

Using Micro-finance in Women Empowerment- A Different Approach

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Mrs. Padam Roy Chhetri, resident of Mahendranagar Village Development Committee, Sunsari District says that “I used to be very shy earlier and slowly I gained confidence to speak with groups of friends, now I can speak in front of the mass of 50 to 60 people. She further says “I started to practice the writing classes and finally I developed the confidence to participate in the poetry competition organized among my elderly class team mates”. She added that “she had borrowed loan of rupees 14,000 and successfully doing business from that loan. She now says that she is confident and has stand on her own feet economically.

Since the 1990's the issue of women empowerment has become a popular buzzword. While one cannot deny that it is included (must be to get the donor funding?) as a major component in most of the socio-economic development programs, any meaningful measurable and processes to achieve such are yet to be set and reached.

Now deviating from this to the focus on banking and financing sector for a while, a new emphasis is being given to micro enterprises, and household enterprises, all being considered as essential factors for achieving social and economic development. Micro-finance, another increasingly popular buzzword, and is attracting attention of many development-orientated organizations. The estimated figure of approximately 800,000 households currently engaged in some level and type of micro enterprise activity, according to the Nepal Rastra Bank and other micro financing institutions shows the popularity of micro financing in Nepal. A very popular micro financing scheme now days are being financed to so called "poorest of the poor special women groups". Some of the reasons might be because it is believed that the micro loans are easily and timely recoverable from these female groups compared to those of the mail groups or it is considered as an effective tool for empowering poor women or both.

On a close study of such programs, one can see that most of these programs emphasize on strengthening financial capabilities of the targeted beneficiaries (so called client) and generally overlook the aspect of social empowerment. It is perhaps expected that the latter will be achieved accordingly and the society will benefit by applying massive economic interventions. There are however, financial and non-financial activities included in the 21th centuries micro financing programs (a modern combination of micro credit and micro enterprise activities). Non-financial activities are believed to cater various social aspects of the concerned clients. Furthermore, the isolation and the indifference to the non-members, i.e. not the direct beneficiaries/ client, are often found in various micro finance schemes. Possibly a reason why such schemes have been ignored by, or not been as benefiting to, the communities as the micro-finance pundits expect it.

Hence, it would be a good idea if the micro-finance programs were established to furnish not only economical conditions but also address and positively influence some social aspects of the beneficiaries. Similarly, direct intervention to the non-client can also be a key tool to motivate the community towards such programs. One example of such a

different approach to micro-financing projects is the *Community Development for Rural Women (CDRW)* jointly implemented by the Arbeiterwohlfahrt International (AWO) and the Sushma Koirala Memorial Trust (SKMT).

CDRW's main goal is to work towards the community's long-term sustainability by helping people to help themselves. For example, CDRW proposes a community owned health insurance scheme based on community based savings and credit programs as an integrated approach to influence some social aspect. Introduction of such a locally managed health insurance scheme can take the risk away from investing millions of dollars for health camps and avoid many of the problems faced by various larger health camp schemes. Initially this may be a pilot project in the Mahendranagar and Prakashpur Village Development Committees of Sunsari district; however, if successful the scheme may be replicated in other parts of the country.

This is one of its kinds of social health insurance scheme in Nepal provided jointly by an established health institute such as the BP Koirala Institute of Health and Science (BPKIHS) and local cooperatives (under the CDRW). One might argue that sustainability of such schemes can still be questioned. What if the BPKIHS is not able to cover its cost and sustain the scheme in the long run? What if a cooperative under the CDRW Project expands its working areas and the members from these areas are not able to enjoy the same hospital services due to increased traveling distances or some other logistics? A lot of such what-ifs are yet to be answered to know that such initiatives are in fact sustainable. The 100% increase in the yearly health insurance premium by BPKIHS in 2004 has confirmed that the previously set health insurance scheme was not at all sustainable for the hospital. However, based on some positive feedback/ results of such pilot schemes, it might be a good idea for the Government and other development agencies to take its own initiatives and for the replication and promote other health institutions to assist/ adopt such programs. Similarly, integration of such intervention in micro financing scheme will certainly help to address some of the very basic social requirements not only to its client but also to the non-client.

It is known that similar micro finance schemas have been tried worldwide (specially dealing with women self help groups), but many have often failed, either due to required community participation, over disposal of funds, lack of resources, continuity or inappropriate intervention techniques, all of which are essential for long-term sustainability. Furthermore, the period after the hand-over to the community is a crucial one where most of such programs seem to diminish their previous charisma and focus.

Another aspect of many micro-finance programs observed is that often these programs hardly reach the poorest of the poor that they are aimed for. One reason might be that small loans required by the poorest of the poor are too insignificant to generate desired interest income for lenders and are expensive to deliver, especially in the cases of hard-to-reach rural populations. Hence a majority of micro fund lenders, under pressure from their donors/ institutions to become financially self-sustaining in a short period of time, are drawn towards less poor borrowers who can take out larger loans. Therefore, such programs despite having spillover effects on the local economy, often fail to provide real

impacts to the poorest of the poor. We all agree that credit by itself cannot make the desired social and economic change even if they are provided in a very low interest rate. Beside the above, to be a successful entrepreneur people require entrepreneurial skills that only a few poor people may have, considering their general unfortunate and unexposed/ uneducated backgrounds.

Hence, there is no denying that micro financing schemas/ programs in Nepal certainly has contributed positively to women's empowerment and helped poorest of the poor survive economic crises in the short term. However, their actual benefit and impact might be over-exaggerated by the donors and advocates/ pundits. For them to have much long-term benefits and really be the much-hailed tool for women empowerment and poverty alleviation such programs must be implemented with a different structure and approach with an inherent social upliftment focus.