGOs. All these developments have made them more confident and effective community that can make positive changes and make the settlement a good place to live.

### **II.2.2 Gender Relations and Peace**

Men and women in the community described changes in gender relations as well. Men who had previously thought of women as inferior, or who regarded women's proper place as 'behind' men, now spoke of respecting women's capacity to make change and to act independently.

Much more literature about the suppression of women in Nepalese society is already documented. The acquired culture of controlling family income by men coupled with unpriced household chores carried out by women is a major compound to keep the women suppressed in the society. They had individual relations with the neighbors and were culturally motivated not to bring out their household problems in the group of neighbors. When S&C groups were formed, it became a common platform to meet women and discuss their personal and household issues along with financial transactions. This gave them opportunity to interface with external environment and interact with the people. These women then underwent through several gender and rights training. In the mean time, the financial services enabled them to undertake and run the enterprises, which contributed a considerable amount in the household income. This brought them regards from their husbands and family. Men changed their mindset to their wives and counted their cooperation. This has narrowed the gap of gender sensation and brought harmony in the family.

When asked about relations between husbands and wives: one woman says husbands ask how much money do you have in savings and when they see how much we have they give us a lot of respect...before we take a loan we consult with our husbands; another woman speaks up to say that she runs her entire house on her own, without any help from her husband – she works, cooks, and educates her kids on her own.

All of the women acknowledged the importance of a husband/family support in order for women to pursue self-development opportunities. The women who have been able to take part in self-development activities have been supported in many cases by family. Child care, household and agricultural chores, money for training and travel, and a chance to apply new knowledge to activities at home are among the types of support offered by families. The change occurred gradually. It took years. Everything started from small without haste learning by doing. As the women saw the result of the saving groups, change in their status, they became more active. Quite a number of women have experience that the family conflicts have reduced substantially because of good income from both the women and other family members. This gives practical example of promoting peace within the family and the society.

### **II.2.3 Dignity and Self Esteem**

Before getting involved into groups, people were scattered and felt solitude in their own environment. They were not willing and able to help to and/or take help from the people of their own surroundings. When the financial requirements emerged they had to surrender themselves to the moneylenders. It is true that being indebted is not just a monetary relationship. When poor people borrow money from the moneylenders, they lose out all the social respects and self esteems. The moneylenders use the opportunity of proving themselves superior to the others. Then, the poor people are victims of their haughtiness.

The micro finance program has empowered the squatter and slum communities in different ways. Now they have their own fund and institutions, and need not submit themselves to the local moneylenders. They are able to run small enterprises, which they understand by heart and really want to perform. With this, they crossed the bottleneck of capital requirements for the enterprise they wanted to undertake. This has augmented their self-esteem, which lead them to rank themselves in so-called respected persons in their vicinity. The successful enterprises demanded their additional labor, which they used to sell to others to ease them from the financial difficulties.

*Ms. Indra Kumari Parajuli-40 owns a small shop. She has a nine member family and moved squatter settlement in Kathmandu from Dolakha in 1987. She does not think her life in Kathmandu has been lived up to her expectation.*

*As the S&C group formed in her settlement, she participated there and got financial help when needed. The group has been providing her social and economic security. Ms Parajuli says, ' now I can sleep better at night because I know that even if an emergency arises, my sisters and colleagues will help me immediately.' Now, Ms. Parajuli can borrow a sum as big as Rs. 30,000 within a day without any hesitation and asking so many unwanted questions. 'I have to say that I feel much more respected and trusted as a member, and I have never felt so empowered in my life. I feel empowered not just financially but emotionally and mentally as well. Earlier, I used to be hesitant to speak up. I would see strangers coming towards me and I would feel scared. Now I know there is nothing to fear – all are human beings after all. My engagement with the group has boosted my confidence.' says Ms. Parajuli.*

Prior to the establishment of the savings and credit group, one woman explained, neighbors in the settlement did not interact much, or care much for one another. Now, she said, as a result of collaborating over the savings and credit group, they know one another better and act as a stronger community. But changes have also taken place from the outside in: before, residents explained, people from outside the settlement looked down on settlements members as squatters. Now, however, as a result of the success of their savings and credit activities, people in surrounding communities give more respect to residents of Palpakot squatter settlement.

The S&C groups members express their views that these days' people don't look at us and say these are landless (sukumbasi). People come here and don't recognize our conditions. Even people in the surrounding homes say that we accomplish/help/serve a lot.

Since the so-called respected and rich people could not clasp them in the vice of loan they did not dare to look them down in the social respect. There is increasing trend of internalizing principles of equality and non-discriminatory among the group members. For example many S&C group members univocally claim that they realized that practice of untouchability and other degrading treatment to the Dalits were inhuman behavior and they have discarded such practices from their respective groups and also campaigning to give it up from the entire society. The women engaged in S&C activities are now at the verge of abandoning the unwanted and costly culture, which they are accepting today.

Before, members of the surrounding community would blame squatter communities for anything bad that happened, any crime was always attributed to residents of the settlement. A woman says that sometimes people would commit crimes and then deliberately run into the settlement so that the blame would go to settlement residents (while the real thief would escape)—this has changed dramatically. Now, even if there is plan for eviction, the VDC defends the residents.

#### **II.2.4 Improvement in Education and Health**

There were two main reasons for the lower rate of primary school enrollment in the communities. First, poor household economic condition and the second, lack of awareness on the equal right to education for both daughter and son. Girls and boys were discriminated in choosing schools for their education. The situation has changed a lot. The S&C programme has increased women's access to financial resource for productive and non-productive activities such as education. It is seen that during the school admission time, many women borrow from the S&C groups and the SCCs to admit their children. Opportunities to participate at the various level meetings, trainings, and exposures have improved awareness level and the community people say discrimination between the girl and boy child reduced a lot and now about 98% of the primary school aged children go to school.

Overall the health situation in the communities was not satisfactory. The common diseases were diarrhea, jaundice etc. Usually people would not visit hospitals and ignore the health problems. Again, S&C programme increased access to fund for medical purpose also. This has definitely contributed in the health of the women, men and children in the communities. The women of Ramhity community report that there is hardly any demand for Jeevan Jal these days. This is their own indicator to state that the health status has improved a lot in their community.

Many community members described a vast improvement in their household financial situation as a result of saving and credit activities. Loans have been put primarily toward income-generating activities, with a few used to support health care or education. With increased income in the family, it has contributed to have better education and health services to the family members. Every body in groups says that all the parents were not in a position to send their children to school until few years back. Now all the school going age children from the settlements go to the school. Some families even started sending their children to the private school. Many of the students from squatter and slum communities now score first division in the school results.

Besides sending children to school, group members have a sense that they understood the fact of discrimination between son and daughter that exist in society. One woman says that she admitted her daughter too in the private school where her son was studying there. Both the understanding of rights/equality between son and daughter and increased family income are responsible having this kind of understanding among the community people increasingly.

Ms. Kamala Gurung, Treasurer of Nawa Deep Jyoti SCC says, "the purpose of our existence is to fulfill the need of the members so that they can bring change in their lives."

### **II.2.5 Leaderships and Stake in Decisions**

Generally, women are excluded from mainstream development, participation and decision making process. The women living in slum and squatters were not exception. After several attempts, once these women knew the root causes of denials and marginalization, they began to seek/extend mutual cooperation, mutual respect, and developed perspective about required changes at household and society level. The entry point was to choose economic empowerment followed by asserting other forms of rights. The women are organized into S&C groups, who have been able to develop women's leadership for managing community based organizations and taking leadership for acquiring resources for their mutual benefits. For example, the women residing slum and squatter settlements have established four SCCs and numbers of more are underway. While asked about the relevancy of such initiatives, the women confidently articulate that this give them platform to unite together and ensure access to productive resources especially financial resources that makes significant changes on their lives by changing the economic well being of family as well as changing the attitude of family members.

S&C groups have not only been dealing with money but they are strengthening their institutions and leaders. They have developed number of women community leaders who are not able to look at empowerment, development and rights from social, economic and political perspective. This has greatly helped them to put their strong voices to the government authorities and other agencies. Besides, the SCCs itself is a people based organization, which follows democratic norms and practices. This has taught practice of democratic and inclusive governance within the group and the SCCs. After all, number of women leaders now is in a position to take up the responsibility of local government positions. This is a great and fundamental achievement from S&C intervention.

#### ***Women have Enormous Potentialities to Led the Way***

*Ms. Bimala Lama -38 habitants of Ramhiti, Kathmandu. Her husband works as driver and she is employed in a carpet factory. There are ... families in her settlement. People from various places were gathered in the settlement and they hardly knew each other. People didn't have the time to meet and chat with each other and didn't really have interests in doing so. Ms. Lama says, although we saw each other many times, we were practically strangers. In the mean time, Luamnti came to our settlement and started interaction with the people especially women. We started discussing our problems and ended up with many economic and social issues, like financial security, self respect, legal rights, among others.*

*Some of us took initiative to form a S&C group. Members started savings of Rs. 5/month. Lumanti provided working capital to finance to the members until group is able to generate more funds. The group taught all women why it is important to save. The saving group became an important friend to assemble women and communists together and take actions to overcome immediate and long term problems. The group gradually provided money to meet short term requirements, such as health care, education, employment and also began to discuss about legal rights, oppressive social issues, and security of tenure, among others. As time passed by, many women joined in the S&C group. The group developed a slogan that we are not only collecting money but collecting people together for larger benefits to the society.*

*The S&C group pursued economic empowerment process. The settlements were facing several other problems, which the S&C group could not deal with. As a result, we decided to form another organization – Nepal Women's Unity Society (NWUS) to deal with social issues especially security of shelter, among others. Since many women were part of S&C groups, it was relatively easier to establish NWUS to take up social issues. There has been a complimentary between the S&C groups and the NWUS in its role and function. The S&C groups primarily focused on economic empowerment including improvement in housing conditions, where as the NWUS focused on women's empowerment and security of tenure. At present, we the women have now become much closed to each other, discuss important matters and give advice to each other. We the women have been running both S&C groups and NWUS with remarkable achievements in their respective settlements.*

In the beginning the women, who used to hide from us to avoid talking to us, now dare to stand before the mike and address a mass. Each S&C group has at least three key people to lead; Chairperson, Treasure and the Secretary. These leaders also keep on changing and the new people have the opportunity to lead. Again, three SCCs contributed in improving leadership and produced a number of good leaders. These leaders work as volunteers / change agents in the communities and influence in the development of the communities in many ways. Ms. Bimala Lama, Vice Chairperson of NWUS expresses her opinion that S&C programme not only support for financial matters but does help to mobilize people to raise collective voice for rights.

Access to financial resources for personal and household business investment, for children, for medical purposes helped improved the status of women at the household and at the community level. They make household decisions now. They are part of the committees for the construction work, for management of the schools, to check the violence in the communities, health committees etc. To be in the committee is to be part of the decision making at the community level. In any meeting women are highly visible.

Over 70 percent of women described themselves as having a responsible role in family decision making – being joint participants with family members in discussions about money was to be saved and spent in the home and in its management. Members of the S&C described joint family decision-making as ideal – those that engaged in this process at home stated with few exceptions, that they perceived their input to discussions and in the safeguarding of cash and assets as being valued.

### **II.2.6 New Perspective in Seeing to the Society**

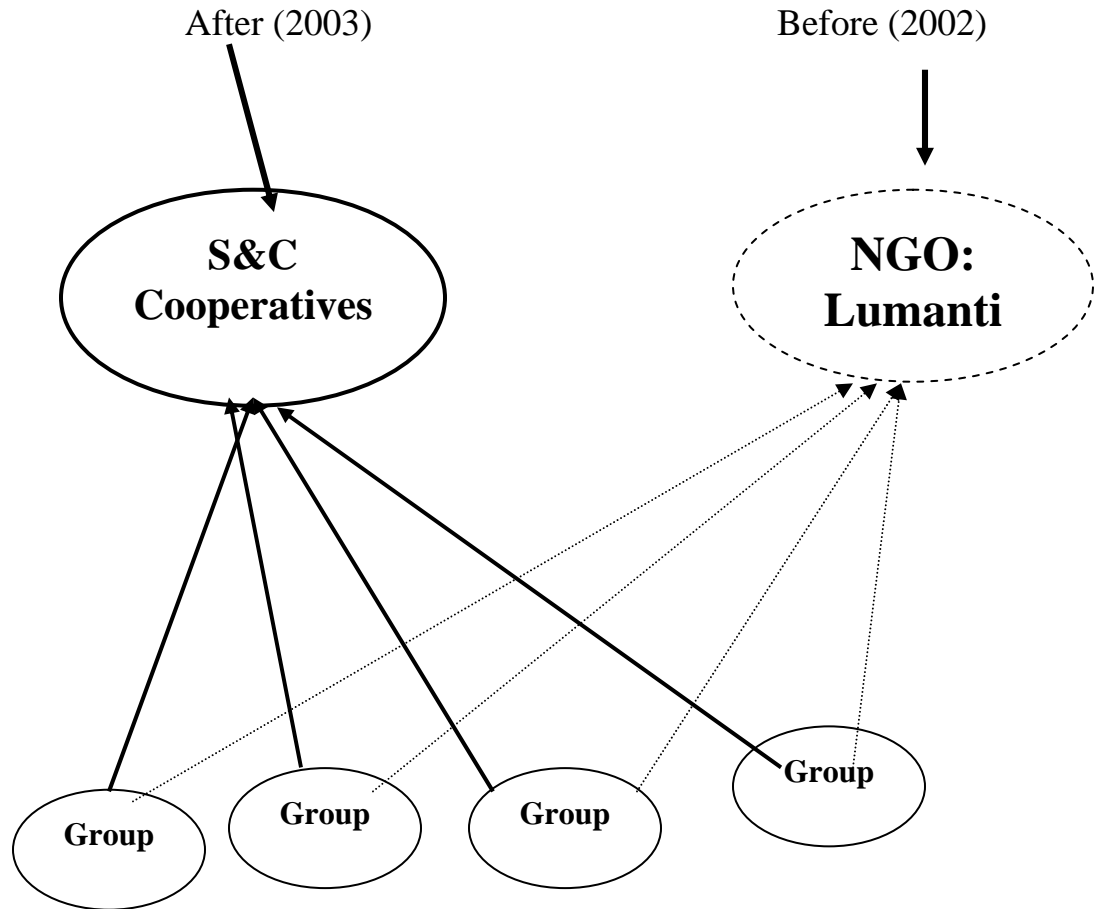
S&C intervention is the entry point for the empowerment of women living in slum and squatter settlements. Deliberate efforts were made to change the knowledge and attitude of women and men in those families towards improved livelihood, mutual respect, equal dignity between men and women, creating environment to enjoy equal rights by the men and women.

It is very encouraging to note that there is significant changes taken place among women to understand the situation, look how things happening and think about the future. Following diagram is drawn by the communities that truly reflect the paradigm shift taken place in terms of changes took place in their family and communities:

**Table: Comparison of the Situation of the Community Before S&C Intervention and Now Based on Indicators Developed by Lumanti**

<b>Parameters</b>	<b>1998</b>	<b>2006</b>
Personal savings and borrowing	No opportunity and understanding of making savings Dependent on moneylenders with exorbitant interest rates (36-60% per annum)	Easy and accessible mechanism set up to save small amount. Can borrow from our own group up to Rs. 30,000 with out needing physical assets for collateral on an interest rates varying from 14-22% per annum.
Independence from the vice of moneylenders	Prevailing interest rates 36-60%	
Investment in income generation activities		
Employment, income and expenditures		
Women's organizational leadership		
Women's participation in decision making process in household and community activities		
Economic condition of families in general and women in particular		
Develop community owned financial service providing institution		
Solidarity among members for economic development and social transformation		
Advocacy for pro poor policy framework		

## Comparison of the Modus Operandi of S&C Programmes



Likewise, community people have developed some other parameters to measure changes that they have realized from participating in the S&C programme. Following table exhibits how community people have perceived the changes and benefits from S&C programme:

**Table: Comparison of the changes taken place in the community before S&C intervention and now based on the indicators developed by the community themselves**

Parameters	1998	2006
Time spending and exposure	Household chores and limited to home	Engaged in income generating activities that increased public exposure
Knowledge about collective work	Never thought and initiated collective work	Understood that unity can make a real difference.
Understanding about access to financial resources	<ul style="list-style-type: none"> <li>There were no financial resources available for the poor, and always been dependent on informal sources with exorbitant rate of interest.</li> <li>Poor could not save, small saving is worthless</li> </ul>	<p>Have sense of achievement that poor can save, can generate, and mobilize resources and they can better manage the organizations.</p> <p>Small savings makes huge resources for greater job and can stand on their own feet</p>

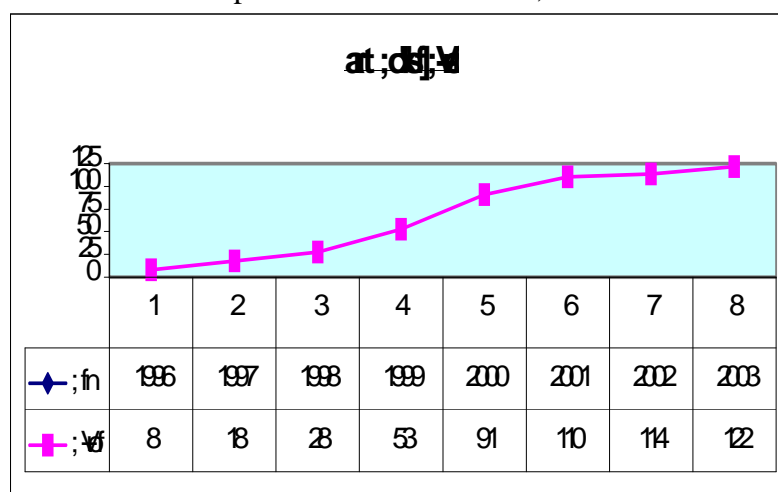
Understanding on rights and duties	Never heard and discussed about it	Understood women's rights, child rights, right to shelter, food, health, education etc, and duty of government to fulfill it.
Difference between son and daughter	Son was the mostly privileged child in the family	Equal value and treatment to both son and daughter
Causes of poverty and marginalization	Being in the trap of poverty is because of fate.	Poverty is created by the socio-economic, cultural, and political structure of the society and the state. We need to struggle for changing such structure and making state accountable.
Fulfillment of financial service requirements	Had to borrow from moneylenders with the interest up to 120%.	Can fulfill financial requirement from own financial institution with reasonable interest in very convenient way.
Sense of unity	Isolated and alone	Have feeling of stronger with the help of entire group members. Have confidence to settle any problem with collective effort.
Employment/Income	<ul style="list-style-type: none"> <li>Unemployed/semi employed</li> <li>Had no access to financial resources for business</li> <li>Limited source of income</li> </ul>	<p>Created self employment to family members</p> <p>Family income sources have been diversified i.e. skilled wage, employment, household enterprises etc.</p>
Food security	Difficult to manage two meals	Can manage three meals a day in a comfortable way
Health	<ul style="list-style-type: none"> <li>Not been able to afford health services</li> <li>Not access to private doctors and hospitals</li> </ul>	Able to take services from private doctor and increased access to private hospitals.
Education	<ul style="list-style-type: none"> <li>Could not offer education to the children due to engage in occupation</li> <li>Drop out after primary level and very few pass SLC</li> </ul>	All school going age children are enrolled in school, no dropouts, and encourage number of passing SLC.

## II.3 Institutionalization of the Best Practices

### II.3.1 Establishment of Community Based Financial Institutions

The S&C program was initiated in 1996 in slum and squatter communities. It has been able to reach 2400 households (as of December 2006????). This activity not only allows poor women to build assets but also provides an opportunity for them to access to a support network of peers through which other share problems can be faced, and their bargaining power within the household, community and state can be increased. Unless these informal S&C groups are financially sustainable, their replicability, increasing outreach and continuation is limited.

The S&C groups have probed wrong the general notion that poor people are not bankable and cannot save. But, the women groups surprisingly have generated Rs ...



million and invested Rs ...million for employment and income generation purposes.

Gradually the volume of transactions both the savings and loans are being increased. This is leading the groups toward being more matured and capable to manage S&C groups professionally.

From their ever growing savings and demand for loans, the S&C groups realized to have bigger institutional set up and higher level of professional skills to manage them properly in the form of community managed financial institution "poor people's bank" in their own words. The groups explored options and strategies to institutionalize the existing S&C activities.

After wider consultation, the S&C groups found establishing Primary Cooperative Society as the appropriate way towards institutionalizing the S&C activities. As a result, a total of three Savings and Credit Cooperatives (SCCs) were established in three different locations to be suitable to all the settlements in 2003. Some of the S&C groups were become the part of the SCCs. Once the SCCs were registered, there did not took place changes in the structure i.e. group mechanism and flow of savings and loan transactions but the only change took place was SCCs handled management responsibility of those funds. All the savings and loan balances were transferred to the respective SCC in the name of the same person, along with the share capital.

### ***Struggle Makes an History***

*The people living in risky and unhygienic settlements in the cities had lost their identity in one and denied from formal financial services on the other. None of the individuals or the formal institutions was in a position to trust these people just simply that they did not have property to pledge and no proper identification of their permanent residency. They hardly get small amount of loans from moneylenders (with compromising dignity). These people were not in a position to pay school fees to their children, to pay for medical treatment and also did not mechanism to respond crisis and epidemics. The women were further vulnerable in slum and squatter settlements like any other communities in terms of considering them as second class person by the deep-rooted patriarchal values, and customs within the family and the society.*

*Bearing in these bitter facts in mid, the women in few slum and squatter settlements in Kathmandu valley dared to challenge the existing situation and make deference in their lives in 1997. The group explored issues around their disempowerment and poverty in the entire settlements and ended up with financial deprivation and undermining the potentials of women as key issues. While talking to financial deprivation, the root causes were lack of assets for pledging and lack of identity of their residency. These motivated and committed community leaders accepted it as a challenge set forth their mission to establish a 'poor people's bank' in their community.*

*As a result, they began making savings from Rs. 5 a month and lending to the most needy person from the collected amount. The economic empowerment mission then linked with changing women's oppressive power relations at household and decided to involve only women in the S&C activities. The prominent women leaders Ms. Bimala Lama, Ms. Bombay Lama and Ms. Kumari Singh Khadka were source of inspiration to the rest of the women and men in their respective settlements. According to the leading women, the S&C is an important tool of the women empowerment movement and changing socio-economic conditions of the settlements. As long as women got exposed within and outside the country, that helped to enhance their confidence and creativity. That also expanded their horizon to look at the development process, and consequently they were able to establish community based financial service providing system, which owned and managed by the community itself.*

The mission began with the help 15 people by collecting Rs. 5 as monthly saving in 1997 has brought .... women from ... household in ... communities with the total savings of worth of Rs. .... as of June 2006. This is indeed an unbelievable progress achieved by the women. The very women used to limited to the kitchen have not been managing such a large sum of money and leading the different S&C cooperatives as board of directors, members and staff. It is also difficult to believe that the illiterate or semi literate women can run financial institution in a sustainable and professional way. But, it is a demonstrated fact of success by the women. Women can do better and make real difference.

During the past three years period, the SCCs have been operating in an efficient and professional manner. In each of the SCCs, there has substantially increased membership and transactions. Likewise, all SCCs have been running with operating profits. The SCCs so far have not encountered any cases of default, and trying its best to meet the needs of the members. The shareholders seem to be happy and hopeful for future that they have got a legal entity that would be run in a sustainable way. The shareholders have expectation that SCCs would safeguard their valuable savings and bring more products (savings, loans and social security) to their shareholders. They would like to see SCCs as a recognized community based financial institution that is owned and managed by community people. However, since SCCs are being managed by the community people who do not necessarily have adequate skills and knowledge to manage the professional financial institution. SCCs. SCCs and its promoters like *Luamnti* have challenge to encounter in the days to ahead.

The following table gives an overview of performance of each of there SCCS:

Parameters	Pragati SCC			Gyanjyoti SCC			Navddeedjyoti SCC		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
<b><u>A. Institutional</u></b>									
No of group									
No of shareholders									
- Women									
- Men									
- Dalits/Ethnic groups									
Members in Board of Directors									
No of sub committees									
No of paid staff									
No of volunteer staff									
<b><u>B. Savings/funds</u></b>									
Monthly saving rate									
Saving									
- Regular saving									
- Voluntary saving									

- Housing saving									
- Child saving									
- Other...									
Total saving									
Interest on saving									
External borrowing									
<b><u>C. Loan</u></b>									
No of borrowers									
Average loan size									
Min-max loan size									
Loan disbursed									
Loan recovered									
Loan outstanding									
Overdue loan									
Interest on loan									
<b><u>D. Income</u></b>									
Income from interest									
Grant received									
Other income									
<b>Total income</b>									
<b><u>E. Expenses</u></b>									
Interest on saving									
Staff expenses									
Office operation									
Loan loss provision									
Other expenses									
<b>Total expense</b>									
Profit/loss									
<b>Ratios</b>									
Financial self sufficiency									
Operational self sufficiency									
Donation and grant ratio									
Operating cost ratio									
Financial cost ratio									
Return on assets ratio									

Upendra will provide such information. Then, there needs brief analysis and interpretation.

### **II.3.2 Expansion of External Linkage and Collaborations**

The small S&C groups led by women in different communities led a way for the establishment of NWUS, the first registered organization of the squatters' women committed to address the squatters' women. It is committed to address housing and gender issues of the squatter women. The SCCs had to limit their roles in managing finance aspect only. Through NWUS the women could work in par with the Society for Preservation of Shelters and Habitations in Nepal (SPOSH) and could demand for women's participation and informed decision. With SPOSH Nepal, NWUS has also reached in 20 districts. They have NWUS district committees and introduced S&C activities leading the poor women towards empowerment.

The solidarity and financial independence that has developed in Palpakot over the past several years is perhaps more important than ever. Recently the community was informed by the Kathmandu Airport Authority that they must vacate the property that they currently occupy. While ten years ago such a notice might have caused a panic, in the present the letter was received with a cautious and careful reaction. Residents have formed a committee that will formally communicate with the Chief District Office on matters related to relocation. When one *Lumanti* staff member asked, "If the Airport Authority gave you a permanent place to relocate, would you be ready to go?" Residents replied that now that they have financial resources and community unity, they feel ready to face the issue and advocate for their own housing rights and future. A central message was that the community felt that they can manage in the face of poverty and housing insecurity now in a way that they could not before the savings and credit group was started. This kind of community empowerment may be the most important benefit of the savings and credit group!

### **II.3.3 Demonstration Effect**

*Lumanti* has been working with .....settlements through ..... groups in ... settlements with .... population. With the ever growing successes from these S&C groups and SCCs, the urban poor people living other parts of Kathmandu and Lalitpur city have begun their own initiative without support from *Lumanti*. They learnt process and methodology from best performing groups and their success were the inspiring factor to these new communities to start S&C programmes in a professional way. By end of December 2006, ..... groups along with ....women have been organized into ..... groups and continuing financial service providing activities. These new groups are also very potential to become a viable SCC in the long run.

With this demonstrated success ground experiences, *Lumanti* is thinking to spill over the modality and strategic approaches of the S&C intervention in other cities in the country.

## Section III

### CONCLUSION AND LESSONS

#### III.1 Conclusion

This is the first visible example of micro finance work that has reached to the disadvantaged section of urban communities. In the context of ignoring urban poverty and vulnerability, this is a successful instance of benefiting large number of urban poor women and men and their children from the financial services being designed and managed by themselves.

Poverty is a threat to peace. Lasting peace can not be achieved unless the marginalized and disadvantaged individuals find ways to break out the vicious circle of impoverishment. Bold initiatives to make a historical breakthrough in ending poverty are inevitable. The micro finance programme being run in slum and squatter settlements in the capital city has been proving as an effective means to fight poverty through women.

The people living slum and squatter settlements in urban areas, in the state of being disadvantaged and vulnerable, is not because of them but because of the situation which prevented them to have opportunity and access to and control over productive resources to exploit their tremendous hidden potentialities. The running micro finance programme has opened up the avenues to enhancing capacities to come out making their unheard voices louder, promoting opportunities to exploit, and acquiring financial resources to invest for the betterment of the family and the society.

The micro finance programme has placed the women at centre stage. They are the successful borrowers and managers of the resources. The operations at both SCCs and S&C groups prevails that the repayment rate is above 98%, which is the great efficiency demonstrated by the poor women, against the shameful performance (below 50) repayment rates exist at the commercial bank levels, where mostly rich people do their transactions.

The social and financial capital generated through micro finance has been benefited to the entire family. The women were the part of this process deliberately right from the beginning. This was done with the objective of reaching benefits to the entire family; changing women's oppressive power relations at inter and intra household levels; and establishing sustainable and unique model of innovation that are led and managed by the women. There are apparent examples around the communities that once women have money, she spends for the children, family members with better clothes, food and other household goods, where as men do have different priorities. Thus, the micro finance has been benefiting to the powerless section within the family especially women and children. The encouraging performance demonstrated at the slum and squatter communities in Kathmandu and Lalitpur cities have been leading to the situation where Prof. Mohammed Yunus, winner of 2006 Nobel Peace Prize, has envisioned the end state that "our grandchildren will go to museums to see what poverty was like". The women

and men in these communities have been striving to reshape their own destiny of without the situation of impoverishment.

The successful micro finance operations by the poor people living in urban periphery have seriously challenged the conventional banking norms. The traditional banks require collateral for loan, only rich people get access to services offered by them. Likewise, the traditional banking mindset looks the poor as the problem, they cannot save and credit worthy. But, in the contrary, the micro finance model, operating procedures, and performance demonstrated by the women have proved that those were not anything more than a myth. The women have saving of Rs...million, they have disbursed Rs ... mil and recovered Rs... They provide loans up to Rs. 30,000 at a time without requiring any physical assets as collateral. Poor people have got good opportunity and safe place to save their tinny amounts for their children and own future. They have developed financial service products that suitable to their needs, which the formal banks never think of.

### **III.2 Learning**

- One of the key learning implementing S&C programme is that poor people have development potentialities and they can do remarkably better if they get opportunity and required resources. The poor people have demonstrated exemplary example of self development in terms of economic growth, social well being and human capital to led the charge in their lives in a sustainable way.
- *Lumanti* has come to conclusion from its practice ground work that the poor are bankable and credit worthy. The traditional banking had a notion that poor people do not have assets and good earning, and they can not repay the loans. Therefore, the poor people should not be given loans. Contrary to this assumption, the S&C programme run in poor communities have demonstrated over 98% repayment with no any defaults. The poor people have invested millions of rupees to both productive and reproductive activities. Their performance has proved their credit worthiness.
- Community proudly shares their learning that women are the better leader, successful entrepreneurs and they have innovative ideas and brilliant capacity to lead the way for overcoming the impoverishment.
- *Lumanti* has learnt while working the community that poor people always pay back and do not want handout. *Lumanti* promoted the groups and facilitated development process as the rights of the people rather it is given them a handout as a package of sympathy. This approach worked well. Now, community has sense of rights and seeking resources for investment and reproduction and willing to pay them back to the institution. This has led sustainability of process in one hand and increased sense of accomplishment amongst the community people.
- It is further learnt that positive benefits of S&C schemes brings sense of being self reliant and boosts up morality amongst the community people. There are instances where these people have great feeling of being self reliant from their SCCs, millions of accumulated savings and extended linkages and functional relationships. This has further led community people's will power to take other development initiatives. Thus, S&C can play significant role as entry activity to open up other development avenues to the individuals and communities.

- It is also learnt that S&C intervention can operate better than formal banking in terms of repayment, reaching to the poorest section of community, operational viability, among others. So, S&C needs to be recognized as innovative way, and thus, bring it it national policy framework for better promotion.