

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

One feature of WEP village banks is their use of sophisticated record-keeping. Shown here are the officers of the Pushpanagar Village Bank in Rajena, Nepal, sitting around the cash box, at their weekly meeting on the front lawn of one of the group's members.



*Nepal, continued from first page*

Using an innovative self-help model that combines literacy and values education with practical training in small bank and business development, the program has in three short years brought a new sense of self-confidence and empowerment to more than 130,000 women in southern Nepal.

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

### A radical approach to microcredit

Of equal significance, the project takes a radical approach to small-scale lending — microcredit, as it is commonly known — by teaching participants to establish and operate their own village-level banks. These banks, say project leaders and microcredit specialists, are

much more sophisticated than the traditional savings circles known in many parts of the world and have been started up with no outside capital. It is their local lending power that has stimulated the large number of microenterprises in the project area.

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

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

"What is radical about this program is that each group is independent and mobilizes its own savings and makes loans to its members," said Mr. Ashe. "So all the money

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— Jeffrey Ashe, microfinance expert

ticism and Messianism," "Eschatology and Ethics," "Tradition, Renewal and Reform," and "Religion and the Realm of Science." Most of the panelists spoke on aspects of Judaism or the Bahá'í Faith, but there were also contributions on Sufism, the Wahhabi movement, modern Islam, and Mormonism.

The participants came mainly from the United States and Israel, but also from Canada, Denmark, Russia, South Africa, Sweden, Switzerland, Thailand, and the United Kingdom. Prof. Degui Cai from China's Shandong University gave a presentation on the fundamental principles of the Bahá'í Faith and their relevance to Chinese society.

The final panel discussion, on "Contemporary Meeting of Ultimate Differences," featured presentations about African Christians in Israel and about the Bahá'í Faith, Christianity and indigenous religions in the Pacific islands. The panel closed with a presentation by Dr. Amnon Netzer of the Hebrew University on "The Jews and the Bahá'í Faith." A Jew of Iranian background, Prof. Netzer spoke about the conditions that led as many as ten percent of Iran's Jews to convert to the Bahá'í Faith.

### Atmosphere of reconciliation

"The courteous talk, in which Dr. Netzer showed great respect for those who converted, created an atmosphere of interfaith reconciliation for the audience, which included several Israeli Jews with Bahá'í relatives," said Robert Stockman, Coordinator of the Institute for Bahá'í Studies in Wilmette, Illinois.

Another element of the conference was the participation of many young scholars alongside well-known and outstanding professors and scholars in the field of religious studies.

"The juxtaposition of youth and experience was very insightful and promising for the future of religious studies. It demonstrated that there are fine minds coming up, and this augurs well for the emergence of new insights into the role of religion in the development of civilization," said Dr. Danesh.

The conference also featured a number of cultural activities. The opening day closed with a program of classical music by the King David String Ensemble, one of the foremost chamber music groups in Israel. Among the selections they performed was a piece well known to Bahá'ís, "Dastam Bigir 'Abdu'l-Bahá," which the composer had arranged especially for the occasion.

Kiu Haghighi, a Persian Bahá'í and mas-



ter of the santour, closed the conference with a virtuoso performance of an original piece he had composed for the event.

On the final day of the conference, 21 December, the participants made a special trip to the Bahá'í World Center in Haifa and Acre. They visited the Shrine of the Báb and toured the nearly completed garden terraces stretching above and below the Shrine on the slopes of Mount Carmel. After a luncheon at the Seat of the Universal House of Justice, they visited the Shrine of Bahá'u'lláh and the Bahá'í holy places in Acre.

A compilation of articles based on the proceedings will be published during the coming year, and many of the papers will be made available through the Landegg Academy Web site, [www.landegg.org](http://www.landegg.org).

The Hebrew University and Landegg Academy have agreed to sponsor annual conferences of this nature, with the venue alternating between Jerusalem and the Landegg campus in Wienacht, Switzerland. The overarching theme of the series will be "Religion and Science." The next conference is planned for late January 2002 at Landegg.

The Chair in Bahá'í Studies at the Hebrew University was established in 1999 as the first academic chair in the world devoted to the study of the Bahá'í Faith. Other academic centers and programs, most notably the Bahá'í Chair for World Peace at the University of Maryland's Center for International Development and Conflict Management, have been established to study Bahá'í perspectives on and contributions to other academic disciplines. \*

— Bahá'í World News Service

Dr. Hossain Danesh, Rector of Landegg Academy, and Dr. Moshe Sharon, holder of the Chair in Bahá'í Studies at the Hebrew University, convenors of the conference on modern religions held at the Hebrew University in December 2000.

**"The conference focused on fundamental issues that are common to religions, held in a city and at a time when religious conflict in political terms was considerable."  
— Dr. Hossain Danesh, conference co-convenor**

which would have gone to pay the intermediary NGO is instead paid as dividends to the members."

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

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

"No other microfinance programs we know of start with literacy," added Dr. Odell. "No one had done it like this with volunteers, with women helping other women."

The program is operated by Pact, a US-based international NGO, and its initial phase was funded by the US Agency for International Development (USAID) with a US\$3.7 million grant. The project has also benefited from a partnership with Education Curriculum and Training Associates (ECTA), a Baha'i-inspired NGO in Nepal, which has helped develop most of the project's training materials and spearheaded many of its innovations. [See page 11]

## How it works

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

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

The literacy training is itself unusual in that it relies on literate members of the group to teach the others, not on paid teachers from outside, and uses an easy-

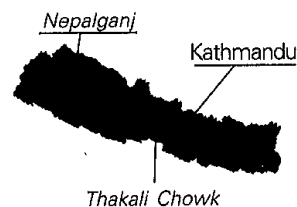
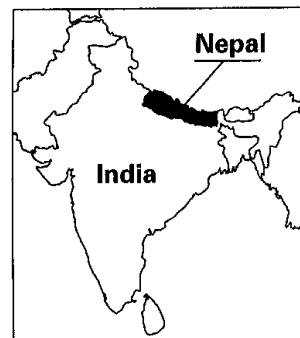
to-follow workbook created by ECTA for the program. The literacy component builds extensively on the experience of a previous Pact-run literacy effort in Nepal, WORD (Women Reading for Development), which used similar methods to help some 500,000 women learn to read and write and was the subject of considerable international acclaim and attention.

Once the group achieves literacy, it moves on to a second workbook, "Forming Our Village Bank," which leads the women through the step-by-step process of establishing their own bank. The women in Thakali Chowk established their bank in April 2000.

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

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

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



*In the village of Thakali Chowk, Niru Gurung has established a small grocery shop with a loan from the Mahila Sewa Village Bank, of which she is chair. Like other WEP-initiated village banks, the Mahila Sewa Village Bank lends only to its members.*



*In the village of Rajena, Bishnu Marasini said that the low interest rate afforded by her WEP-inspired village bank group allowed her to significantly expand a small chicken-raising effort. Starting in her family's two-room house, shown behind her on the right, she was able to build a large chicken coop, shown at left. The chicken raising business is now her family's main source of income, bringing in some US\$500 a year.*



those that need the money can take it out, and the loans can be relatively large.

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

### Entrepreneurship as empowerment

"Village banking is done all over the world, in more than 100 countries," said Cheryl Lassen, an independent micro-credit expert, who helped to design the WEP workbooks. "But one of the distinguishing characteristics of WEP is the empowerment aspect of it.

"The concept of entrepreneurship is laced through the whole series of books, as is the idea that not only can your individual savings grow but the village bank itself can grow," said Dr. Lassen. "I think the women in WEP get a better sense of being owners, managers and creators of wealth than with other projects. So the women aren't just the objects of their development, they are the managers of it."

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

"I took the loan out four months ago," said Ms. Khattri Chhettri in November 2000.

"Now I have five employees and sell goods worth 5,000 [Nepalese] rupees a week." Five thousand rupees is worth about US\$70.

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

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

### A thousand village banks

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

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

None of this money has come from outside. Rather, the women have collected it from themselves, a few rupees per week, usually from household accounts or allowances.

"Before, it was very cumbersome to save," said Shanta Marasini, 30, the control-

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# ECTA focuses on grassroots empowerment in Nepal

**K**ATHMANDU, Nepal — An important partner in the Women's Empowerment Program has been Education, Curriculum, and Training Associates (ECTA), a small Nepal-based non-governmental organization, which has played a key role in creating the program's innovative curriculum and training field staff.

ECTA, which means "unity" in Nepali, was founded in 1997 by a group of Nepali Baha'is who had been working in development. Their goal was to promote rural development strategies and programs that can be done at low cost by village groups without extensive outside aid, said Keshab Thapaliya, one of the founders of ECTA and a main contributor to the WEP project.

"Rather than build capacity at the local NGO level," said Mr. Thapaliya, "the program is building capacity directly at the grassroots level. We feel it is more sustainable that way."

As well, many of WEP's novel ideas and approaches came from David Walker, who formerly headed Pact in Nepal and who currently serves as an advisor to the project and to ECTA.

Indeed, Mr. Thapaliya and Dr. Walker, who are both Baha'is, worked together closely in creating the content and design of the WEP workbooks. And both say that many of the concepts and innovations they brought to the project sprang from their own understanding of the Baha'i Faith, its view of human nature and capacity, and the resulting approach to development.

"The spirit behind the project comes from our belief as Baha'is that women could do things for themselves and that the building up of local institutions, which local people could manage, is the key to helping them solve their problems," said Dr. Walker, who currently works as an independent international development consultant.

"We were also concerned with the creation of wealth and capacity at the community level, and encouraging the processes of consultation."

As they created the *Women in Business* manuals, Dr. Walker and Mr. Thapaliya were also convinced that the program could not succeed without a strong component of values education.

"In the *Women in Business* manuals are found many spiritual principles that lie at the foundation of sound economic progress, such as sacrifice, honesty, discipline, accountability, responsibility and transparency," said Dr. Walker. "Corruption is not tolerated and a system of reward and punish-

ment is introduced."

Dr. Walker said the women take these lessons very seriously and often add their own modifications.

"Other qualities important for building unity in the group are also introduced in the manuals, such as tolerance, avoidance of caste discrimination, and a prohibition against bringing political differences into the group meetings," he said. "The program encourages group work and mutual support. The group is seen as a source of encouragement and a place to learn."

Cheryl Lassen, an independent microfinance consultant who worked with Dr. Walker and Mr. Thapaliya in designing the workbooks, agreed that both contributed greatly to the design and conception of the program.

"I think you have to credit David [Walker] with some really innovative thinking," said Dr. Lassen, who is based in the USA. "Typically," she said, "microfinance programs start small, to ensure they can collect on their loans, and then they expand. Whereas David, who comes from the literacy and education field, comes from the point of view where you try to reach the masses."

Dr. Lassen said ECTA's role was twofold. First, it was essential in making the program and training materials suitable for Nepali villagers. Second, she said, ECTA took the lead role as field operatives, successfully communicating the program's novel methodology and ideas to the women themselves.

"This could not have been written for villagers without the input of highly intelligent Nepali educators, such as Keshab [Thapaliya]," said Dr. Lassen.\*



Keshab Thapaliya, far left, talks with women in the Mahila Sewa Village Bank, in the village of Thakali Chowk. A founder of ECTA, he has been one of WEP's key innovators.

Members of a WEP group in the village of Bardhawa, who were recently successful in mobilizing to stop a child marriage.



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

**— Basanti Adhikari, WEP group member**

ler of the Pushpanagar Village Bank, a WEP group in the village of Rajena near the western city of Nepalganj. "We felt we had to pay someone else when we took a loan. Now we feel we are paying ourselves."

The 30 members of the WEP women's group in Rajena formed their literacy group in September 1998. At the time, only 10 members could read. Now all are literate.

They then formed their bank in February 2000 and, as of November 2000, had accumulated some 26,000 Nepalese rupees, equivalent to US\$360. From that money, they had disbursed loans to help women in the group start a wide range of microenterprises, from shops selling books, hardware and groceries to goat- and chicken-raising efforts.

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

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

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

Other WEP group members likewise said they felt a new sense of self-confidence and

independence because of their newly acquired ability to save and earn — and because of the process of working together to create and operate a village bank.

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

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

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

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

Formed in January 1999, the Bardhawa group had not yet established a village bank by November 2000. But it had completed the literacy component of the program, successfully teaching the 10 of its 13 members who were illiterate to read and write.

The process of learning to read together brought the women closer, said its members, and encouraged them to think about how to help each other. From this new-found sense of solidarity the group decided to intervene after they learned that a 10-year-old girl was being offered into marriage in the next village.

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

### The innovations of WEP

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

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

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

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

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

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

## महिला उद्यमी कार्यक्रम पहिलो किस्ता



## हाम्रो समूह

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

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

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

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

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

Cover of the WEP literacy workbook, which is published in Nepali. The workbook series, which includes volumes that enable groups to teach themselves not only literacy but also how to set up a village bank and to run small businesses, are notable for their creative use of dialogue and stories, which help to make the sophisticated concepts they present easy to grasp.

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