EMPOWERING WOMEN THROUGH MICROCREDIT
The Case of Nepal

Anna Orlow

2014

Supervisor:
Senior Lecturer Paola Minoia, Ph.D.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.8. Microfinance in Nepal</td>
<td>48</td>
</tr>
<tr>
<td>6 RESEARCH CONTEXT</td>
<td>52</td>
</tr>
<tr>
<td>6.1. Microfinance</td>
<td>52</td>
</tr>
<tr>
<td>6.4. Women’s interviews</td>
<td>57</td>
</tr>
<tr>
<td>6.5. Description of the research trip</td>
<td>60</td>
</tr>
<tr>
<td>6.6. Research challenges</td>
<td>67</td>
</tr>
<tr>
<td>7 RESULTS</td>
<td>69</td>
</tr>
<tr>
<td>7.1. Microfinance in Devichaur</td>
<td>69</td>
</tr>
<tr>
<td>7.2. Key issues and problems of microfinance in Nepal</td>
<td>74</td>
</tr>
<tr>
<td>7.3. Theme I: Background information</td>
<td>76</td>
</tr>
<tr>
<td>7.4. Theme II: Joining women’s groups</td>
<td>79</td>
</tr>
<tr>
<td>7.5. Theme III: The economic impacts of joining the group</td>
<td>83</td>
</tr>
<tr>
<td>7.6. Theme IV: Social impacts</td>
<td>84</td>
</tr>
<tr>
<td>7.7. Theme V: Non-credit aspects</td>
<td>87</td>
</tr>
<tr>
<td>7.8. Theme VI: Women’s saving and credit groups</td>
<td>89</td>
</tr>
<tr>
<td>7.9. Micro financing in general</td>
<td>92</td>
</tr>
<tr>
<td>8 CONCLUSIONS</td>
<td>95</td>
</tr>
<tr>
<td>8.1. Economic empowerment</td>
<td>95</td>
</tr>
<tr>
<td>8.2. Social empowerment</td>
<td>97</td>
</tr>
<tr>
<td>8.3. Personal empowerment</td>
<td>102</td>
</tr>
<tr>
<td>8.4. Political empowerment</td>
<td>105</td>
</tr>
<tr>
<td>8.5. Gender equality</td>
<td>106</td>
</tr>
<tr>
<td>8.6. Suggestions for further research</td>
<td>108</td>
</tr>
<tr>
<td>8.7. Critique on empowerment in development projects</td>
<td>109</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>111</td>
</tr>
<tr>
<td>APPENDIXES</td>
<td>112</td>
</tr>
<tr>
<td>APPENDIX 1</td>
<td>112</td>
</tr>
<tr>
<td>APPENDIX 2</td>
<td>114</td>
</tr>
<tr>
<td>APPENDIX 3</td>
<td>115</td>
</tr>
<tr>
<td>APPENDIX 4</td>
<td>120</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>126</td>
</tr>
</tbody>
</table>
Fig. 1. Map of Nepal and the location of Devichaur VDC (Village Development Committee).
1 INTRODUCTION

1.1. Introduction to the topic

Globalisation is a dominant concept in today’s world. It refers to the increasing unification of the world’s economic order. This takes place through the reduction of barriers to international trade. Tariffs, export fees, and import quotas are being removed all around the world, and with the increasingly free flow of information, communication, labour and goods globalization has brought countries closer to each other (Elson 2000).

Since the mid-Twentieth Century the global integration of the world has increased significantly, but the process remains far from complete. The mere geographical extension of economic activities across international borders is not the only thing involved in the process of globalisation, but also the functional integration of such internationally dispersed activities.

Another important element of the process of globalisation is microfinance. Many organizations that provide microfinance facilities operate internationally, with their headquarters situated in one part of the world but their activities dispersed globally. An increasing number of people are able to participate in globalised networks of finance and markets with the assistance of microfinance.

When realising the benefits of globalisation, unfortunately it has become apparent that there are many undesired effects and global problems arising from this interconnectedness. Global income distribution today is worryingly skewed. Muhammad Yunus, the founder of The Grameen Bank, provides a stark reminder of this inequality: Ninety-four percent of global income goes to 40 percent of the population, while the other 60 percent receives only 6 percent of global income (Yunus, Weber 2007).

1.1.1. Globalisation and gendered patterns of economic activity

Restructuring of the economic system, as a result of globalisation, tends to reinforce and exacerbate existing gender inequalities. The term gender refers to socially acquired notions of masculinity and femininity by which men and women are identified. Gender identities vary because they are socially acquired and based on
nurture (Momsen 2004). Regardless of location, gender is crosscut by differences in class, race, ethnicity, religion and age.

Gender relations, the socially constructed form of interactions between women and men, have been interrogated in terms of the way development policies change the balance of power between women and men (Momsen 2004).

Gender roles, the household tasks and the types of employment socially assigned to men and women are not fixed or globally consistent, and indeed become more flexible with the changes brought about by economic development. This research attempts to investigate the possible changes to gender roles brought about by women’s access to microfinance.

It has been argued that globalisation is gendered into two worlds: one is a structurally integrated world of global finance and postmodern individuality largely associated with Western capitalist masculinity; the other is explicitly sexualised and racialised, based on low-waged, low-skilled jobs often done by female migrants for the high-salaried cosmopolitans of the first globalized world (Chang, Ling 2000).

There is a New International Division of Labour (NIDL) associated with the process of globalisation, which involves a search for cheap labour and is reinforced by national and international trade agreements and policies. The process of the globalization of economic activity is not only strongly gendered but also spatially linked with urban areas. Yet rural areas are also becoming more closely integrated with the outside world through migration, improved communications and the growth of multinational agro-industries and mining projects. These changes are undermining the patriarchal gender contract, as women move into the labour force in response to new employment opportunities and increasing poverty (Momsen 2004).

The restructuring of the global economy associated with the New International Division of Labour has a marked effect at global, national and local levels. Linked with this new spatial distribution of production is a restructuring of social relations, including gender relations, as labour markets recruit specific gender, age, ethnic and religious groups. These changes transform households, communities and markets and the changes in gender relations therefore reflect shifting gender identities.
1.2. Introduction to the research

Micro financing as a concept is closely linked to the areas of study of development geography. Development geography studies spatial patterns in development particularly in Less Economically Developed Countries (LEDCs). It tries to find out how one can measure development and by what characteristics, looking at economic, political and social factors.

This research is examining the standards of living, quality of life and the possible changes in these categories. It concentrates on women, which is a valid choice with reference to development geography. Women are the ones responsible for caring for children, managing the home, small-scale agriculture and other domestic tasks in many developing countries. Women are also the ones who more often suffer from poverty. By improving living standards and life opportunities for women the impacts of positive development can be felt across the whole family. In other words the empowerment of women can have much broader implications for the entire family. Women are often the agents of change in poor communities.

This research concentrates on microfinance in a rural mountain village in Nepal. Hopefully it can provide some new insights about the impacts of microfinance on poor women’s empowerment. Nepal as the target of this case study is topical because Nepal is currently one of Finland’s main partners in development cooperation. Devichaur interested me as a case study because there microfinance is different from the Grameen model. There were also different models of microloans that could be studied in the village.

Micro financing and support to microfinance projects in less developed countries is one way to attempt to enhance economic growth and empowerment in developing countries. A Finnish NGO (Non-governmental organisation), Mikkeli Association for Sustainable Development (KEMA) is working to improve local livelihoods in Nepal. KEMA coordinates the Livelihood, Environment and Awareness Project (LEAP) in Devichaur in Kathmandu Valley, a project funded by the Ministry of Foreign Affairs of Finland (MFA) and implemented in cooperation with a Nepalese NGO, the Community Development Forum (CODEF) (Fig 1.).
I am thankful to KEMA for permitting my research to be conducted in the project area, and to study the LEAP without being employed on the project.

With KEMA I have decided to travel to Nepal to conduct field research on microfinance and microcredit and on local savings and credit groups. From now on these savings and credit groups will be referred simply as women’s groups.

The research will contribute to KEMA’s operations in the sense that the findings of the research will be studied and used in the process of continuing the project and applying for further support from the MFA. The research aims to discover what kind of impact microcredit and microfinance have on poor rural women in Nepal.

More specifically, my research questions are:
- Is microcredit a valuable tool in improving the living standards of poor women?
- Are there changes, positive or negative, that are associated with the increased access to credit for women?

The research seeks to address the issue of women’s empowerment and concentrates on the experiences of local women.

These questions were mainly addressed via personal interviews with local women in Devichaur. Information was also collected through interviews with the representatives of organizations involved in micro financing in the area concerned.

1.3. Objectives
The objective of this research is to gather empirical information about microfinance in Devichaur. Collected data will be related to the existing literature and theories surrounding the subject. The primary objective is the completion of a master’s thesis, however another important objective is to provide information about the situation of microfinance in Devichaur to KEMA and its local partner Community Development Forum (CODEF) in Nepal.

My objective is therefore to gather valuable information about the current situation of women living in Devichaur. With this information CODEF and KEMA can
develop microfinance operations to support women’s empowerment in the most effective ways. There has been no monitoring of the microloans previously granted to women’s groups. The impacts of microloans on the level of individual women and the whole village have not been recorded. Therefore this research is also a monitoring tool because it tries to detect the use of loans and their impacts on women and their families.

The questions posed in the personal interviews aim to find out what thoughts women have about women’s groups, their operations and loans. The other section of questions concerns different aspects and indicators of women’s empowerment. The primary research question is whether microcredit is an effective tool for empowering poor women in Nepal. A secondary question is what indicators of empowerment can be identified. Through positing simple questions concerning women’s conventional personal and social lives the research seeks to learn about the empowering effect that loans might have on women’s lives.

Another objective is to increase understanding of the feelings, thoughts and needs of the poor rural women involved in women’s groups. It therefore attempts to identify the needs of the authentic target group and to discover, in the context of Devichaur, if there is a positive correlation between women’s empowerment and women having credit available to them. In summary the research aims to ascertain what kind of impact microcredit programs have on both poor women’s lives in particular and for their immediate surroundings in general.

Hopefully it will also highlight issues that are linked to women’s empowerment and give the LEAP -project some concrete suggestions and tools to make women’s empowerment a more visible aspect of its activities.

One of the things KEMA wanted me to find out was the pros and cons of the programme currently in operation. By identifying the present situation I am able to make some suggestions for the future development of the project. Some of the suggestions can be found in the appendixes (Appendix 1.) There is also a need for intensification of local cooperation between different NGOs in Devichaur and the research can also provide some useful insights on this topic.
An important part of this research is to evaluate the circumstances critically. Does this kind of development aid really empower women? How could these kinds of programs and microfinance activities in general be developed to have a greater impact on the situation of women in poor and inherently patriarchal circumstances? Do the lack of gender equality or persisting traditional gender roles act as critical barriers to development and women’s empowerment? What is the role of cultural behaviour? Do women feel more included in the community after being financially active?

KEMA and CODEF’s joint three year LEAP-project started in 2010. The first phase of the LEAP-project came to an end at the close of 2012. The MFA granted an extension budget to KEMA, so the project will continue operating for at least another three-year period. LEAP has facilitated the formation of women’s savings groups in the village. Recently a separate microfinance fund has also been established.

The objective of the LEAP-project is to strengthen villagers’ ability to independently develop the village in a sustainable way. The aim is community development through environmental management and livelihood improvement, and the primary objectives are to establish women’s groups and to develop their management and general operation capacity. Another aim is to strengthen women’s decision-making power. One important aspect of LEAP is to build dry toilets for all of the households in the village.

It is generally assumed that when women themselves start to mobilize their own savings they will also be more respected by their families and communities. I try to discover whether or not this is true. Another factor that needs to be examined is who is actually in control of the loans. If women really are in charge of the loan, can one observe any changes in their status or self-perception after having had access to the loans?

This thesis will reflect on the empirical research findings and compare them with the theories concerning the empowering effect of microfinance and microcredit for poor women.
1.4. Involved organisations

1.4.1. Mikkeli Association for Sustainable Development (KEMA)

Mikkeli Kehitysmaayhdistys ry (KEMA) - in English, Mikkeli Association for Sustainable Development – is a small Finnish non-governmental organization. The objective of KEMA is to increase fairness in trade between Finland and developing countries worldwide by participating in the Fair Trade movement. It also supports sustainable development cooperation by implementing projects with NGOs in developing countries. They also try to make an impact on improving Finnish development policy by lobbying, and by promoting support for sustainable development cooperation (Mikkelin Kehitysmaayhdistys ry 2011).

KEMA was established in 1986 and it has about 30 members. KEMA has had several development cooperation projects in the past. These include a child welfare project in the Kibera slum in Nairobi, Kenya, a waste recycling project and a welfare project for the rubbish collector’s community in Cairo, Egypt. Now they are concentrating on Nepal. In Finland KEMA conducts seminars, events and information campaigns. KEMA’s local foreign partners implement the projects.

The operations of KEMA are based on voluntary work and nobody is paid for working or being active in its projects.

KEMA’s point of contact concerning this research was the former chairman Mr Raimo Lilja.

1.4.2. Community Development Forum (CODEF)

Community Development Forum (CODEF) is a development NGO in Nepal. Its national operations office is in Kathmandu but it has other offices in respective project districts.

CODEF has a staff consisting of multi-disciplinary professionals to undertake development projects. CODEF also has other national and international experts with whom they work in the development sector. It has cooperated with UN agencies, bilateral agencies, international non-governmental organizations (INGOs), local NGOs, local government bodies and the central government across diverse arenas in the development sector (Community Development Forum 2011).
CODEF aims to enhance the health and economic status of poor communities. Their main mission is therefore to help poor communities in Nepal to improve their standards of living in a sustainable and environmentally friendly manner. This is promoted through raising awareness and advocacy with the participation of locals. CODEF tries to facilitate poor people participating in income generating activities (IGA). Priority is given to women and disadvantaged communities (Community Development Forum 2011).

CODEF works in many fields related to development. They are actively working on water supply and sanitation, community development programs, climate change, social inclusion, gender mainstreaming, human rights and other social welfare issues. CODEF is working with KEMA in the fields of sanitation, water supply, community development, social inclusion and welfare.

I worked in close contact with the senior project manager, Ms Yaba Shrestha, in Kathmandu and with the field coordinator Hari Budhathoki and community mobilizers Ms Manju Tamang and Ms Bimala Bajgain in Devichaur. In Nepal Ms Yaba Shrestha was my point of contact with CODEF in this research.
2 EMPOWERMENT THEORIES

2.1. Definitions

When we want to talk about empowerment we need to define what we mean when we discuss the concept. Different researchers have presented many alternative interpretations of empowerment. In this chapter I briefly review the various perceptions of the concept of empowerment.

For Sen (Sen, Nussbaum 1993) empowerment is reflected in a person’s capability set. The capability of a person depends on various factors, for example personal characteristics and social relationships. Empowerment is the capacity to fulfill this capability. According to Sen the focus of discussion on measurement of empowerment should be on certain universally valued functions, which relate to the basic fundamentals of survival and wellbeing regardless of context (Sen, Nussbaum 1993).

The World Bank (WB) defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes” (Mason, King 2001).

Empowerment is also related to the process of internal change (Mayoux 1998) and to the capacity and right to make decisions (Kabeer 2001). Empowerment consists of change, choice and power. It is a process of change by which individuals or groups with little or no power gain the ability to make choices that affect their lives (Mayoux 2001, Cheston, Kuhn 2002). In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life.

Empowerment can also be defined by drawing a distinction between empowerment at the ‘group level’ and the ‘individual/household level’. In addition at the group level internal and external empowerment can be distinguished, as concluded by Salin Shetty (Shetty 1992). Personal and collective empowerment is intrinsically linked because without collective empowerment individual empowerment has little effect outside the household, on the level of society as a whole.
2.2. Women’s empowerment

In turn ‘women’s empowerment’ has also been used to describe many things. However there are four aspects, which are generally accepted in the literature on women’s empowerment (Mosedale 2005). Firstly, to be empowered one must have been disempowered. It is relevant to speak of empowering women because, as a group, they are disempowered relative to men (Mosedale 2005).

Secondly, empowerment cannot be bestowed by a third party (Rahman 1993). Therefore development agencies cannot empower women. The only thing they can do is to facilitate women empowering themselves. This is a very important thing to keep in mind when planning and conducting development operations and projects that aim for the empowerment of women.

Thirdly, definitions of empowerment usually include a sense of people making decisions on matters, which are important in their lives. A crucial part is also women being able to carry out the results of these decisions. There is some evidence that while women’s own struggles for empowerment have tended to be collective efforts, empowerment-orientated development interventions often focus more on the individual. This tendency has also been criticized because the empowerment of one individual woman does little to enhance the situation of poor women as a whole in society (Kabeer 2005).

Finally empowerment is an ongoing process rather than a product. One does not arrive at a stage of being empowered in an absolute sense. People are empowered or disempowered relative to others and, importantly, relative to themselves at a previous time (Mosedale 2005). The process of empowerment is never ‘done’ or ‘completed’. With the change of circumstances, social relationships and norms the scale of empowerment might also change.

United Nations Population Fund (UNFPA) describes women’s empowerment in terms of it being a human rights issue and a tool in fighting against gender inequalities:

*A critical aspect of promoting gender equality is the empowerment of women, with a focus on identifying and redressing power imbalances*
and giving women more autonomy to manage their own lives. Women's empowerment is vital to sustainable development and the realization of human rights for all (United Nations Population Fund 2011).

UNIFEM (the United Nations Development Fund for Women) in turn defines women’s economic empowerment as “having access to and control over the means to make a living on a sustainable and long term basis, and receiving the material benefits of this access and control” (UNIFEM - United Nations Development Fund for Women 2011). This definition goes beyond short-term goals of women’s empowerment. It suggests not only changes to laws and policies that constrain women’s participation in development and women benefitting from it, but also stresses the impact of power relationships at the household, community and market levels (Carr 2000).

Many researchers who have studied women’s empowerment support this kind of broad definition (Kabeer 2005, Mahmud 2003, Mayoux 2000b, Mehra 1997). Short-term goals can make a difference on an individual woman’s life, but long-term lasting changes that affect women’s equality and welfare as a group require changes in those norms and practices that perpetuate gender inequalities.

Sarah Mosedale defines women’s empowerment as the process by which women redefine gender roles in ways which extend their possibilities to take control of their own lives and things affecting their being (Mosedale 2005). She identifies the existing oppressive and unequal gender relations to be the key obstacle to women’s empowerment.

Caroline N. O. Moser defines women’s empowerment as the capacity of women to increase their own self-reliance and internal strength. This is identified as the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources (Moser 1993).

Control over resources is seen as a means to an end. This is a valid point of view as the women in developing countries have long lacked this control due to men usually being in control of all household resources. In the Nepalese context this applies as well. Traditionally women have not left the house or courtyard and the resources
that are available to them come from the immediate surroundings. It is also common that men take the incomes earned by women from selling vegetables or milk.

Hazel Johnson in turn says that women’s empowerment involves gaining a voice, having mobility and establishing a public presence (Johnson 1992). Although women can empower themselves by obtaining some control over different aspects of their daily lives, empowerment also suggests the need to gain some control over power structures, or to change them.

In Johnson’s definition of women’s empowerment one can see a connection between collective public action and group power. For her, empowerment is a process involving self-discovery and the development of a collective identity.

2.3. The authentic point of view on empowerment

Asinur Rahman notes on empowerment in the Third World context that “the absence of an authentic people’s point of view remains a serious limitation on how we define the dimensions of social development” (Rahman 1993). He goes on to note that for people to articulate and assert their needs and thoughts are the core dimensions of social development itself. Thus social development cannot start if the people are unable to express and assert what social development means to them (Rahman 1993).

For those who are targeted by development and empowerment programs, to describe development is actually an act of empowerment. For them to be able to define their own needs, desires and wishes is really a process of strengthening their self-image and gaining control over their lives. Rahman stresses the production of self and the realization of one’s potential to actively participate in decision-making involving matters that are important in poor and subordinated women’s lives as being highly important (Rahman 1993).

The issue of who actually identifies women’s needs is important when discussing women’s empowerment. In many development approaches women’s needs are identified by some external entity. For women to define their own needs, priorities and wishes is an essential part of the empowerment process (Price 1992).
Alan Thomas connects development strongly with the participation of local people as a route to identify local problems. These problems are unique and limited to particular situations and environments. Therefore solutions to local problems and “means to empower” are not replicable elsewhere (Thomas 1992).

2.4. Empowerment indicators

Producing valid and reliable measures of women’s empowerment is a very difficult task. Behaviors and attitudes that might be used to measure women’s empowerment in one society may have no relevance in another. Specific details and characteristics of women’s lives are diverse due to small differences in social norms. Variations between women’s experiences occur also because geography, physical infrastructure and configuration of social and economic opportunities vary from place to place.

In the context of microcredit Cheston and Kuhn have named some indicators of empowerment although it is difficult to measure the exact impact of access to microcredit. They identify increased impact on decision-making, self-confidence of women, and their status at home as key indicators, and they also mark changes in family relationships and the incidence of domestic violence. These are signs of improvement and empowerment in women’s lives. According to Cheston and Kuhn access to microcredit also has an impact on women’s involvement in the community and on their political empowerment and rights (Cheston, Kuhn 2002).

Syed M. Hashemi, Sidney R. Schuler and Ann P. Riley in turn distinguish eight indicators of women’s empowerment: mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, relative freedom from domination within the family, political and legal awareness, and involvement in political campaigning and protest (Hashemi, Schuler & Riley 1996).
2.5. Women and development

The United Nations Decade for Women (1976-85) achieved a new global awareness of the need to consider women when planning for development (Momsen 2004).

Prior to 1970, when Esther Boserup published her book on women and development, it was thought that the development process affected men and women in the same way. Most of women’s work was ignored as productivity was equated with the cash economy. When it became apparent that economic development did not automatically eradicate poverty through trickle-down effects, the problems of distribution and equality of benefits to the various segments of the population became of major importance in development theory. Research on women in developing countries added a gender dimension to the study of the development process (Momsen 2004).

There have been different approaches to and points of view on women and development since. The integration approach did not see a real need to restructure the process of development. An alternative vision of development with women demanded a whole new perspective, with a focus on women and equal distribution. It soon became clear that a focus on women alone was inadequate and that a gendered view was needed. A transformed partnership based on equality between women and men is a condition for people-centered sustainable development (United Nations 1996, The united nations and the advancement of women 1945-1996). All approaches to development involving a focus on women had been amalgamated into a gender and development (GAD) approach (Momsen 2004).

Development projects directed towards women are often small, scattered and peripheral to the main aims of development. Projects aimed at women, such as microfinance, are often based on groups but these artificial groups may undermine other ones already existing and so reduce the role of women in the local economy.

In Devichaur the microfinance project is targeted at pre-existing groups so that potentially damaging changes or a double burden of attending meetings would be prevented. The approach of the microcredit program has also changed from exclusively focused on women to less gendered, including male family members too, at least to some extent.
2.5.1. Gender and development planning

Gender issues have been put on the development agenda by many women’s organisations and the various United Nations international women’s conferences held over the last three decades. However, economic growth and modernization are not gender neutral. Economic development and growth help gender equality but some gender gaps are still resistant to change (Momsen 2004).

Still much of the development planning is gender-blind in nature. It has failed to consider both women’s and men’s differing needs and viewpoints. Women are central to development. Women control most of the non-monetary economy through bearing and raising children, and through providing much of the labour for household maintenance and subsistence agriculture. Women also make an important contribution to the monetary economy by working in both formal and informal sectors. Still these roles are often ignored. Women’s work is generally undervalued and the additional burden development programs impose on women is usually unrecognized (Momsen 2004).

Recognition of the importance of the gender gap in development led to the establishment of the Gender-Related Development Index (GDI). This combines gender-related measures of life expectancy, adult literacy, enrolment in education, and estimates of earned income, to arrive at a country-by-country evaluation of the gender gap in achievements. The GDI adjusts the Human Development Index (HDI) downward, based on the belief that gender inequality reduces the overall level of well-being in a country (Bardhan, Klasen 1999).

Women’s contributions will never be equally valued until women’s priorities are included as objectives of development (Kabeer 1994). This highlights the importance of another index, the Gender Empowerment Index (GEM), which takes into account the political power of women and the proportion of women in professional and technical jobs (Momsen 2004).

In response to structural adjustment in many indebted countries, women have developed new survival strategies. This behaviour has been called “invisible adjustment”, implying that women make adjustment policies socially possible by
increasing their own economic activity, by working harder and by self-abnegation (Momsen 2004).

Development policies are now aimed at sustainable pro-poor growth. Progress towards this is being assessed through success at achieving the targets of the Millennium Development Goals (MDGs) (Fukuda-Parr 2009).

Poverty is not just shortage of material assets but is marked by multiple deprivations. Troubles and unequal gender relations accompany ill-being and feelings of powerlessness and insecurity. Increased economic hardship and growing male unemployment is pushing poor women to work outside the home in greater numbers. Still this does not automatically give them greater status or security at home (Momsen 2004). Women increase their productive work by seeking alternative sources of income to compensate for declines in household income.

The poorest families, often headed by women, usually bear a disproportionate share of the burden of poverty. Economic crises tend to exacerbate pre-existing gender inequalities. Overall, the feminisation of labour and the growth of the informal economy reflect a weakened position for men rather than greater economic opportunities for women (Narayan, Petesch 2002). In fact income earned by women does not necessarily lead to social empowerment or greater gender equality.

2.5.2. Microcredit as a part of gendered development

Microfinance and microcredit have become very well known elements of the development programs of governments, non-governmental organisations (NGOs) and other kinds of organisations. In particular microcredit for women has become increasingly common as a poverty alleviation intervention in developing countries worldwide (Ledgerwood 1997). It has been realized that women need to be considered separately in development projects because programs have different impacts on women and men (Mayoux 2000a). Two main objectives of most microcredit programs are poverty alleviation and women’s empowerment (Datta 2004).
It has been widely accepted that giving small loans or microcredit to low-income women is a key element for reducing poverty and improving social and economic development (Drolet 2009). There are thousands of microfinance programmes operating around the world and research on the success and impact of these programmes shows evidence that they really are making significant changes in the lives of the poor (Hartungi 2007).

However there is also much criticism and debate about the efficiency and usefulness of these programs in the remote parts of the developing world (Amin, Rai & Topa 2003, Gehlich-Shillabeer 2008).

Despite positive effects, some critics question the efficacy of microcredit in reaching the extreme poor and also the real empowering ability of these programs for poor rural women. Some argue that while microcredit has contributed positively to the well-being of the poor in general, it has failed to reach the poorest of the poor (Wright, Dondo 2001). In many developing countries, including Nepal, the environment, culture, lack of knowledge and poverty itself might hinder the ability of the poorest of the poor to seek microcredit and microfinance.

In the rapid expansion of these programs there has also been a growing emphasis on achieving high repayment rates and promoting efficiency and financial sustainability of microfinance programmes. Mayoux argues that components such as social and political consciousness-raising, literacy training and skill development have been increasingly downplayed (Mayoux 2003). For this reason any study of the real impact and actual reach of these credit programs is important for the further development and restructuring of program models.

The impact of microcredit programmes on women’s empowerment is not an easy and straightforward question. Many times women’s own voices, experiences and preferred solutions continue to be disregarded in the rush of results (Mayoux 2000b). Therefore, a small scale research project concentrating on women’s own perspectives and experiences, using simple conversational interviews face-to-face, can be helpful in revealing what women themselves want and expect from credit programs.
One aspect of microfinance targeted towards poor women is also the limitations and restrictions that are inherent to the concept. What is there available for the women apart from microloans and other microfinance facilities? Or are they the only services available to them? How do development programs secure the sustainability of microfinance facilities after their programs end? When and how are women able to access mainstream financial services? If women do not acquire the ability to join mainstream financial systems and cannot move from microfinance to commercial banks they become stuck in small-scale production. This means also that they continue living day by day from hand to mouth.

2.6. Gender equality

2.6.1. Gender equality

The United Nations Population Fund (UNPFA) states gender equality to be a cornerstone of development. Gender equality is, first and foremost, a human right. According to UNPFA women’s empowerment is also an indispensable tool for advancing development and reducing poverty (United Nations Population Fund 2011). Gender equality is one of the eight internationally agreed Millennium Development Goals (MDGs) designed to alleviate world poverty (United Nations 2011).

Gender equality does not mean equal numbers of men and women or girls and boys in all activities, nor does it mean treating them in the same way. It means equality of opportunity and a society in which women and men are able to live equally fulfilling lives (Momsen 2004). It recognizes the differences in needs and priorities, constrains and aspirations. The absence of gender equality means a huge loss of human potential and has costs for both men and women and also for overall development.

According to UNPFA gender equality implies a society in which women and men enjoy the same opportunities, outcomes, rights and obligations in all spheres of life. Both sexes must share equal distribution of power, and have equal opportunities for financial independence and education. A critical aspect of promoting gender equality is empowerment of women, with a focus on identifying and redressing
power imbalances and giving women more autonomy to manage their own lives (United Nations Population Fund 2011).

Despite having recognized the importance of gender equality, women are still much more likely to be poor and illiterate than men. They usually have less access to medical care, property ownership, credit, training and employment than men (Bhushal 2008). They are also less likely to be politically active and far more likely to be victims of domestic violence (Bhushal 2008).

Responsibility for a household’s income generation and financial well-being has traditionally fallen on men’s shoulders. This is both a result and an indicator of the fact that men remain socially dominant in many parts of the world, leaving women with a comparatively lower status and inferior role. Gender inequality has its roots deep in human history.

Inequality is in fact maintained by prevailing practices and behaviour, which in turn are governed by cultural rules and norms, some of which have a role in defining and maintaining the prevalent social order (Kabeer 1999). Those norms determine appropriate behavior for men and women. These gender identities are developed throughout life and cannot easily be shaken off.

There is evidence drawn from comparisons at the national and sub-national scale that societies which discriminate on the basis of gender pay a price in more poverty, slower growth and lower quality of life, while gender equality enhances development (Momsen 2004). The lowest gender equality rate is found for example in South Asia, which explains in part also the low levels of economic development in Nepal.

2.6.2. Gender and the new economy

The new economy is characterized by globalisation and the increasing use of computing and information technologies. It is also characterized by deregulation, income polarisation and feminisation of employment, with new more flexible patterns and hours of work (Momsen 2004).

Globalisation offers both opportunities and difficulties for women and men in poor countries. Globalisation is gendered, with the global seen as masculine and the local
mapped as feminine. The markets in the present economy are creating new opportunities but distributing them unevenly. Illiterate poor women in isolated rural areas remain untouched by these changes. The ability to grasp new opportunities is determined by women’s and men’s different degrees of freedom to undergo training and take up paid work. Women in the Global South are disproportionately likely to be least educated and are restricted by their household responsibilities for unpaid reproductive work; they are least likely to benefit from these new opportunities (Pearson 2000). This growing gender gap of opportunity results in a new feminisation of poverty.

When women are able to respond successfully to crises and hardship they gain status within the household, either because they have become the chief income earner in the family or because they have gained confidence through learning how to negotiate successfully with national and international agencies and how to work with other women. This very success may provoke an additional crisis in the internal gender relations of the household (Pearson 2000). Women’s increased power and independence may result in a male backlash of violence and the expansion of female-headed households. The United Nations (UN) has realised that the role and status of women are central to changes in population and development (United Nations Population Fund 2011).

Investing in women is not a global panacea. It will not put an end to poverty but it will make a critical contribution to improving household well-being. Development aims at both economic improvement and greater equality but how these two concerns should be achieved simultaneously has yet to be agreed. Gender balance in human rights is hard to deliver. Attempts to introduce gender equality in public spaces may be undermined by strong patriarchal behaviour in the domestic sphere (Momsen 2004).
3 MICROFINANCE

Policymakers, development agencies and politicians promote microfinance as an effective anti-poverty intervention. This happens through the functions it performs and for the potential it carries to improve the livelihoods of poor and vulnerable people (Kulkarni 2010). Therefore when most of the clients of development projects are women microfinance is used widely as an essential tool.

The 2000 Microcredit Summit Campaign spelled out the nature of microfinance very clearly:

“Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries.” (Microcredit Summit Campaign 2000 2013).

The following chapter describes the characteristics of microfinance in general and also in the contexts of Nepal and Devichaur.

3.1. Characteristics

Professor Muhammad Yunus created the concept of microfinance in the sense it is known today. This particular method of financing is targeted towards the very poorest people who do not have any collateral and hence cannot use normal channels of financing.

Those who are inherently poor have had very scarce access to financing services since banks have considered them unreliable customers (Yunus, Weber 2007). Also, banks in general have considered the poor too expensive as customers since processing costs are too high compared to loan capital. The loan capital is usually very low, from approximately 10 to 30 Euros. Depending on the organisation and its goal, the loans are mainly granted for generating income through self-employment. Nowadays, sustainable microfinance services are an established form of development aid in various developing countries (Elahi, Danopoulos 2004).
According to Ledgerwood (Ledgerwood 1999) ‘Microfinance has evolved as an economic development approach intended to benefit low-income women and men. The term refers to the provision of financial services to low-income clients, including the self-employed.’ On the other hand Asian Development Bank’s (ADB) (ADB Asian Development Bank 2000) notion about microfinance is that ‘Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households, and their microenterprises.’ The services give the poor an opportunity to increase their socio-economic wealth or to adjust their income flow dependent on, for example, harvest times.

The distinctive difference between ordinary bank loans and microfinance is collateral. The Grameen credit is not based on any collateral or legally enforceable contracts. Instead it is based on trust. The Grameen model has introduced group collateral, which seems to be the most commonly used within microcredit (Yunus, Jolis 2003). The policy is that within a five-member group the members guarantee each other’s loans. In order to obtain loans a borrower must join a group of borrowers. They also assess together whether the business idea is profitable and viable and whether it is worth investing in. This serves also as a sieve for ideas and prevents the loan taker from involvement with risky investments. If the loan taker cannot pay the loan back, the other group members are in charge of repaying it.

Different types and models of microfinance have been created according to the needs and circumstances of each target group. On the other hand the objectives and characteristics of each microfinance institution determine the ways in which they offer microfinance facilities to their customers. Later in the study a few other kinds of micro financing models will be introduced in the context of the study area of this research.

### 3.2. Grameen Bank

Professor Muhammad Yunus established the Grameen Bank (GB) in 1983 in Bangladesh (Yunus, Jolis 2003). He has introduced to the world the concept of how
to use capitalism as a tool to reduce poverty by making this method world famous, winning the Nobel Prize in Economics in 2006.

In 1974 Yunus began giving small loans to poor women from his own money. He saw how these small loans could make a huge difference for the women in Bangladesh. He believes that having access to loans and financial services is a fundamental human right. He also noticed that women were responsible loan takers (Yunus, Jolis 2003). His operations expanded, became more organised and became, little by little, recognised as a new tool against poverty. This tool was later applied around the world by various organisations in one form or another. Replicas of the GB model are operating in more than 100 countries.

Recently Yunus has also been criticised. Scholars have cast doubt on the effectiveness of microloans in fighting poverty, and politicians and other critics accuse micro financiers, many of whom profit from the loans, of getting rich from the poor (Hermes, Lensink 2007).

3.3. Target groups

Target groups of microfinance are the poorest of the poor. Mosedale (Mosedale 2005) and many others (Amin, Rai & Topa 2003, Aminur 1999, Gehlich-Shillabeer 2008) identify women as a group to be usually the most disadvantaged due to gender inequalities and culturally defined norms and beliefs. Hence women are the group within the poor to whom these services are mainly offered. Women have also been recognised as being reliable in handling money and repaying loans (Mayoux 2000b).

It has been argued, however, that even these services do not reach the very poorest of the poor (Amin, Rai & Topa 2003). Whether this is true or not, microfinance still does reach millions of poor who would normally be out of reach of loan facilitators. Before the microcredit boom the only loans that the poor could get were issued by landlords and other rich people and had an exorbitant interest rate. The scarce financial opportunities used to be the sort of loans that would lead the loan taker into a lifelong debt cycle or even slavery (Yunus, Weber 2007).
Skills and knowledge, education and improved health are the kinds of factors that women are likely to spread and share with their families, with other people close to them and even with their communities at large. Research on microfinance has shown the same phenomena that women are more likely than men to work for, buy for and share things with other people. Women are likely to do this with both economic goods as well as non-economic factors. All this indicates that women are a good target to spend on since they spread the well-being around them. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income for the family (Mayoux 2000b).

3.4. Microfinance institutions

Microfinance institutions (MFIs) are unique in character compared with other financial institutions. One of the distinctive characteristics of MFIs can be described demographically: women are the dominant clients. Another characteristic may be referred to as institutional: unlike other financial institutions MFIs perform the function of lending money but they also carry the potential to empower borrowers. The goal of empowerment goes beyond financial empowerment to include social, cultural and political spheres within which borrowers’ lives are embedded (Kulkarni 2010).

The core function of a microfinance programme is to provide financial services and to give poor women and men the access to savings and credit. The potential of microcredit goes beyond the provision of financial services.

There are a variety of institutions offering microfinance services. The main goal of many MFIs is to provide sustainable micro-finance facilities to the poor to facilitate income generation and reduce poverty (Baumann 2001).

MFIs provide a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to the poor and low-income households and their micro-enterprises (Mwenda, Muuka 2004). MFIs can be, for example, credit unions, savings and loan cooperatives, commercial banks, non-governmental organizations (NGOs) and governmental banks.
When assessing microfinance institutions (MFIs) it needs to be recognized that they have more roles than normal commercial banks. The MFIs have the role of bank but also the role of a development instrument. Efficiency assessment of MFIs must be analysed in terms of not just economic dimensions but also social dimensions (Koveos, Randhawa 2004). Hudon (Hudon 2008) has argued that the private sector MFIs seem to develop the operating rules in the microfinance system, and the non-profit MFIs seem to provide the values of the system.

The previously mentioned roles and development values are ‘good deeds’. Nevertheless, the positive image and acceptance of the microcredit concept perhaps comes too easily nowadays. There seem to be some actors from a very large variety of institutions abusing the microcredit concept. Some institutions only promote their own goals and have their own vested interests; their main goal is not poverty reduction as it is for the GB (Elahi, Danopoulos 2004).

3.5. Is microfinance empowering women?

Women’s empowerment is an important development goal in its own right. Nevertheless, there are no widely accepted methods or clear indicators for measuring and pinning down real causes of change in empowerment. Numerous academics and researchers have been debating microfinance and its impacts on women. There is no consensus yet whether microcredit is the right and most effective tool for empowering women.

There is no record on the impact of microfinance and microcredit programs on women’s empowerment in Devichaur. In fact this research is the first that tries to find out if access to loans has any impact on women’s empowerment. Traditionally women in Nepal have not been involved in money lending or in business activities, at least not as active individuals. Microfinance has changed that and it has brought different impacts to the whole community.

The logic of microfinance’s potential for empowering women is similar to the economic model of empowerment. Microfinance makes women economically independent by putting capital and financial resources in their hands (Kulkarni
Economic independence results in higher bargaining power for women in their households and communities and subsequently results in higher prestige and self-esteem.

There is a clear line between the negative and positive verdict on the impact of empowerment. The negative evaluations focus on the process of loan use while the positive ones focus on outcomes associated with access to loans. Kabeer (Kabeer 2001) stresses that with the outcome indicators, their validity depends on how well they capture changes in the structures of gender inequality within the household and community, not only on how well they indicate changes in household living standards.

According to my experience during the field research this is exactly how empowerment impact should be measured. In fact women stressed more about the change in their status within the community and family than they did about the increase in living standards. Higher living standards do not remove the patriarchal traditions within the family relations. Visible changes in underlying gender structures are still rare in Devichaur.

The diminishing of traditional unequal gender relationships is not an automatic consequence of women’s access to savings and credit group formation per se. Mayoux (Mayoux 2003) points out that women’s own interests are frequently subordinated to those of household poverty reduction and program financial sustainability.

3.6. Challenges to empowerment through microfinance

Although microfinance has a great potential and ability to empower women, the connection is neither straightforward nor automatic. Lending money to women and giving them access to financial assets can create new challenges and extra burdens for women. There are also arguments that focusing on women’s empowerment leads to a decline in the efficiency and sustainability of MFIs. This in turn results in reluctance to focus on women’s empowerment when designing programmes(Kulkarni 2010).
The challenges between other goals and the empowerment potential of microfinance programs that target women have been divided into three different spheres. These are the economic, politico-organisational and ideological and cultural domains (Kulkarni 2010).

3.6.1. Economic and organisational challenges

The main question here is whether the economic goals of efficiency and sustainability of MFIs are rationally compatible with the goals of empowerment(Kulkarni 2010). Those who find that they are compatible argue that targeting women is rational because women’s repayment rates are higher than men. Empowering women, understanding their needs and constraints can actually increase the sustainability of MFIs because this way MFIs can offer loans that are appropriate and sustainable(Cheston, Kuhn 2002).

Those who say it is incompatible to aim for efficiency and empowerment at the same time argue that often institutions that have the priority of empowering and serving women place these social goals ahead of efficiency, leading to poorer financial performance(Cheston, Kuhn 2002). It might also be harder for MFIs that are focused on empowerment to get funds from major donors.

Poverty reduction strategies that rely on credit are not judicious. In these strategies and programmes we have gone far from the original idea of microcredit – trust and solidarity and affordable loans without collateral for poor women (Kulkarni 2010).

3.6.2. Ideological challenges

It is valid to question whether the concept of empowerment and specifically women’s empowerment is innate to a given society or is it a new phenomenon that western development agencies and MFIs have brought and imposed on the Global South. Often empowerment goals are just an additional agenda for MFIs and they avoid investing in them. Other stakeholders such as national governments and politicians are also more focused on outreach and institutional sustainability. It is suitable and more profitable for them to avoid the empowerment agenda (Kulkarni 2010).

3.6.3. Cultural challenges
Especially in Asia the biggest constraint on women’s empowerment through microfinance programmes is the culture of patriarchy. Patriarchal culture is pervasive and places constraints on women in different contexts, in varied forms and at various stages in the empowerment process (Kulkarni 2010).

The main question here is whether women’s access to credit leads to empowerment in terms of impact on decision-making and self-confidence. In fact many researches have had negative results of women’s empowerment through microfinance.

Even though a loan benefits the whole family, responsibility of repaying the loan lay with the female client. This results in increased levels of stress and dependency (Goetz, Gupta 1996, Rahman 1993, Kabeer 1998). Women use loans more often for domestic consumption and household purposes than men, who in turn invest more in profitable activities and business. Women are forced to take other loans to repay the original one, leading to indebtedness (Mayoux 2000b).

Shrestha notes in the context of Nepal that there were no true changes in the nature of gender relations although women were gaining more autonomy and respect. Prescribed roles and responsibilities remained the same within the household (Shrestha 1998). Also in the context of political empowerment, women elected as political representatives had no real influence on decision-making processes.

The culture of patriarchy and the suppressed position of women in Asia is demonstrated also in the fact that women take loans often to be used for their husbands’ or other male relatives’ activities (Goetz, Gupta 1996). Women might still not get any help from their husbands for repaying the loan. Thus women in reality might not be in control over the loan and its use.

Women face also other constraints in investing in loans and increasing their incomes. Women face gender inequalities in access to other supplementary resources because of lack of time due to unpaid domestic work, responsibilities for household subsistence and low levels of mobility (Mayoux 2000a).

Bali-Swain (Swain, Wallentin 2009) have noted that, according to her studies, women’s empowerment through involvement in microfinance programs did not
show any significant impact on decision-making within the household. She concludes that unless existing social norms and cultures are challenged, microfinance through Self Help Groups (SHGs) does not empower women.

Kabeer (Kabeer 1998) found out that although women were experiencing an increase in the sense of self-worth and self-confidence these perceptions did not translate into actual changes in well-being or gender relations at home.

Economic empowerment may come at the cost of psychological stress and health. Women’s work burden also increases because of the new income generating activities and time-consuming women’s group meetings. In addition to these new responsibilities women have their traditional responsibilities within the household. Women may also experience pressure to save and failures may put serious strains on existing networks and social relations with other women.

Women almost exclusively experience these negative impacts of microfinance programs. The effect of patriarchy is pervasive and women experience it exclusively. Certain outcomes of microfinance programs are indeed specific to women but this is because of the social and cultural conditions rather than because of the characteristics intrinsic to women (Kulkarni 2010).

3.7. Success factors of MFIs

Rodrigo Chaves and Rusby Hartungi have studied the success factors of Indonesian Bank Rakyat Indonesia (BRI) in micro financing (Chaves, Gonzalez-Vega 1996). Hartungi suggests the following aspects being the most crucial success factors for MFIs (Hartungi 2007):

1. Capability to adjust to the changing environment
2. Innovations
3. Well-trained local staff operating a simple, transparent system with clear incentives

The capacity to adjust to the changing environment was noted to be the most crucial element. This would mean adaptation to interest rate markets and also to modern
information technology. The role of innovations was considered to be the second most important factor. BRI had innovative means of collecting collateral. Different types of collateral included cattle, bikes, motorbikes and land titles. BRI still kept the credit a tempting and affordable option for the poor. Moreover, innovations are also needed to make the credit tempting to be taken for productive activities, and to prevent the loan takers from a credit-debt cycle (Hartungi 2007).

The third success factor was a ‘well-trained local staff operating a simple, transparent system with clear incentives’. The last crucial success factor for BRI was identified as being tight internal supervision, audit capacities, financial procedures and solid financial risk management (Hartungi 2007).

When studying regional rural banks and their microfinance challenges in India there were difficulties identified with influencing market orientation, customer satisfaction, service innovation and performance. The suggested remedy was to improve attitudes and behaviour of managers and implement an improvement in institutional characteristics (Megicks, Mishra & Lean 2005) (Megicks, Mishra & Lean 2005).

Mareen Gehlich-Shillabeer (Gehlich-Shillabeer 2008) suggests that more research should be done concerning the linkage of microfinance and frequent disasters. This derives from the fact that many developing countries are prone to severe natural disasters such as floods, earthquakes and tropical storms almost yearly. In these disasters many of their citizens lose their houses, businesses or farmlands, not to mention the human injuries and loss of life. The findings from Bangladesh suggested that they do not make enough income to be self-sufficient even though there has been microcredit available for a very long time and from several different microfinance institutions (Gehlich-Shillabeer 2008).

According to Gehlich-Shillabeer (Gehlich-Shillabeer 2008) many loan takers who have taken credit for non-productive activities have faced a debt circle. This certainly implies that IGA should be preferred and, moreover, even concerning productive activities there should be careful consideration of whether the activity could be profitable or not.
4 METHODS

4.1. Deductive and inductive research approaches

There are different ways for researchers to go about conducting their research. The researcher must choose the strategy to use with the support of existing literature on the topic.

The two most famous strategies for conducting research are the deductive and inductive approaches (Bryman 2012). These approaches differ from each other in the order in which theory and empirical data are compared to each other. In the deductive approach researchers first consider and study the theory. They familiarise themselves with the existing literature on the topic they have chosen to study. They then construct a hypothesis and this hypothesis is then tested with the help of empirical data collected in the field (Bryman 2012). The researcher draws conclusions that depend upon the data and information that are available during the research. In short, the deductive approach entails the researcher building a hypothesis on the basis of his/her knowledge of theories and available methods, and this is then compared with the empirical data.

In the inductive approach, empirical observations and data are first collected and studied and the researcher then goes on to build a hypothesis which leads to the development and consideration of new theories or contributes additional material to existing theories (Bryman 2012).

In summary the deductive approach involves the consideration of theory before the construction of the hypothesis and the examination of empirical data, while in the inductive approach research and empirical findings are conducted and examined before the theory and hypothesis are considered.

Normally when there is a large volume of literature available on the topic, deductive approaches are more often used. On the other hand when there is not much literature or theory available the researcher is forced to collect as much data as possible in order to draw conclusions and form new theories or contribute to an existing one.

In my research I primarily used deductive approaches, starting with the literature available on microfinance and microloans. The topic was new to me so I had to
study theories and previous pieces of research conducted in the microfinance field. Therefore it was convenient for me to first get to know existing theories and develop a hypothesis and then scrutinize this hypothesis using the empirical data.

4.2. Qualitative research

Many researchers in human geography have drawn on qualitative methods in their work. The practice of qualitative methods can be referred broadly as “ethnographic”, which encompass a variety research methods(Crang, Cook 2007). These methods include, for example, participant observation, interviewing, focus groups and/or photographic work(Crang, Cook 2007).

Qualitative research emphasizes processes and meanings not measured in quantity, amount or frequency. It stresses socially constructed reality. Qualitative research seeks to find out the quality of phenomena and the subject matter being studied (Tuomi, Sarajärvi 2009). The main objective then is to understand the phenomenon being studied.

According to Mike Crang and Ian Cook (Crang, Cook 2007) the main purpose of ethnographies “ … is to understand parts of the world more or less as they are experienced and understood in the everyday lives of people who ‘live them out’ ”.

Qualitative methodologies can be used to place personal testimonies in their broader context (Kabeer 2001). This research relies on personal testimonies because empowerment is essentially perceived in subjective ways. In this research the findings are interpreted on the basis of broader context and with the support of secondary literature.

4.2.1. Interviewing

Interviewing has been one of the most used methods through which ethnographic researchers have tried to gather information on people’s everyday social, cultural, political and economic lives(Crang, Cook 2007). Interviews can be used at any stage of the research process. Through interviews the researcher can gather a huge amount
of data and can carry out interviews at any time that is suitable for both the interviewee and interviewer.

Interviews can range from the highly structured, through the semi-structured to relatively unstructured. In the highly structured interview the researcher asks predetermined questions in a specific order. The semi-structured interview involves the researcher and participant(s) setting some broad boundaries to a discussion but without an exact questionnaire to follow. The unstructured interview is like a friendly conversation with no predetermined focus (Crang, Cook 2007). The outline of the interview can also be a combination of more than one technique, resembling the semi-structured interview (Lewis, Saunders & Thornhill 2009)

There are also disadvantages concerned with using interviews. It is difficult to collect precise information when a huge amount of information is gathered in interviews. Much information is also collected that is in fact of no use for the research (Brewerton, Millward 2001). On the other hand more information can also be an advantage; something one might not have thought of in advance may come up and prove to be significant for the research. Filtering information can be a challenge with interviewing.

4.2.2. Theme interviews

This research was conducted using a descriptive, qualitative method. This was achieved by carrying out semi-structured theme interviews to get insights into the genuine feelings and thoughts of the interviewees. I expected the answers to be multi-sided so interview was considered to be the best way to explore participants’ experiences.

Semi-structured interviews are convenient in the situations where the topics of the research are emotionally sensitive and private. It is suitable in research aiming to discover things that people are not familiar talking about in public, or topics which maybe be convoluted or even subconscious for the interviewees. Also if obliviousness is considered as being a potential obstacle, open-ended questionnaires might be a convenient way to still get some information on the subject (Hirsjärvi, Hurme cop. 1979).
In semi-structured interviews the questions are stated but they may not be always posed in the same style, form or sequence. Neither do they have any certain presumption on the answer (Hirsjärvi, Hurme cop. 1979). This gives some freedom for the interview and enables the discussion to remain lively.

The theme interview is one form of semi-structured interview. It is semi-structured because the themes and topics of the interview are known and fixed, but these are not strict in order or form (Crang, Cook 2007). Theme interviews follow certain themes, but not necessarily specific questions. The interviewer can modify and reshape the structure of the interview and questions according to the situation and earlier responses of the interviewee.

I had prepared an organised questionnaire for myself so that it was easier for me to remember in which direction to lead the discussion (see APPENDIX 4). There were certain questions I wanted to ask and get answers for, so in that sense my interviews also contained a partly structured character. The main form of the interviews was still semi-structured.

I gave the questions to my thesis supervisor in Helsinki University to be checked before the trip to Nepal. After reaching Kathmandu I also went through the questions with Ms Yaba Shrestha from CODEF. Some corrections were made together with the project manager. Later on, after a few interviews, other corrections were made along with the interpreter.

4.2.3. Constructing interviews

The interviews included qualitative, open questions. Most of the women in the target groups are illiterate so a quantitative questionnaire would not even have been possible to conduct. The only way to understand this target group is to interview them face-to-face because they are unable to read or fill in any questionnaires. I wanted also to be able to explain in more detail the meanings of the questions if the interviewee couldn’t give the answer right away.

I have used the eight indicators of Hashemi, Schuler and Riley in this research to guide my interviews to detect the possible changes in women’s status and empowerment. The questions in the interviews aim to study the possible impact on
empowerment of the microloans. To see all the questions under each indicator see “The interview themes and questions” in the appendixes (Appendix 4.).

Open questions help in finding out about the genuine feelings of the interviewees. At the beginning of each interview I stated that there were no right or wrong answers to the questions and that I was only interested in hearing the women’s opinions, feelings and experiences.

Interviews were all conducted in a relaxed atmosphere and the interviewees were given the freedom to talk about anything they wanted to if they felt like it. Usually the interviews followed the order of the questionnaire, because that way it was easier for the interpreter to know what to ask next and also for me to know which question an answer referred.

The main themes used in the questionnaire were as follows:

- Background information
- The beginning and joining of the women’s saving and credit groups
- The impacts of the women’s groups and microcredit
- Non-credit aspects of women’s group
- Saving and credit scheme
- Empowerment indicators
- Microfinancing issues (for institutions and NGOs)

Since there was no common language between the interviewees and myself I used an interpreter during the interviews. The interpreter was 25-year-old Mr Bikash Shrestha, a student of business management in Tribhuvan University, Kathmandu. He had been working on many previous occasions for CODEF and the LEAP-project during the three-year project period. He was familiar with the project, the villagers and the women’s groups. He had been working as an interpreter for other Finns also involved earlier in the project.
Interviews were carried out in any location that suited the interviewees; in the front yards of houses, inside houses, in front of the places where group meetings were held or in the LEAP field office (Fig 2).

![Fig 2. Conducting an interview outside on the porch at ward number 8 (Soininen, 2012).](image)

4.3. Secondary data sources

Secondary data sources are important for any research especially at the beginning of the research process. Secondary data sources provide valuable information that has already been proven and tested, at least to some extent. These sources can be used to develop the theoretical framework for the whole research project (Gomez, Jones 2010). They also help in forming research questions that are workable. The researcher can also find empirical data in secondary data sources and then compare his or her own data to the data collected earlier by other researchers. In my research I used many forms of secondary data. I examined dozens of academic articles written on the subject. I also studied reports published by different organizations concerning the area and the project I was working with.
4.4. Analysis

Analysis, interpretation and conclusions are the essence of research. In the analysis one can begin to see what kinds of results the research will produce. In the process of analysis the research question might even be redefined. There are no fixed rules on how to conduct an analysis. There are many possibilities on how to analyse results depending on the research method.

Neither are there fixed rules on when to start analysing results. In qualitative studies the analysis should be started as soon as possible after collecting data. Conducting research and analysing the results may also overlap. Often analysis can be begun simultaneously with the study as it proceeds.

4.4.1. Content analysis

I used content analysis in analysing my research material collected from the field. Content analysis is a basic method of qualitative analysis, which can be applied in many different ways as a method and theoretical framework (Tuomi, Sarajärvi 2009). Eskola (Eskola 2001) divides content analysis into three different categories. One is analysis based on material, the second is theory-driven analysis and the third analysis is theory-based.

Using analysis derived from the material one tries to deduce theoretical concepts from the research material. In material-based analysis units of analysis are chosen according to research objectives and research questions. What is essential is that the unit of analysis is not predetermined. Theory-driven analysis has more connection to theories but it is not directly based on any one theory. On the contrary theory-based analysis leans directly on a certain theory or theoretical framework (Tuomi, Sarajärvi 2009).

In this research the units of analysis came from the main themes of the interview questions. The units of analysis derive from the themes in the questionnaire because these are also the key components of the results of the research. The research question is whether microcredit is an effective tool in empowering poor women in Devichaur and what kinds of indicators can be identified as evidence of empowerment? In order provide an answer to the research question I analysed all the themes after which I was able to categorize indicators of different types of
empowerment. Miles and Huberman (Miles, Huberman 1984) refer to categorising
the material in describing methods used in material-based analysis.
5 NEPAL

5.1. General

Nepal is situated in South Asia. Nepal has the People’s Republic of China (Tibet) as its neighbour in the North, and in the South, West and East its neighbour is the Republic of India. Being between India and the Himalayas it is landlocked. Characteristic of the country are the Himalayan Mountains running along its northern border.

Nepal was a kingdom until May 2008. Nepalese people have had to live through turbulent political events for years; from 1996 to 2006 there was a civil war between Maoists and the Kingdom’s government. This era is often called the conflict era. It has since been relatively peaceful for several years. The Maoists are now a governmental party (CIA 2011).

5.2. Geography

Nepal is about 800 kilometers long and 200 kilometers wide, with an area of 147,181 square kilometers (Fig 1.). For a small country, Nepal has tremendous geographic diversity. Nepal is commonly divided into three physiographic areas: Mountain, Hill and Terai (Dahal, Hasegawa 2008).

The southern lowland plains of the Terai have a subtropical to tropical climate. The Terai varies from 100 to 1000 meters in altitude. The Hill Region (Pahad) abuts the mountains and varies from 800 to 4000 meters in altitude. The climate progresses from subtropical below 1,200 metres to alpine above 3600 meters. Population density is high in the valleys but notably less above 2000 meters. The Mountain Region (Parbat), which is situated in the Great Himalayan Range, makes up the northern part of Nepal. It contains the highest elevations in the world including the 8848 metre high Mount Everest.

These ecological belts run East-West and are vertically intersected by Nepal’s major North-South- flowing river systems. The average annual precipitation varies from as little as 160 millimetres in the rain shadow North of the Himalayas to as much as 5500 millimetres on windward slopes (Zurick, Rose 2009).
5.3. Climate

Nepal has five climatic zones, broadly corresponding to the altitudes. The tropical and subtropical zones lie below 1200 meters, the temperate zone 1200 to 2400 meters, the cold zone 2400 to 3600 meters, the subarctic zone 3600 to 4400 meters and the Arctic zone above 4400 meters. Nepal experiences five seasons: summer, monsoon, autumn, winter and spring. The summer monsoon divides the year into a wet season from June to September and a dry season from October to June. Precipitation generally decreases from East to West with increasing distance from the Bay of Bengal, the source of the summer monsoon (Dahal, Hasegawa 2008).

5.4. Demographics, culture and religion

The total population of Nepal is 29.95 million. Life expectancy for men is 67.46 years and for women 64.94 years. The population is still in its growing phase, with 34.6 per cent of the population estimated as being younger than 14 years old. The adult literacy rate is 57.9 per cent, 62.7 per cent for men and 34.9 per cent for women. Only 19 per cent of the population lives in urban areas (Ministry of Foreign Affairs of Finland 2011, Embassy of Nepal 2010).

Nepalese people are a delightful mixture of hundreds of different ethnic groups, religions and cultures spread around the Mountains, Hills and Terai region. Hinduism is the main religion.

Throughout the ages women have had three roles in Nepalese culture. These still continue to direct women’s actions (Bhushal 2008). The triple burden of a woman is to be:

1) Productive: taking care of the household chores and the children
2) Reproductive: giving birth
3) Communal: taking care of the community matters along with the other community members

In some ethnic groups there are still rules concerning a woman’s role during her monthly periods: females are not allowed to go to school or to cook while having
their monthly period. This kind of cultural phenomenon does have an effect on women’s roles in society in many different ways, and it decreases girls’ schooling time compared to boys (Bhushal 2008).

5.5. Economy

Nepal is one of the poorest economies in the world. The increase in economic growth has been hindered because of political instability, the absence of a sea connection, challenging topography, slow highway connections and constant landslides. The poverty reduction rate is low mainly due to low per capita income, concentrated urban growth and a high population growth rate (United Nations Development Programme UNDP 2010). The main source of livelihood is agriculture. 70 per cent of the surface of the southern, fertile area of Terai is used for farming and agriculture. Whereas Terai is convenient and flat for farming, the same cannot be said of the hill or mountain areas. In the hills (not to mention the mountains) almost no machinery can be used to make production more efficient (United Nations Development Programme UNDP 2010).

International trade is showing a high negative deficit for Nepal. Its most important export partner is India with whom Nepal has a free trade agreement. 60 per cent of the total export amount (680 million Euros) goes to India. Most of the total imports (2 billion Euros) come from India. The negative deficit has only been growing since the imports of machinery, vehicles and industrial goods have increased and exports of farming goods have been decreasing. Approximately 37 per cent of the exports go to Germany and the United States. The most important export articles are rugs and pashmina scarves (Ministry of Foreign Affairs of Finland 2011).

5.6. Poverty status

With an average per capita Gross Domestic Product (GDP) of 260 USD (2004), Nepal is the poorest country in South Asia and ranks as the twelfth poorest country

Despite the improvements and government operations to combat poverty, Nepal is still extremely poor. However, over the last decade the country has made progress in reducing poverty (The World Bank - WB 2006). Headcount poverty rate declined from 42 to 31 percent, urban poverty declined from 22 to 10 percent and rural poverty declined from 43 to 35 percent. Therefore rural poverty is still considerably higher than urban poverty.

However, the decline in poverty has been accompanied by an increase in inequality. Overall those who tend to remain poor are the households of agricultural wage earners, those who are landless or have small land holdings, and those with illiterate household heads.

The Nepalese government has viewed microcredit programmes as essential for addressing the primary objective of national development through poverty reduction. Two key mechanisms for this include the empowerment of women and the increase of income, particularly from off-farm sources (United Nations 2011).

5.7. Women’s status in Nepal

The impact of poverty on women is an essential part of discussing the poverty in Nepal. Historically, women in Nepal have always been discriminated against. They do about 86 per cent of all household work and 60 per cent of all farm work (Ledgerwood 1997). On average, they do 3 to 4 hours more work than men. Women’s land holdings are marginal as they are hereditarily not entitled to parental land, and their income levels are at most only 80 per cent that of men. Even though as of 1997 there is mandatory election of women to at least 20 per cent of local village councils and the national parliament, there is little evidence to show that the role women can play in household and national affairs has been internalised by male policymakers (Bhatta 2001).
Even within Nepal there are differences in gender inequality according to whether the woman comes from a rural or urban area (Bhushal 2008). Nepalese women are still very much under the rule of their husbands and they are expected to take care of the household, children, husband, community matters, and relatives, leaving their personal interests aside (Bhushal 2008). Actually, these matters are expected to be a woman’s personal interests. In general, women’s own ambitions are not well listened to or taken into consideration. According to Dhaliwal (Dhaliwal 2000) the fate of an Asian woman is dependent on what kind of husband and in-laws she gets. Most of the marriages are arranged ones even today.

Women’s educational status is lower than men’s. Lower educational status has a number of negative consequences in Nepalese women’s lives. It has not only limited women’s skills and capacities but also individual health, family health, legal and constitutional rights, their utilisation and their active participation in community matters. According to Bhushal (Bhushal 2008) Nepalese society is still being run by a patriarchal feudal system and traditional superstition in which women in comparison to men are considered to have lower status. Activities of discrimination, exploitation and domination still prevail. Superstition and other related problems have been rooted in Nepal due to a lack of education and awareness among people (Bhushal 2008). To raise the status of the majority of the poor, and an underdeveloped country as a whole, education is critical to the process. In addition, for the overall development of the society and the nation, women need to participate more in public affairs.

5.8. Microfinance in Nepal

Microcredit programs in Nepal operate in three sectors: formal, semi-formal and informal.

5.8.1. The informal sector

The informal sector has traditionally dominated the credit scene because of the low level of penetration of capital in rural and remote areas of the country. There are two types of lenders in the informal sector: individuals and groups. Individual lenders
can be moneylenders who are landlords, merchants, friends or relatives. Credit from moneylenders is usually used for meeting some emergency. The interest rates are extremely high. The lack of other credit sources in rural areas gives the poor no choice but to seek credit from the informal sector (Bhatta 2001).

Informal lenders include three different types of groups. Dhikutis are traditional group formations in villages for savings and credit activities. Dhikutis are declared illegal in Nepal but they are still operating on a large scale. They are particularly popular among ethnic trading communities. Dharam bhakaris are group grain associations in which each member provides an equal contribution of grain at harvest time and can draw from it in times of need. The last group is guthi, similar to dhikuti but the funds are used for community welfare activities such as festivals (Bhatta 2001).

5.8.2. The Semi-formal Sector

This sector consists of NGOs and Savings and Credit Cooperatives (SCCs) that fall between the formal mechanisms of banks and other financial institutions and the informal mechanisms of individual and group moneylenders. Since the beginning of the multiparty system in Nepal, the number of NGOs has mushroomed, and they have been increasingly used by financial organizations for disbursement of credit (Bhatta 2001).

NGOs and SCCs involved in providing credit have two sources of revenue: external funds and internal funds. External funding is usually provided by other development oriented organisations or some private investors. There are also some government programmes that channel credit through NGOs and SCCs.

NGOs and SCCs that use internal funds generate resources from among the group members themselves. These groups constitute indigenous savings and credit groups and can be formalised as NGOs. They also tend to be more sustainable financially than the ones with external funding. They use their own funds also to cover their minimal operational costs (Bhatta 2001).

5.8.3. The Formal Sector
Participants in the formal sector provide microfinance services and credit only through government mandated programs. In Nepal formal sector lenders consist of banks, finance companies and, for example, insurance companies. In the formal sector the programmes are lead by the central bank NRB (Nepal Rastra Bank) (Bhatta 2001).

Since 1992, Grameen Bikas Banks (GBB), modelled after the Grameen Bank in Bangladesh, have entered the microcredit scene. Grameen Bikas Banks are also known as Regional Rural Development Banks and are mandated to provide financial services to the rural poor, particularly low-income women. Some of the strong points of this methodology are the clear targeting of needs, accessibility to the landless and practicality of enabling the landless poor to use the credit almost exclusively for non-agricultural activities, hence spreading other kinds of employment opportunities (Bhatta 2001).

Less than 10 per cent of the rural households in the country are believed to be accessing credit from formal sector sources as opposed to over 33 per cent at a minimum from the informal sector. A substantial number of loans are made to men, as they are the ones who have control over resources. This gender inequality plays a significant part in understanding the microcredit and microfinance programs in Nepal. Despite specific programs since the early 1980s targeted towards women and the rural poor, it is evident that women continue to be marginalised when it comes to securing credit (Bhatta 2001).

5.8.4. Is microfinance empowering women in Nepal?

Literature suggests that microfinance programmes do indeed make a potentially significant contribution to women’s empowerment (Hashemi, Schuler & Riley 1996, Pitt, Khandker & Cartwright 2003).

In Nepal Milan Shrestha (Shrestha 1998) found out that women who participated in the MFI programme were able to make small purchases of necessary items such as groceries more independently. Other findings report that about 68 per cent of women experienced an increase in their decision-making power in areas that were traditionally dominated by men. Women were also making decisions about business investments jointly with their husbands (PLAN 2001).
In addition to the impact on women’s decision making power and agency, MFI access is also reported to have positively affected women’s relationships within the household in terms of experience of domestic violence (Kabeer 1998).

Microfinance has also empowered women in spaces outside the private domain. Shrestha also found out that a significant number of women involved in MFIs’ programmes are perceived with respect and accepted without the veil in public spaces (Shrestha 1998).

Women’s economic ties produced through access to microcredit lead to improvements in women’s social capital and their ability to influence social norms (Kabeer 1998). Women can undertake collective action and this facilitates their collective empowerment. Social networks enable mutual assistance that generates trust and solidarity, which in turn contributes to MFIs’ sustainability and continued empowerment benefits to the poor (Kulkarni 2010).
6 RESEARCH CONTEXT

The research material consists of three parts. I have used literature on the subject to begin the research because microcredit in general and in the context of Nepal has been studied quite thoroughly. The second part consists of interviews with women involved in microcredit, and the third part of experts’ interviews.

6.1. Microfinance

Policymakers, development agencies and politicians promote microfinance as an effective anti-poverty intervention. This happens through the functions it performs and due to the potential it carries to improve the livelihoods of poor and vulnerable people (Kulkarni 2010).

Provision of microcredit has been seen as the way to help women to set up small businesses and to become more empowered. The Grameen Bank (GB) in Bangladesh led the way in 1976 in providing small loans to poor women. The Grameen model has been replicated by 223 organizations in 58 countries. The Microcredit Summit +5, held in 2002, saw microcredit as being pro-poor and set a goal to reach 100 million of the world’s poorest families with credit for self-employment and other financial services by the year 2005 (Momsen 2004).

At first this system was seen as a very positive contribution to development, especially for poor rural women. However, the incomes earned from small-scale self-employment, such as that supported by microloans, are rarely sufficient to pay the increased costs of basic consumption goods and services (Mayoux 2002). The World Bank (WB) has argued that Grameen Bank loans to women tend to lead to an increase in girls’ schooling and in per capita consumption, a reduction in fertility and increases in women’s paid work, but no increase in land assets (World Bank. Development Data Group 2012).

In fact having a loan does not always empower women nor give them decision-making power within the family. The impact of the loans often depends on the skills of the individual women (Kabeer 1998). Loans are most successful when they include training.
There are serious dangers that female targeting without adequate support networks and empowerment strategies will merely shift the entire burden of household debt and subsistence and even of development itself to women (Mayoux 2002). A fieldwork study in Sri Lanka has shown that, although microcredit has only a minimal impact on poverty, it does empower women by enabling them to earn money that is not controlled by their husbands and to go out alone to group meetings, forcing men to take over some domestic tasks. It also encourages women to participate in community management and empowers them to work with other women to reduce male alcoholism in the community. Sri Lankan women felt that they gained new respect from their husbands by earning their own money (Momsen 2004). This kind of empowerment can also be seen in my field study.

Credit may not increase women’s mobility as much as expected. It has been suggested that NGOs need to undertake closer monitoring of control of credit and to provide technical training in financial management and marketing to the recipients of the loans (Hunt, Kasynathan 2001). There is also a tendency to assume that all positive aspects of rural development are related to microfinance.

To make microloans more effective they need to include family loans, where both husband and wife are responsible for repayment, to incorporate training to improve effective credit utilisation, and to allow for flexibility in repayment schedules to take into account seasonality in economic activity patterns (Mayoux 2002). Microloans should be seen as a component of but not a substitute for a coherent agenda for poverty elimination.

6.2. Microfinance in Nepal

The microfinance sector in Nepal showed its first initiatives in the 1950s when the first credit cooperatives were formed in rural areas. At the moment there are wide range of institutions active in the sector. These institutions are all providing loans in their own style. The actors in this field are divided into an institutional sector and a community-based sector. They differ from each other in their legal status and their own regulatory rules and recommendations given by the government. The microfinance sector in Nepal is characterised by a social service approach rather than a business approach (Ledgerwood 1997).
The actors in the institutional sector are commercial banks, which are professional actors in the field of financing (Ledgerwood 1997). In the community-based sector many of the actors have started with different types of development initiatives like literacy programmes and later on have added a microfinance component to their operations. This is also how LEAP’s microcredit program started. First, the project was concentrated on sanitary and water quality matters and then later on microloans were also included into the program.

The term microfinance is usually used when talking about the institutional sector. When talking about the community-based sector the term “saving and credit groups/schemes” is often used (BWTP - Banking With the Poor Network 2011). In this report the term “microfinance” is understood as broadly referring to any small scale financing targeted towards the poor.

6.3. Women’s groups

The LEAP-project operates at both the community and group levels. Devichaur is situated in the Hills region in Lalitpur District in Kathmandu Valley (Fig 1.). This research concentrates on Devichaur and its nine wards (Fig 3.).
The village is divided into nine parts, which are called wards (Fig 3.). They differ in size, population and accessibility. Each ward has a local name but to make it easier for foreigners and organisations working there, wards are referred by their numbers. There are 15 women’s groups in Devichaur at the moment. There is at least one group in each ward (Appendix 2.). Each group consists of 12-25 women and group members are mainly married women.

Women’s groups have already been working for many years in the area. The groups this research is studying have been established since the LEAP-project started in 2010. The concept of savings and credit groups was already familiar to the women. Only the groups formed under the LEAP-project are being discussed in this research.

The groups were established for empowerment purposes and they have been provided with many types of activities and training: health training, training for safer motherhood and reproductive health, women’s rights training, water and
sanitation training and income generation training, to give some examples. Women’s groups are also the route for the households to get project-supported toilets. Saving and loan granting is just one part of the groups’ activities; it is not the main reason why the groups have been formed.

The groups have largely benefited the communities by increasing women’s ability to invest the money lent in productive activities such as farming, animal husbandry and micro-enterprises. Group members are also taking loans to meet their other household demands such as the purchase of food, education of their children and medical treatments.

Fig 4. Women’s groups monthly meeting at ward number 9.

Women’s groups get together regularly, once per month (Fig 4.). In the meetings women talk about things that are current at the moment. They may also have some special training organised. Each group member saves monthly for the group. Mobilisation of the fund within the group is effective. New loans are granted as soon as there are funds to make a new disbursement. Payback rates are quite good.
Only a few of the women interviewed said that there had been some problems with payback in their groups.

There are also some mixed savings and credit groups where men can also join. I did not get a chance to interview any women from this kind of group where there would be both men and women members. It seems that these were quite rare in the area. This is mainly because the experience has shown that women are more responsible to take care of the loans and liabilities. They also distribute the welfare to their children and to their families more than men do.

6.4. Women’s interviews

Personal interviews with the rural women form the main part of the empirical research material. These interviews were the main purpose of the research trip. I wanted to hear first-hand opinions, ideas and thoughts of the genuine target group.

The data of this research was collected and organized as an ongoing process during the research trip. During the visits to Devichaur the research team conducted 23 interviews with local women. In all 7 interviews were conducted with LEAP’s and SOLVE Nepal’s field staff and other representatives from different organizations. Some of the interviews in Devichaur were made in interviewees’ homes and some in the LEAP field office. SOLVE Nepal’s representatives were interviewed in their own field office and also in their head office in Kathmandu.

Interviews were not recorded. I had a recorder with me, but I decided at the beginning not to record interviews. This was because recording could possibly cause some agitation for the interviewees. I made notes by hand during each interview and afterwards I typed them up on a computer. Every evening I went through the events of the day and made some notes about the occurrences and atmosphere felt during the field visit. I also wrote down the observations of the day.

There were three preconditions for the selection of the interviewees: the women should be members in a women’s group, they needed to have some experience in taking a loan either from a women’s group or from other microfinance facilities running in the village. Women were chosen geographically so that at least one
A woman from each ward would be interviewed. The field workers of the LEAP-project chose the women to be interviewed. In fact I did not have much impact on the selection process for the interviewees.

Before the research trip to Nepal I planned to also conduct interviews with women who are not participating in any women’s saving and credit groups. During the field trip and visits to the village it became clear that this would not be possible. The field workers said that there are no women who are not involved in women’s groups. In the interviews I asked whether the women knew anyone who would not be involved. There were few women who knew a person who was not taking part. In spite of many requests I made to LEAP staff about the possibility of interviewing women who were not joining women’s groups, it did not happen.

The interviewees had been informed beforehand that the team was coming (‘team’ means here myself and the interpreter). This was essential for the interviews to occur at all, because the women would not be at home if the interviews were not scheduled beforehand. Nevertheless, women were often very busy and some interviews were carried out while women were working and doing household tasks (Fig 5.). Sometimes they were otherwise too busy to spend much time giving answers to the questions.
Fig 5. This woman was doing household work during the interview (Orlow, 2012).

The second main part of the empirical material consists of a variety of interviews with representatives from different organisations and NGOs, LEAP field staff, governmental offices and cooperatives. These interviews were made to gain a better insight and understanding of the micro financing in the area and in the village. There are also other organisations and NGOs working in the same village. Thus I interviewed some representatives from other organizations about their operations and activities. See the timetable in the appendixes for a comprehensive list of the interviews and interactions conducted during the field trip (Appendix 3.).

In addition to the above-mentioned three main parts, my own observations of the local surroundings and events are also being used as research material.
6.5. Description of the research trip

The research trip to Nepal was carried out between 1.2.2012 – 1.4.2012. The original plan was that the trip would last only one month (February), but after two weeks I decided that I would continue the trip for another month. This turned out to be a good decision, because the last official interviews with NGOs were made during the last two weeks of March. Getting all the interviews done was much more time consuming than I had imagined beforehand. Much time was spent just moving from one place to another because of the harsh environment of the village. Walking was the only way to get to most of the places in the village.

The journey commenced from Finland on the 1st of February and the arrival in Kathmandu occurred on the 2nd. There were two other Finnish students in Kathmandu at the same time doing their internships for KEMA in LEAP-project. This turned out to be a great advantage for me because trips to Devichaur could be arranged at the same time and I could use the same transportation, namely motorbike, to go to the village. Also other activities could be combined conveniently during the field visits.

I lived in Patan, near the centre of Kathmandu. Altogether I made eleven visits to the village and two of them lasted longer than one day. During these longer visits I stayed overnight at the LEAP field office in ward 1.

During the field visits to Devichaur the research team tried to do as many personal interviews as possible. My goal was to get at least 20 personal interviews. I could never know beforehand how many interviews could be completed during each field visit. In the end I managed to get 23 interviews completed. A few interviews had to be stopped partway, because the interviewees just did not want to answer any more questions, or they were too intimidated about what their husbands would say if they stayed any longer.

In theory the project coordinator from Kathmandu organized the field trips. Our visits to the village had to be arranged with the field coordinator in Devichaur. In practice I and the other students made plans about field visits with the interpreter and then the project coordinator was consulted about our plans. The only reasonable transportation to the village was motorbike so we all used bikes during the visits.
Other interviews with representatives of different organizations were carried out whenever it was possible to arrange a meeting. Sometimes it was quite difficult to have the interviews done because of cancellations of meetings, although they were scheduled and arranged days in advance.

6.5.1. General perceptions of Devichaur

All personal interviews with the women were conducted in Devichaur. It is approximately 25 kilometers away from Kathmandu. The overall situation concerning economic development is not that advanced in Devichaur.

According to the Baseline Survey carried out by LEAP in 2010 there are 524 households in Devichaur with a population of 2733. 87.2 percent of the households are male-headed and 12.8 percent are female-headed. Female-headed household heads are usually widows or women whose spouses are working abroad.

LEAP-project conducted a well-being ranking of the households in the village (Community Development Forum 2011). According to the well-being ranking approximately one third of the households are poor or ultra poor (Table 1.). These are the households that the project is concentrating with most of its operations. Despite the fact that over fifty percent of the households were ranked economically as medium or better off, for example the education of women in these households is still lacking behind.
There are people from many different ethnic groups in Devichaur. Each ethnic community has its own characteristics according to their ethnicity and geographic location. The community is dominated by Tamangs, who consist of 80.3 percent of the total population. There is also a significant presence of Brahmin/Chhetri, 19.5 percent, and the remaining 0.2 percent are Dalits. Agriculture is the main source of livelihood; 89.1 percent of the population depends on agriculture, 29.8 percent on services, 21 percent on business, 9.5 technical jobs and 2.3 percent of the population works abroad (Community Development Forum 2010).

There are no proper roads for motor vehicles (Fig 6.). This is why people generally walk from place to place and carry everything they have to carry in a traditional way with a certain basket: one end of a looped belt is attached to the box or basket and the other end over the top of their head (Fig 7.).
Fig 6. The roads along hills are ruined by frequent landslides.

I visited all nine wards at least once. I made multiple visits to the wards, which were easier to access. During the field visits we moved on foot from place to place, because of the rough roads, which cover almost all of the area (Fig 6.). We would walk for example for two hours to one house to conduct an interview and then return before moving to another ward to another house.
Fig 7. Man carrying grass in the traditional way.

Fig 8. Woman working in a field.
Women have quite traditional roles in Devichaur and they are kept busy with household chores; cooking, looking after children and livestock, cultivating vegetables and working in the fields (Fig 8.).

6.5.2. Income generating activities (IGA) in Devichaur

From the climatic point of view Devichaur has a sub-tropical climate in the foothills and temperate climatic conditions towards the hills (wards number 7 and 6). The sloppy terrace topography is suitable for extensive agriculture, livestock-keeping and, for example, floriculture and bee keeping (Fig 9.).

Fig 9. The topography of the village is quite steep. Terrace cultivation is in many cases the only way to use the land productively.

Income generation depends much on the natural resources available in the village and it also correlates heavily to basic amenities available for villagers. For example these include water supply, access to roads, electricity, information systems and the level of education. Social and economic status has a great impact on what kind of possibilities one has in creating and maintaining a sustainable IGA. The most essential factor still remains peoples’ own willingness to try and work hard for the
goal they have set for themselves. Climatic and geographical circumstances are also important factors that need to be taken into consideration when assessing IGAs.

Most of the IGAs are labour intensive. The IGAs in Devichaur can be categorised into farming activities such as agriculture, livestock and vegetable farming and non-farming activities such as tailoring, labouring, carpentry, masonry and retail.

Animals and agriculture were the main income source for most of the women interviewed (Table 2.) Women could say more than one income source in the interview. Devichaur is still quite traditional in the way that not many women work outside their households. Over twenty percent of the women stated that they are only housewives with no other income sources.

Table 2. Income sources of the women interviewed. Women could identify more than one income source.

Devichaur can benefit greatly from the exploitation of its resources but this exploitation needs to be properly managed and monitored. In spite of the deforestation that has taken place in the hills of Devichaur there are still extensive forested areas to be nurtured.
Most of the IGAs are family businesses. Therefore division of labour among family members, children’s school attendance and their nutrition levels should be given priority. In many cases women are also the main actors in IGAs. Hence women’s access to income is an important motivational factor for the sustainability of these businesses.

In Devichaur microfinance can be of great assistance to the women while they are working in their family businesses. With the extra capital they can invest in more productive IGAs and contribute more to household incomes. Through this contribution women’s status within the household might be improved and women’s empowerment enhanced.

In Devichaur there were people that were extremely poor and others who were clearly better off. The better off people lived usually in the wards that were easiest to access. Although people were poor they were not miserable. According to the interviews almost all children attended school regularly. Thus there were many schools in the village. I also made a few visits to the schools.

People in the village were polite and considerate towards each other; they were friendly and showed great hospitality to the research team. They were curious about us but at the same time quite shy.

6.6. Research challenges

The use of an interpreter can be challenging and bears certain risks. The interviewer has to rely on the interpreter’s translation and his or her own perception from it. There are always risks involved in these interpretations. Does the interpreter really understand what the interviewer is aiming to find out with certain questions and does the interpreter translate everything according to the exact answer given by the interviewee?

The interpreter was familiar with villagers and the area, which was mostly a good thing. There was also a risk that this familiarity could have had an impact on the answers and results. There were also some field visits during which the interpreter
had to do translation for me and for other students as well. This wasn’t a real problem, but it slowed down the research process.

I would have preferred to have word-by-word translations of women’s answers, but this was not possible due to the time restrictions and because we wanted to maintain a more relaxed atmosphere during the interviews.

As mentioned earlier I didn’t really have a chance to make an impact on the selection of the women interviewed. I cannot know on what bases the women were selected for the interviews. Did they really represent the whole range of the women in the village or were they selected based on some personal or social qualities or achievements?

I can only wonder why I couldn’t interview women that were not involved in women’s groups. According to the women interviewed there were some women who were not in the groups, but LEAP field workers said there were not any.

Another thing that made the research a bit more complicated was that promises were not always kept. On many occasions the research team was not informed about changes in plans or schedules. Timetables were very rarely actually followed. For example scheduled times to depart for the field did not hold true. One must therefore be ready to make quick changes to plans and one has to be very flexible. This was not really a big problem for me but it caused problems for my interpreter because he also had to attend school regularly during the research time.

In the rural areas of Nepal the living conditions are quite primitive. Not all people have for example running water or a toilet. The culture in Nepal differs greatly from European culture and traditional ways of thinking and acting are still persistent. The level of gender equality is low. Nevertheless Nepal is not homogenous in all aspects. People, traditions, languages, religions and environments differ across the whole country. Therefore the results of this research may not be applicable or valid outside this research area.
7 RESULTS
7.1. Microfinance in Devichaur

I studied in more detail three different kinds of sources for microfinance that are available in Devichaur. These sources are women’s saving and credit groups, LEAP microfinance fund and women’s cooperatives. These three were selected because many of the women interviewed knew these and were referring to them. They were also the most common and most often used as loan facilities among the villagers.

7.1.1. Women’s saving and credit groups

My knowledge on women’s groups is based on personal observations in group meetings, interviews with group members and interviews with LEAP field workers. I asked many questions during the interviews and on other occasions as well about the formation and organisation of different microloan facilities that exist in Devichaur.

The women’s groups that I was working with were established in the beginning of the LEAP-project in 2010 with help and financial support from KEMA. However in practice women’s groups have been working in the area much longer. There are also other development organizations working in the same area. These include for example SOLVE Nepal, ICDO (Integrated Community Development Organisation) and the Red Cross. Some of these have established their own women’s groups in Devichaur. They are all operating with the same people and many of the women are involved in more than one organisation’s women’s group. In this research, from now on, ‘women’s groups’ refers only to women’s groups formed within the LEAP project.

At the moment there are 15 women’s groups operating within the nine wards in Devichaur. Usually there are 12-26 members in one group. Women save an amount monthly that they have agreed and submit it to their group fund. The loans are granted from this fund after joint discussion between the group members. LEAP is providing a vast range of training with the support of KEMA to women’s groups.

There are also some programmes and special activities organised by women’s groups themselves (Fig 10.). They invite representatives from other groups to attend those meetings as well. Also combined meetings with several groups are held and
there is a monthly network meeting of the representatives from every women’s group.

Fig 10. Women attending a meeting concerning briquette manufacturing.

However, there should be more cooperation and information exchange between different women’s groups. Sharing experiences would give more knowledge about women’s rights and opportunities. They would also learn from each other’s experiences and get tips on how to manage and handle different kinds of situations, for example with local government officials.

Skills learning could also be enhanced if women from different social backgrounds and different parts of the village would come together. One of the most important things is the support from one women’s group to another. They could help and give advice to each other in difficult situations.

7.1.2. LEAP microfinance fund

LEAP’s microfinance fund was established with a cash donation from KEMA in 2011. The original capital for this fund was 200,000 rupees (2000 Euros) from which 165,000 rupees (1650 Euros) were used in granting loans while the other part
went to operational costs. At the moment the LEAP field coordinator is responsible for management and account-keeping of the fund and loans.

What is unique in this microfinance facility is that the loan is always given as material, not as cash (Fig 11.). This is because the purpose is to promote IGAs and teach people to use the money for productive purposes, not to cover basic household expenses. People can apply for a loan from the fund and get for example a grass cutter, animals or seeds to grow in the fields.

Fig 11. Grass cutter to process fodder for animals. The cutter improves milk production and saves much of the women’s time.

Loans from the fund are granted according to the recommendations of women’s groups. To get a loan from the fund one has to go to a women’s group meeting, make a request for the loan and present a plan on how to use the loan. Women’s groups can also recommend some ultra-poor villagers who, in their opinion, would
definitely need the loan. In this way LEAP can grant a loan to an ultra-poor villager who for some reason might not ask for a loan herself.

The loans from the microfinance fund are usually from 4000 to 15,000 rupees (40 to 150 Euros) and the interest rate is 6 percent. Loans are granted only to women so if a husband wants to have a loan from the fund he has to go to his wife. Payback time depends upon the loan amount and the purpose of the loan. There is flexibility in repaying since the time for gaining revenues also differs depending on the use of the loan. Extremely poor and ethnic (mostly Tamang) villagers are being prioritised in loan-granting.

7.1.3. Women’s cooperative

Two years ago the Women’s Development Organisation in Nepal established a women’s cooperative in Devichaur. Therefore it has just recently started its operations but it has already been active in helping women to get loans in Devichaur.

SOLVE Nepal (Society of Local Volunteers’ Effort) is supporting the women’s cooperative. At the moment there are 211 members who are all also members in different organisations’ women’s groups. Only women can be members in the cooperative. To become a member one has to pay 350 rupees. This amount includes the share of the cooperative, management and office expenses and the monthly saving of 100 rupees. The cooperative has its own board, management, account and loan committees, which are in charge of routine business and loans. The cooperative has its office in Devichaur in ward number 4 (Fig 12.).
Loans are only for the members of the cooperative. To get a loan collateral is also needed. One must have either a landowner’s certificate or at least three guarantors to guarantee the loan. Loans are at most 20,000 rupees and the interest rate is 15 percent (annual). The loan must be repaid in one year and the payback is done in two parts, consisting of the two halves of the total amount. There is little or no flexibility in repayments; neither is there clear priority given to extremely poor people.

There is a question around whether or not women from the poorest households can even become members of the cooperative because of the comparatively high initial capital and monthly savings required. However, the president stated that the theme for the cooperative is to uplift the living conditions for the poorest of the poor. To follow this theme the poorest households should be given priority. When people are making loan proposals their economic and other living conditions are examined. The poorest people can get loans only with the help of guarantees.

There are also training, counseling and assistive contacts available for the women through the cooperative. SOLVE Nepal is giving cooperative training for the
members and staff. It also arranges informal education in women’s group meetings (reading, writing). There are three different education modules: personal education, cooperative education and business and entrepreneurship education. At the moment there are 200 women involved in these informal training programmes. The education and the materials are free.

7.1.4. Duplication of operations

One of the most important things that KEMA and the LEAP-project can do is to build networks between the village and other organisations. Villagers must be familiarised with other sources of assistance and support. They also have to know the people and governmental institutions to be able to make requests and demands for the improvement of their situation.

At the moment many organizations are working in the same area, doing the same things and providing almost the same facilities to the villagers. In many cases they are also struggling with the same problems and inefficiencies as other organizations. There is a real and urgent need for cooperation between different organisations in Devichaur to make their operations more productive and more effective.

Organisations like CODEF and SOLVE Nepal have to create networks and cooperation between themselves and other organizations. In this way the work will be more efficient and properly planned and targeted. There would be less duplication of the same work and same mistakes. Sharing information is the key to getting better and quicker results in the field. Introduction of other organisations and institutions to the village is also important for the future. After the LEAP-project has ended the villagers can already do many things by themselves. They also know who to turn to if there is something that they need or if they want to get some kind of assistance.

7.2. Key issues and problems of microfinance in Nepal

7.2.1. The structural and/or organisational

One of the primary issues of the failure of some MFIs in Nepal is that they are weak and they have very low levels of financial sustainability. Many organisations are
operating only because of heavy subsidies provided by the state. Some reasons for the failures are also low interest rates that these MFIs charge. They are not able to generate adequate revenues. Also weak leadership and lack of internal monitoring might cause faults (Ledgerwood 1997).

Another problem is that there is saturation of credit agents in many parts of Nepal especially in the Terai region. Thus there is duplication of services and competition between MFIs (Bhatta 2001). The competition itself might also be a good thing, because it gives the MFIs a chance to develop their services to better suit certain communities and intensify their operations. On the other hand if lots of MFIs’ resources and energy are wasted on competition it is likely to have a negative effect on their clients. The organisations providing microcredit are in need of training in order to be more effective in delivering their services.

Since the inception of a multiparty system in Nepal, there has tended to be considerable political influence in the activities of these microfinance agencies. This has been detrimental to the interests of the beneficiaries and clients who are receiving credit. It can also lead to a situation where credit is being given to people who may not necessarily need it (Bhatta 2001).

7.2.2. The functions and/or policy related issues

There are four problems identified concerning the functions and policy related issues of microcredit programs. First of all much of the provision of microfinance is supply driven. Most of the development projects in the rural areas tend to have savings and credit components attached to them (Bhatta 2001). Therefore, there is now a situation where there are numerous sources of credit but in fact, because of the lack of motivation and business knowledge, the effective demand for commercial purposes is not very high. Local capacity and understanding of IGA needs to be developed to take advantage of the high supply of microfinance. There is also a need to generate a sense of entrepreneurship, including encouraging initiative and some degree of risk taking.

Another concern is the fact that the bulk of the lending is done in accessible locations of the Terai and in urban areas (Ledgerwood 1997). The people of the hills and mountains have not had much access to credit at all.
Lastly the most striking flaw in current microfinance activities is that women are still not mainstreamed into the credit scene. Many of the loans are still going to men. This is largely because the institutions require collateral and it is only men who have control over resources such as land, houses or cattle (Bhatta 2001).

In the following chapters I will present the results of the research according to the main themes used in the questionnaire (APPENDIX 4).

7.3. Theme I: Background information

The informants were selected and pointed out to me by LEAP field workers. The criteria for the informants were that they had to be participants in women’s groups and that they had taken a loan from the group or from the LEAP microfinance facility. At least one woman from each ward was interviewed. The women are from different generations and represent different economic statuses and ethnic groups.

The answers concerning their age and average income were vague and sometimes unknown. Some of the women were too shy to tell their incomes and many did not know the average monthly income of the whole household. This is because their husbands are the main breadwinners for the family and they do not share the information of incomes with their wives. The average age of the women interviewed was 33 years. According to the estimates of the interviewees the average yearly income of a household was 91000 rupees (910 Euros).

Nevertheless, there are huge differences in income between families. For example one woman estimated her family’s yearly income to be only 1000 rupees (10 Euros) while a few other women estimated that their family incomes were about 120000 rupees (1200 Euros) per year. All of the women except one were married and they had at least 2 children. The duration of their membership in the group was at average around 5 years.

Sources of livelihood in Devichaur and among the interviewees were mainly agriculture and animal husbandry. There were also three shopkeepers, one tailor and a few other entrepreneurs who earned money from selling vegetables, animals and local alcohol. Some women had also been able to find part-time agricultural work
but mainly the work that they did consisted of normal household tasks and cultivation of small fields for household consumption.

Table 3. The division of ethnic groups in Devichaur and among the interviewees.

![Ethnic Group Division](chart)

Most of the women were from the Tamang ethnic group (Table 3.). Tamangs are the most marginalised ethnic group in Devichaur. LEAP has been working hard to get Tamangs interested in improving their living standards and developing their environment. They have been encouraged to join women’s groups and different kinds of training have been provided for them.

7.3.1. The purpose of taking a loan

Most of the women were joining more than one women’s group or they were involved in other organisation’s cooperatives. On average women took part in 2 groups or cooperatives. More than half of the interviewed women had taken loans from more than one source (women’s group, LEAP microfinance fund or women’s cooperative). Most of the women were serial loan takers: taking loan after loan. To be able to get another loan from the same source the previous loan must have already been paid back. On the other hand there was no proper control or monitoring of the status of other loans taken from another source.
Loans from women’s groups were usually quite small in amount; usually they were about 500-3000 rupees (5-30 Euros). These small loans were taken mainly for household purposes; buying food, household goods, seeds etcetera. Many had also taken loans for animal husbandry. In table 4 one can see the division of the use of the loans (Table 4.) The animals kept were mainly goats but people had also chicken and water buffalo. Buffalo are most valued because they can increase the productivity of farming (Fig 13.). They are also valuable because of the milk that they produce, which can be sold in the local market. Other animals were kept purely for business purposes: to feed, raise, breed and sell.

Table 4. The division of the use of the loans taken from women’s groups or CODEF microfinance fund.
Fig 13. Water buffalo are the most valuable livestock because of their milk.

Some women had taken bigger loans from the LEAP microfinance fund or from the women’s cooperative. These loans were from 10,000 to 50,000 rupees. There was also one 400,000 rupee loan that was taken for shop keeping. These bigger loans were taken mainly for business purposes and also for buying animals (for example water buffalo). A few women had taken the loan from the LEAP fund to buy grass-cutting machines. These loans that were used for IGAs were easier to pay back than smaller loans taken for solely household consumption.

7.4. Theme II: Joining women’s groups

Women’s groups were originally formed to increase women’s socio-economic wealth by various methods. Nevertheless, in the end the main reason for women to join and stay in these groups was the possibility to get a loan with the low interest rates. Still there are also other reasons why women have joined women’s groups.
Many women said that they joined the group because of the saving component. Being part of a women’s group it is possible for women to have their own savings and also to become more self-sufficient. Some women said that they joined the group because they wanted to learn new things and also to have some technical assistance, for example in farming and animal husbandry. For many women it was also important that they could get help if they happened to be in situations where they needed something. Social aspects, friends and women’s co-operation were also mentioned. One woman said that women should work together because that makes them stronger and that way they can have more power over things – that was the reason for her to be a part of a group.

7.4.1. Saving money

Women started saving money when they joined the group. The amount saved per month depends on the group. Group members decide together the amount of the savings per month. According to the LEAP field workers monthly savings in Devichaur differ from 20 to 100 rupees (0.2-1 Euro) (APPENDIX 2.). If one woman is involved in more than one group they have to save separately for each and every group.

Saving money is one of the main functions of the groups. It is also an essential element in the group’s future and sustainability; through saving money a sense of ownership, continuity and pride are created and these can foster the group’s existence.

Savings are collected during monthly meetings. LEAP field workers keep the records of every group’s savings but the money is entrusted to a treasurer selected from among the group members (Fig 14.). Then the savings are lent forward within the group. Loans can also be taken from the LEAP special microfinance fund with low interest.
LEAP field workers also said that the loans taken from the groups are mainly for household purposes and not for IGA. On the contrary, loans from the LEAP microfinance fund are targeted to IGAs and loans are always given in kind, not in cash. Interestingly though, field workers mentioned that in many cases loans taken for household purposes are in fact used for alcohol production. This purpose was not mentioned in the interviews. When I asked why the women did not mention alcohol production field workers explained that alcohol production is something that people do not like to talk about in public.

7.4.2. Expectations in the beginning
Women’s expectations towards women’s groups were hopeful. For most of the women the objective was to get a loan and be able to cover household expenses more easily. Also women wanted to start their own businesses, become entrepreneurs and increase their income level. Women expected also some edification through self-sufficiency. They also wanted to get education in literacy and some business assistance.

7.4.3. Loan granting and payback

All interviewees said that it was very easy to get the loan within the group. I asked if the women knew any cases where a loan was not granted. Nobody of knew one. There were cases where the applicant had to wait some time to get a loan, but eventually she got it. Formally the group did consider whether the loan should be granted or not but in practice nobody was denied. So everyone who wanted a loan was granted one without collateral and with no group guarantee.

Women’s group loans are usually small in amount and loan installments are agreed when the loan is granted. The loan is repaid on a monthly basis. The payback period differs according to the amount from 1 to 6 months.

7.4.4. Other financial opportunities

Almost all of the women interviewed had taken another loan from some other organisation or from some other women’s group. I asked if the women knew any other financial opportunities. Some said they did not but others said that they knew official banks and also some rich people from whom they could borrow some money for very high interest. One woman said that she had been taking a loan for 100,000 rupees from a wealthy person for buffalo farming. The interest was 24 percent. She took also another loan for 50,000 rupees from her father for 15 percent interest. Both of these loans were taken 14 years ago and she was still paying them back. This is clear evidence of the fact that borrowing money from private lenders in many cases leads to a debt cycle from which it is very hard to escape. Therefore women’s groups are the most attractive places for poor women to take loans.
7.5. Theme III: The economic impacts of joining the group

For most of the women the economic impacts of joining the group and taking loans have been positive: moderate, good or successful. The loan has made it possible to buy animals, breed them and gain profits from selling them. Some women used the loan to buy seeds for vegetable farming (Fig 15.). In other cases women have been able to make more money by intensifying agriculture and animal farming, for example with the help of a grass cutter.

Fig 15. Woman soaking and drying mustard seeds.

When a loan is used towards IGAs it has clearly helped women to reach their goal of better living standards, though there were also exceptions. Three women said that they did not reach the goals they had in mind when taking the loan. In fact they were not able to repay the loan. In two cases women had used the loan to buy animals, which unfortunately had then died. One woman said that she didn’t reach her goals because the loan was too small to generate enough profit.

There were also other women who said that the amount they got was too small. Three women said that they would have wanted to get more loans and larger amounts and that it would have helped them to reach their goals. Four women said
that interest was too high and hence were disappointed. When answering some of these women may have talked about interests of loans taken from some other source than the women’s group but they did not specify this even when asked.

7.6. Theme IV: Social impacts

Being a member in a savings and credit group seemed to be very important for the women. For many the change in their lives has been enormous since joining the group. Many women in Devichaur are still very shy and do not leave the house very often. This is either because their husbands or other male family members will not approve it or because they are just too shy to go into public and speak in front of other people.

It was amazing to see women talking relatively freely in interviews and group meetings. They were eager to describe how they would not even dare to take their veils off their face before joining the group (Fig 16.). Not to mention how overwhelming it had been earlier to speak and answer while being spoken to.

The women said that they have gained a voice and more self-confidence. They can speak up and say their opinion. Women now also dare to say their opinion in cases where it differs from their husband’s opinion. One woman said that she feels proud of herself when she can contribute to the family income and she is not dependent on her husband so much anymore.

Many women said that in the past they just did simple household tasks all day long at home. They did not have any reason to go out from their own courtyard. Now they feel freer and they have a reason to go out when they go to group meetings. They meet other women in the meetings and also meet other villagers on the way there. Their social lives have expanded considerably as a result.
Fig 16. Women are comfortable and confident to attend public places and they do not cover their faces with veils anymore.

7.6.1. Community and family attitudes

All the women, except one, said they got very positive responses from their families and from other villagers when they joined a women’s saving and credit group. In general, reactions to the credit scheme have also been very positive, supportive and encouraging. Only one woman said that she got negative reactions from other family members when she joined the women’s group. Still she said that her husband would approve if she took another loan from the group.

The community has started to trust the women who take care of their loans and their responsibilities within the scheme and the group. The social impact for women in their communities has been very important and significant. By gaining others’ respect they have also gained more self-respect.

Women have also gained knowledge and they know more about their rights as equal members of the community. Within the family the women have gained more decision making power and more freedom. Women said that people, especially men,
listen to them more and even come to ask advice from them. Other villagers take them as an example because they have been successful in turning the loan into something productive. Women can also share knowledge about agriculture and animal husbandry with other villagers. Skills, which they have learned in training sessions held for women’s groups, have become valuable assets for the women.

I did not hear any other negative social impacts that would have derived from joining the group, only positive ones.

7.6.2. The differences between expectations in the beginning and the actual impacts

For most of the women the primary expectation had been loans with low interest. They expected low interest and only four said that they were disappointed with the rate. Three women said that they would have wanted more loans and another three said that they had more expectations overall in the beginning. For them their expectations were not met. One woman was satisfied with the loan but she would have expected to get more skills development training from the group.

Other interviewees were happy with the outcome of joining the group. Some women said that the outcomes are even better than they anticipated and some said that they now have even more hopes and expectations for the scheme. Now they know what they can achieve and what they are capable of.

7.6.3. Impacts on the use of time

In the first ten interviews I asked the women to describe their daily timetable and duties in four-hour periods. Women put so much effort and spent a lot of time in describing their daily routines that I decided to leave out the timetable and just ask whether the workload for the day had changed after taking the loan.

Time management seemed to be somewhat problematic for several women. Now that they carry out new productive activities, which demand time, they still have to do the same household work and take care of the children like they used to do. Only two of 23 interviewees said that their workload had decreased. All others said that their workload has multiplied and that they have to work even harder now after taking the loan. In two cases women had less work because they had bought grass cutters, which made it easier to prepare fodder for the animals (Fig 11.).
Generally life in Devichaur did not appear to be very busy. At least men seemed to have time to play some backgammon and drink tea or rice wine in the local bar from early morning to late in the evening. Clearly most of the responsibility of running the household chores belongs to the women and are mainly dependent on her.

It really became evident that women in the village were extremely busy. The interviews had to be carried out while the women were cooking lunch or doing other household chores. All the interviews had to be scheduled beforehand because otherwise the women were out in the fields or in the forest and would not be available to give interviews.

Women experience an increased workload because they have adopted multiple roles in the family and community. They are housewives, mothers and entrepreneurs at the same time. Still the women were not unsatisfied or unhappy although they had to work harder. They could see that the hard work was paying off as their incomes and profits increased after taking the loan and after investing it in some productive activities.

7.7. Theme V: Non-credit aspects

Non-credit aspects in this research mean different kinds of training, support and advice that women can get from women’s groups. Training concerning agriculture, human and animal health, literacy, women’s rights and skills development are being provided at group meetings. These non-credit aspects do not benefit only group members but the whole village. The village has benefitted for example from briquette production training and now many people can earn by collecting material for briquette production and by taking part in other production processes.

Only seven of the women interviewed were literate. Therefore one remarkable thing for many women has been learning to sign one’s own name. Before, most of the women did not know how to sign their names with a pen, instead they used to sign documents by stamping their thumb first into ink and then onto paper. Still some women in some wards did this simple thumb mark but most of the women could sign their names properly.
Many women said that one of the things they expect to achieve as a member of a women’s group is to become literate. Some literacy training sessions are organised for women’s groups. Education is informal because they cannot get any certificate that they have become literate. Informal education is free for everyone, not only for group members or just for women. In theory anyone can access informal education.

The problem is that to attend the literacy training it takes a lot of time and even more for some villagers in the most remote parts of the village. The training is not held in every ward and to attend people have to travel two hours in one direction to get to the location. This time is of course taken away from other duties that women have to carry out.

7.7.1. The need for support and technical assistance

Many women were just starting their small businesses and therefore were in real need of assistance in running a business and in technical matters too. Women talk to each other about their problems and ask advice but the general knowledge about entrepreneurship and running a business was vague.

In the beginning of their productive careers women need lots of technical assistance, skills training and business training. The majority of women mentioned that they would need some technical support in their field of action in using the loan. Mostly this support concerns agriculture and cultivation but also animal husbandry. Some women wanted to know also about other possibilities and ideas for investing the money. Women wanted to have skills development training in tailoring, cosmetics, animal farming and business. A few said that they are most in need of literacy training.

7.7.2. Tools and practices to promote more effective use of the loans

To have access to loans is obviously a key component for the women to start productive work and to invest to IGAs. Despite it being an essential and important aspect it still seemed to be rather hard for them to imagine what other kinds of things would be useful for them. Here one needs to understand the differences between the western world and the world of in the Nepalese countryside. Women are not able to imagine what could help them to improve their living standards. They cannot imagine what options and possibilities there are for them. Since they have
never seen or heard about any basic tools and practices to make a small business profitable it was hard for them to identify their desires and needs in more detail.

The tools and practices that women themselves said would be needed in promoting more effective use of the loans were quite similar to each other. Nine women in general mentioned skills development. Eight women said that literacy training is the most important thing and many thought also that education and knowledge about women’s rights is the key to successful women’s entrepreneurship.

7.8. Theme VI: Women’s saving and credit groups

Surprisingly many women were serial loan takers. They had been taking loan after loan and even multiple loans from different sources at the same time.

7.8.1. Group operations in practice

In general the opinion was that the groups and loan arrangements are running smoothly and well. Even when I asked if the women have any ideas about how group operations should be developed they didn’t have any specific issues in mind. Women were content with the rules and group management. It seems to be very important that they manage and control the funds themselves. This is in fact something that they are quite proud of. Everybody understands how the groups and loan granting works.

LEAP field workers do accounting and bookkeeping for most of the groups. Only one group is independent in the way that the members also do account keeping. It didn’t seem to be a problem that LEAP field workers do the accounting and nobody complained about that. However women wished for training in accounting, and field workers said that many groups would like to be self-sufficient in this matter too.

Regular, continuous training on group management, accounting and bookkeeping would definitely be needed and would be helpful. Keeping in mind that most of these women lack the basic educational skills including reading, writing and mathematics, it will surely take a long time to train them and to get them understand the bookkeeping and percentage counting.
I asked also whether women felt that there is any kind of discrimination amongst group members. There was no gender or other discrimination observed within any of the groups. In fact several of the women said that they think they can get loans more easily because they are women.

7.8.2. Interest rates

Almost all of the women felt that interest rates were good and fair for the loans from women’s groups. Some even said that they wished for interest to be raised, because that way groups could get more funds and bigger loans could be granted. Many also mentioned that interest for loans from other sources, for example the women’s cooperative, were too high.

Interest rates differ from 12 percent to 24 percent (annual), so the interest rate per month is 1 or 2 percent. This was considered quite low, when compared to the interest women have to pay if they take loans for example from wealthy people. The low interest rate was clearly the main reason why the women took a loan from the group.

7.8.3. Main challenges of the credit schemes – What could be done better or differently?

It became clear that the amounts of the loans women can get from groups are too low. Women cannot start businesses with the amounts borrowed from women’s groups. Almost all of the women wished that the capital from which loans are granted would be higher and that the loan amounts would also be bigger. They stated that with such low amounts they could only buy some necessities for the family.

This is also the reason for occasional poor paybacks, which has happened in some groups. People don’t use the money towards productive activities and therefore they have difficulties in repaying. Poor income sources, illnesses, unfortunate events and unexpected catastrophes might also be causes for poor payback. Women emphasised that one must have a good business plan for the loan so that one can earn money and be able to repay the loan.
When I asked about defaults in paybacks most of the women said that they did not know of any. Still there were cases where paybacks were delayed or loan takers could not pay the loan back at all. Sometimes the reason for this was that the loan was actually used by the husband but the woman was still responsible for repaying. The husband might have used the loan to buy alcohol or something else not productive. As a result the woman could not get money from the husband to pay the loan back.

Some women said that people are not always committed to women’s groups or their operations. They would like all members to be more committed so that they would have a clear incentive to take care of the loans properly.

I was also interested in penalties and sanctions in cases of defaults. Only eight women said that there would be some consequences if someone did not pay back. In some cases the interest would be doubled and in others there was a penalty of 5 rupees per delayed day. Groups can decide penalties themselves and clearly not all groups have a systematic policy about penalties. This kind of policy could encourage women to take care of the loans more promptly. It would enforce on women the responsibility to make feasible plans about the use of the loan from the outset. Women would then also feel more confident about repayment.

Some tensions within the groups are caused by the fact that not everybody can get a loan every time they ask for it. Discontent arises when many people want to have loans but all the savings of the group have already been used.

7.8.4. General expectations for the groups

Women were expecting many things from the groups even if they did not identify them clearly. The group is in many cases their only channel to the outside world beyond their household or village. In my opinion many silent expectations existed since the women have been realising that they really have the opportunity and capability to make a difference in their own lives. There was practically nothing that the government would do for the women. This increases women’s expectations and hopes for the groups.
One important observation that I made and one that also some organisation representatives mentioned was that through women’s saving and credit groups women and other villagers too have learned to demand things for themselves. They have become more aware of their rights and they know how and from where to demand these rights. So one of the most important things to which women’s groups can contribute is awareness raising.

The women depend a lot on CODEF and the LEAP-project and wait for training and assistance. They expect more training for the group. They wish for training in things like sewing, knitting, stool making, basic education and accounting education.

7.9. Micro financing in general

In this chapter some microfinance related issues are discussed in a compact form. Interactions and discussions with different institutions have already demonstrated, as did the experience of Muhammad Yunus’s (Yunus, Jolis 2003), that women are good microfinance customers due to the fact that they take responsibility for their loans better than men do.

Women’s savings and credit groups and their members should be continuously trained if training is given at all. It is not enough to only educate for a couple of days or so, training should be more long term.

Cooperatives that are provided with start-up help from some NGOs are first trained and taught for several years. After that the hope of their survival and sustainability rests on the fact that they are obliged to report to the government office regularly. Still the survival rate for these is not very high.

The Grameen Bank model of micro financing is spoken of very highly. This is well justified as it started the whole microfinance sector. However there seem to be certain elements which are required for this style of financing to be applicable: high density of homogenous people, no sophisticated skills needed in the ventures and easy means of communication. This means that the model is not easily applied everywhere. In the hill areas of Nepal the Grameen model is not very suitable
because of the low density of people, long distances from one place to another and locations that are not accessible by other means than on foot.

Almost all microfinance organisations have to discover their own methods and financing systems through “trial and error”. Nevertheless, they should also try to communicate with each other, at least regarding projects that are carried out in quite similar circumstances. Financing systems must be modified according to the target communities, environmental restrictions and objectives of donors and local people.

7.9.1. Monitoring

The lack of monitoring within microfinance facilities came as a big surprise for me. I expected that women’s groups would do some kind of monitoring of the use of the loans. This clearly is not the case even in the case of loans granted from the LEAP microfinance fund.

There is neither organised nor regular monitoring of the use of the loans. LEAP field staff conducts the little monitoring that is taking place. Monitoring is done to some extent alongside other daily duties. Therefore this kind of monitoring is not sufficient. There is no data about the qualitative or quantitative impacts of the loans.

This applies also to the women’s cooperative. Until now field volunteers and women’s groups have been monitoring the use and the results of the loans granted by the cooperative. It is unofficial and voluntary at the moment but the cooperative is going to establish a separate monitoring committee for regular monitoring somewhere in the future.

Even more worrying was the fact that KEMA had not done any monitoring trips to follow the accomplishments of the LEAP-project. The first monitoring trip was done at the end of March 2012, the last year of the first project period. It is not enough to read the reports and documents prepared by local partners in developing countries to get a clear and honest picture of the project status.

The real impacts of the loans are not clearly visible to the organisations that support women’s savings and credit groups or cooperatives without proper and regular monitoring. This also leads to the fact that loans are in many cases used for nonproductive purposes and the real economic benefits remain scarce. Of course
monitoring requires lots of work and time but it is still a vital part of any development cooperation. Only regular monitoring can reveal the impacts of loans for the village and more particularly for loan takers.
8 CONCLUSIONS

The research question of my thesis was whether microcredit is an effective tool in promoting rural Nepali women’s empowerment. Another question is how microfinancing empowers women. With the results of this case study and using literature on the topic this chapter presents theoretical and empirical conclusions in dividing the concept of empowerment into economic, social, personal and political. Gender equality is also discussed in detail because it is an essential component of women’s empowerment.

8.1. Economic empowerment

Srilatha Batliwala notes that in many development and empowerment programmes the terms empowerment and development are used synonymously. It is also often assumed that power comes automatically through economic strength (Batliwala, Asian-South Pacific Bureau of Adult Education 1994). This may be true in some cases but there might be certain factors determined by gender, culture, class or caste, that still hinder women’s empowerment. As many of my interviewees said, economic activities often add an extra burden on women’s shoulders so in fact their personal situation might not improve at all.

An exclusive focus on economic activities does not encourage women to look at their gender roles or other depressing aspects of their lives. That is why economic empowerment should not be emphasised too much. Still one can see that it is an essential aspect of the whole process of women’s empowerment. Essma Ben Hamida finds that generating and controlling income is the starting point for other forms of empowerment (Ben Hamida 2000). Financial autonomy brings with it dignity. Women’s newly gained knowledge and capacity to take and influence decisions strengthens their self-confidence (Ben Hamida 2000).

One important aspect of economic empowerment is the simple fact that women have learned to understand the concept of money, its value and how to make use of it. They might not be able to count or do mathematics but they learn to save money and they understand the importance of having their own money. Some women said that
they do not tell their husbands how much money they have saved in groups and they keep the money totally separate from other family incomes.

Women in Devichaur have become economically aware and more independent. They have confidence in themselves so that they are confident in handling the money. Traditionally men have been in charge of all financial matters. This is because the general perception has been that women do not understand anything about money and cannot take care of money. This situation has now changed.

Women have now more choices. As Cheston and Kuhn (Cheston, Kuhn 2002) have said empowerment is about choices and access to resources. Through microcredit women in Devichaur have more access to resources and with the skills acquired from training they also have the ability to use these resources to meet their goals. Without resources there are no choices either.

8.1.1. Control over resources

After being involved in women’s groups women have their own money and in most cases they are also in control over their own money. Eighteen women said that they also have savings that are just their own. In some cases women said that they are in charge of all the money in the family. In some families men trust their money and incomes to their wives’ care. This indicates much more profound changes in social and gender relations than merely improvement in women’s economic empowerment.

When I asked whether women have to ask money from their husbands to make small or large purchases the answers differed between respondents. Some women seem to be in control of the household’s finance, but this is much rarer than the cases where men are still in control of financial assets. When women need to ask for money from their husbands, actually getting the money is nowadays easier than it was before joining the savings and credit group. There were a few women whose husbands were working abroad, so they were in charge of all the household matters.

Women now have more freedom to decide how to spend the money in their possession. They are able to buy things for themselves and for their children without
their husbands knowing about it. This indicates that men have more confidence in women and their judgment.

8.1.2. Ability to make purchases

Women said it is easier to make purchases in general after taking the loan. It was not made clear though whether this is because of the actual loan or the income that they now get from investing the loan in some IGA.

Women do not need to depend on their husbands’ money if they want to buy something for the household or for themselves. All but two women said that they use their own money to make small daily purchases for themselves and for their families. Women can make these purchases without asking permission from their husbands. This kind of economic independence is a new factor which indicates women’s economic empowerment.

When the question is about larger purchases almost all women discuss these with their husbands before making these purchases. This is no surprise because it is quite normal behaviour universally, in any culture or family context. After the discussion the married couple goes and buy things together, or either one of them makes the purchase. Women emphasised that they have mutual discussions with their husbands. Women do have an impact and they can state their opinion on these matters. Usually joint money or the husband’s money was used to make these larger purchases.

8.2. Social empowerment

Friedmann distinguishes acquisition of information, knowledge, skills and participation in social organisations as crucial aspects and indicators of social empowerment (Friedmann 1992). Social empowerment, the empowerment of women as a group, is essential in the context of women’s empowerment. As Cheston and Kuhn say the levels of empowerment individual women may achieve are usually limited if women as a group are generally disempowered (Cheston, Kuhn 2002).
Several microfinance and microenterprise programmes have observed improvements in women’s status in their communities. Contributing financial resources to the community confers greater legitimacy and value to women’s views and gives them more entitlements than they would otherwise have (Cheston, Kuhn 2002).

Women themselves highlighted the greater social inclusion that they have recently achieved. Women have been outsiders in their own community, from its social events and from everyday forms of hospitality. Now they are the ones who will organise social events and take part in them.

8.2.1. The meaning of the group for women

As already mentioned the women’s groups seem to have great importance in the women’s lives in terms of empowerment, awareness of rights and social interaction. Getting organised into groups has had a vast impact on most of these women’s lives. The groups have a huge impact on the women in particular as a practical tool of empowerment. Peer support was lacking before when women were inside houses and never left them to go into public places.

Kate Young says that with collective empowerment of women the direction and processes of development would be shifted to respond to women’s needs and their vision. The collective empowerment would of course bring with it individual empowerment, but not only for individual advancement (Young 1993). Empowerment contains an element of collective self-confidence that results in a feeling of “we can” (Kabeer 1994).

This is what women in interviews and at group meetings were also saying. They were proud of each other because everyone had put their veils down and had had the courage to introduce themselves in front of dozens of strangers. This would have never happened before. Women were proud of their groups and what they have been achieving as a group.

For Batliwala women’s empowerment means a process, which must enable women to discover new possibilities, new options and a growing repertoire of choices (Batliwala, Asian-South Pacific Bureau of Adult Education 1994). Through the
groups, women get access to information and they learn where to get information from if it is not already available to them.

Building of organisational capacity through conscious processes, support for leadership development and the strengthening of networks have socially empowering influences (Kabeer 1999). The sense of collective agency and purpose are indicators of collective empowerment. When women form groups they also realise that they have to find their own solutions to problems that they are facing as a group. People from outside cannot do it for women because they are the only ones who face the problems.

It was remarkable to see that women had such high hopes for the groups and they had already made plans and requests, for example about training that they would like to have. They have learned to know what is useful for them and also to make demands to be able to attain those things.

In women’s groups women are in charge of collecting money, storing the money and granting the loans. They are almost totally independent apart from accounting. The sense of ownership in groups is strong. Women’s groups are one of the few channels to get loans in Devichaur. In most cases loans from women’s group are the easiest and fastest loans to get.

Women also feel cohesion and a sense of community when they realise that they are not alone with their problems, other women have been and are facing the same problems as they are. They can then try to solve those difficulties together and find solutions to them. Many women said in the interviews that the best thing at group meetings has been the possibility to talk to other women about their problems at home, share experiences and get advice from other women.

Saving as an individual but also as a member of a group strengthens women’s sense of belonging and identity. Women know that by working together they can strengthen their overall status within the community. One woman said that in her opinion women should work more together. That was the most important reason for her to join and stay in the group. She thinks that is the only way for women to be stronger and have influence on common things in their community. Women will
work together on activities that will enable them to take charge of their situations and act powerfully as a group to influence other aspects of their lives.

8.2.2. Women’s groups as active agents in Devichaur

Women’s groups are respected at the village level because other villagers have seen the improvements that have followed from the formation of women’s groups. An example of this is the building of toilets that are supported by the LEAP-project and the consequently improved levels of hygiene. Women play active roles in their communities. Some of them have participated in Female Community Health Volunteer (FCHV) training and in village water user groups’ activities.

Women have been empowered as a group through the actions that they have taken as a group but also as individuals consequently being involved in women’s groups. Attitudes towards women joining together and breaking out of the traditional roles at home have changed to supportive rather than neglecting. This is what Cheston and Kuhn meant when they called for empowerment of women as a group (Cheston, Kuhn 2002).

One important detail about activities that are carried out by women’s groups in Devichaur is that they have been active in trying to help the most disadvantaged people in the village. Group members have been volunteering for example to help build a house for one extremely poor woman whose house had collapsed and whose husband had abandoned her with three small children. After this kind of social support and efforts that aim to “the greater good”, even the most suspicious men in the village will respect women and their work.

8.2.3. Women’s agency and participation in empowerment processes

In discussions about development and empowerment, more attention should be given to the fact that many NGOs that are working with women and whose target is the empowerment of women are treating women as clients and recipients of their projects (Rowlands 1997). Instead of this NGOs should try to work with women as “agents and participants” in their development efforts. Through this a sense of ownership and responsibility among poor women could be created.
Kabeer also highlights the importance of women identifying their needs in participatory processes (Kabeer 1994). Women need to be included as true actors and participants in the process of empowerment. Only women themselves can define their needs and obstacles they have been facing in trying to meet these needs.

In Devichaur women were actively involved in the planning processes of groups’ operations and activities. They were asked about their needs concerning training and their wishes were heard. Women were also reporting on problems, which concerned mainly the locations and distribution of training sessions and joint gatherings. Women from the farthest parts of the village were complaining and saying that all the training is kept in the closest wards.

Women’s participation and agency did not occur as fully as needed and this is something that LEAP has to work on in Devichaur. Nevertheless women were involved in planning the topics of the training sessions, so they had a chance to have an impact on the things that they think are useful and empowering for them.

Any intervention targeted at the empowerment of women must thus be conceived, planned and implemented under women’s - not NGOs’ – control. For genuine empowerment to occur, women should not become passive recipients or beneficiaries, but the owners of a programme so that they can eventually run it without the support of any outside agency (Batliwala, Asian-South Pacific Bureau of Adult Education 1994).

Women’s groups were hoping to get accounting education so that they could act independently without help from any external organisation. Education is one of the most long lasting assets that any programme can provide. Knowledge and skills are assets that remain in the community after the programmes have ended and organisations left.

Agency and ownership are the key components for any development project to be sustainable and viable. Ownership is enhanced in projects that require women to work for themselves. This is a very important notion because by giving people everything for free the sense of ownership and responsibility over the project are not created.
Women’s groups in Devichaur clearly try to work to improve their situation within the community. They work hard and try to achieve things that are also useful for the whole community. Women’s groups have had some financial support in the beginning of LEAP-project but now they are operating financially on their own.

### 8.3. Personal empowerment

Often when talking about the empowerment of women personal or psychological empowerment is highlighted (Rowlands 1997). Kate Young (Young 1993) states that “…while personal empowerment is one ingredient in achieving empowerment in the collective dimension, whether informally or formally, concentration on the personal dimension is not sufficient; neither does personal empowerment automatically lead to empowerment within relationships.”

To be empowered individually or collectively women need the ability to identify and meet their own needs as individuals and as a group. For women’s empowerment this means that women need to take control of their own lives and set their own agendas to help each other and make demands in the right direction.

Empowerment means also a redistribution of power, particularly within the household. It means that men do not have control over women anymore in the household. Batliwala points out here that empowerment of women will also liberate men from gender stereotyping just as it liberates women from them (Batliwala, Asian-South Pacific Bureau of Adult Education 1994).

It became clear that women in Devichaur felt empowered as individuals as well as a group in comparison to the situation before microcredits and women’s groups. They felt that they were no longer controlled by men or other villagers.

#### 8.3.1. Self-respect, self-esteem and self-confidence

Self-confidence relates to both women’s perception of their capabilities and their actual level of skills and capabilities (Cheston, Kuhn 2002). Interviews made it clear that women now have higher self-respect, self-confidence and self-esteem as a result of participating in women’s groups and getting loans from the groups. Self-esteem
and self-confidence are also closely linked with knowledge. Women were proud to say that their knowledge about issues that affect themselves and their families has increased. Women are also more independent.

Women said in the group meetings that they were too shy to speak before the encouragement from other women in the group. Their self-esteem has risen remarkably. As Cheston and Kuhn mentioned this is clear evidence of women’s empowerment (Cheston, Kuhn 2002). Women really felt empowered in comparison to the earlier situation. Women now have the courage to speak up about the problems they are facing with their husbands or other relatives.

By talking and being active in the group women will also learn more. Women feel that it is now their responsibility to teach other women and other villagers too. They are more respected as individuals because of this advisory role and people have started to listen to them more. Women will defend themselves and they have more faith in sharing with other women.

The increase in self-confidence was also a key factor for this research; I was able to obtain interviews because women were not too shy to answer the questions. Women were confident in themselves and this could be seen in the way they held themselves both within the household and outside. They do not ask for every little thing from their husbands and they make decisions by themselves.

8.3.2. Learning new skills

Women’s ways of thinking and perspectives have changed since they have been introduced to training, cooperative management and women’s groups. Now women understand the meaning of education and their attitudes towards it have totally changed. They see the difference in being literate and are able to speak for themselves in front of strangers. Before they did not see the point in learning to read or write because they felt that it was no use for them. Women have learned to speak freely and raise their voice.

The acquisition of new skills is another aspect of personal empowerment. Training that is organised for women’s groups have taught women many new things, which
they can utilize in income generation. These skills they can also teach to other villagers and gain more respect in their communities.

8.3.3. Women’s rights

Women’s rights have not traditionally been respected in Nepalese communities, especially not in poor communities in remote rural parts of the country. Women’s rights are closely linked to basic human rights and also have a great impact on empowerment.

In women’s group activities women have learned much about their rights. They now know that they are not the only ones who are responsible for the household chores. Men are as much able and obliged to do these tasks. In some interviews women said that their husbands have started to help with the household tasks. This was not common though, and only a few women could say this about the division of work within the household.

Another thing that has arisen in women’s minds is a critical consciousness. Rowlands (Rowlands 1997) highlights this as a critical component in women’s empowerment. Women are brave enough to question the prevailing traditions and norms and challenge those traditions. Rowlands describes the visible marks of women’s empowerment as: “capacity to think and analyse, and develop one’s own opinions. As women’s confidence increases they begin to get a sense of their own worth as human beings and as members of the community, their ability to express themselves increases, and so, too, does their ability to understand and when necessary disagree with other people’s opinions” (Rowlands 1997).

Rowland’s visible marks of empowerment can be found in women’s behavior in Devichaur. Women have started to realize their realities and the needs they have as women. Women have discovered that they are worth something, that they can have goals and that they are able to reach these goals. They are not ashamed to express their opinions. Women find and have more of their own time. Women’s group meetings and training are one form of this personal time.

8.3.4. Mobility
Women’s mobility is one indicator of empowerment because it is breaking down the sense of isolation and powerlessness (Rowlands 1997).

In Devichaur women go out more freely and they go out alone and without asking permission from their husbands. Women’s mobility has increased but it seems that it is mostly related to group meetings, training or income generating activities. Visits outside home just for social reasons were not made more often than previously. However there was still positive progress in the sense that there were fewer obstacles for women to leave the house than before.

Some women said that they could go wherever they wanted and no one could stop them. This change has occurred since women joined the women’s group, because they need to leave the house for the meetings. Leaving the house to attend a women’s group meeting has given women more courage to explore their surroundings.

In one question I asked if the women were ever prevented from going to market or visiting for example their natal homes. Few of them said that this had happened, but there were still visible changes of more freedom after their involvement in women’s groups.

8.4. Political empowerment

It has been noticed that widespread political empowerment is a fairly rare outcome of most microfinance programmes (Cheston, Kuhn 2002). In the LEAP-project political mobilisation or empowerment is not highlighted and the indicators that would have envisaged empowerment in this area were almost nonexistent. Women in the village said that they are not interested in politics even at the district level.

On the other hand the LEAP-project does contribute to women’s knowledge and self-confidence. By widening their social networks it is actually already giving the tools and skills women need to participate more in formal politics and to informally influence decisions and policies that affect their lives.
To make women more active and get them to participate in politics there should be more opportunities for them to participate in training programmes which give them chances to travel outside their village. There should also be a greater emphasis on creating awareness of social and political issues and what kinds of benefits they would bring to the women and to their village.

When women learn to see that the problems they are facing are not caused by individual shortcomings they begin to see them as social or political issues that might have causes and also solutions outside the household.

8.5. Gender equality

For women to empower themselves especially in relationships that are truly unequal it is necessary to have a sense of personal empowerment. They have to develop an understanding that the situation is not what they want. For changes to happen in an unequal relationship not only must the woman change, but also changes have to happen in the ways of thinking and acting of her spouse. This is the problem in many cases in Devichaur. Men are not willing to change or do not see the need for any change in the community.

Kabeer found in her studies in Bangladesh that just the act of bringing financial resources to the household in the form of credit was enough to secure at least some benefits for the majority of women in her study (Kabeer 1998). This is what the women said in my interviews also. They are more respected within their families because they can contribute to the household expenses and they are actually bringing money to the household.

Many women said that they now feel more equal with their husbands in the family. However clear evidence of changes in gender roles within the household is quite limited. In spite of all this, in most cases the economic role of women remained restricted to managing the loans and supplementing household income to meet household expenses. It did not lead to substantial change in gender relations at home. The atmosphere in families still has changed so that women are not afraid
anymore. They know how to put forward their ideas and challenge their husbands into a dialogue.

Women are able to take more advantage of their rights. On the other hand men and women might have become more aware of the rights that have been denied from women before. Men also see the improvements that women have brought to the whole family: improved health, hygiene and acquisition of many new skills. The possibility of negotiation changes the nature of the relationship. When responsibilities are shared the woman has a new kind of power in the situation and she shares the responsibilities that go with that power (Rowlands 1997).

8.5.1. Intrahousehold relationships

In spite of the difficulties that some men have in accustoming themselves to their wives’ new role, most women said that their relationships with their husbands and extended families have improved. Women and their husbands get along more easily and understand each other better. There is a reduction in the levels of tension and conflict. Men have learned to respect their wives more and especially the work they do. Women have acquired more equitable status in their families and community. According to Cheston and Kuhn this can be taken as an indicator of women’s empowerment.

Responsibilities concerning childcare can also be shared. Men support women going to group meetings, because they realize the importance of going. If women are active and take care of their monthly savings and paybacks for the group they can have another loan from the group, which will help the whole family.

In summary the evidence acquired from the interviews seems to indicate that women’s participation in microfinance strengthens and improves family relationships rather than destroying or making them worse.

8.5.2. Decision-making power

Pitt and Khandker found that when women are loan recipients their preferences carry more weight in decision-making processes and they have more influence in the outcomes of these decisions (Pitt, Khandker 1996). My research also indicates this kind of change in decision-making power. Women have more of a voice and they
are more involved in decision-making within the household. Also Kabeer has found evidence that women’s access to loans has mitigated some of the gender asymmetries in decision-making, but not all (Kabeer 2001).

In Devichaur men do ask women’s opinions on matters concerning the whole household. Women’s opinions are also valued at the community level and women have also become advisors for the whole village. Women feel free to state their opinions even if they are different from their husbands’. Decisions are made together and even money is shared. Spouses decide together what to buy for the household and how to use the money.

Women’s empowerment can also be seen in the fact that most women were in control of the use of the loan. In some cases men were using the loan but it was with the consent of their wives. Women made the decisions on how to allocate and use the loan. They could make these decisions by themselves without consulting their husbands.

8.6. Suggestions for further research

Much more research on the impacts of microfinance and microcredit for poor women’s empowerment in Devichaur is needed. Monitoring of the use and the impacts of the loans is absent at the moment. A baseline survey should be done in the village to gain a clear and honest insight into the situation of the women at the moment. Only after this is done would it be possible to identify true impacts and possible changes in women’s status and indicators of women’s empowerment.

Many women and LEAP field workers reported changes in the attitudes of other villagers and especially men towards women who have been active in women’s groups. It still doesn’t say anything about the expected changes in the underlying factors of gender inequality; namely traditional gender roles, division of labour and decision-making capacity within the families. Deeper changes in the values and traditions within the community should be studied in more detail because they are crucial aspects in women’s empowerment.
Also the question of outreach and accessibility to the microfinance schemes for all, even for the poorest of the poor in the village, remains unanswered. A more comprehensive survey about the poorest women’s involvement with and ability to take advantage of microloans must be carried out. I am still not sure if the monthly saving for women’s groups is even realistic and possible for the poorest of the poor. It is also a matter of consideration how microfinance facilities could be adapted to reach those women who cannot join the monthly meetings or whose husbands will not approve of them joining the groups.

One possible variation of women’s group activities could be to form another group whose activities would not include a savings component. This group’s members would attend the same group training sessions and activities as the members of the groups, which save monthly. In this way fieldworkers’ duties would not increase because all women would be present in same the training schemes. Only matters concerning loans and savings would be handled separately. Women who, for some reason cannot or do not want to save money, could still obtain the other benefits of being part of a group.

8.7. Critique on empowerment in development projects

It is justified to ask whether microfinance programs are really successful in creating lasting, positive changes in women’s economic welfare and empowerment (Goetz, Gupta 1996, Rahman 1993). As Mayoux has stated, it is true that microfinance institutions cannot have more than a limited impact on women’s empowerment unless there are changes to wider gender inequalities in the broader social and economic context in which they operate (Mayoux 1998).

It is also a valid and important notion that in many cases microfinance institutions may reinforce traditional gender roles and relations rather than alter them (Mayoux 2000b). In Nepal the reality is also that many of women’s practical needs are closely linked to traditional gender roles. In trying to meet these needs microfinance programs are often repeating and reinforcing these traditional social structures.
Montgomery et al. suggest that findings about greater consumption expenditure associated with loans to women demonstrate the persisting responsibilities of women to cover the consumption needs of the family. It is not therefore an indication of greater weight being given to women’s preferences in household decision-making power (Montgomery et al. 1996).

There is tension between women’s practical needs in the short term and promoting long-term strategic change (Cheston, Kuhn 2002). Yet by helping women to meet these practical needs microfinance programmes can help women gain respect and achieve more in their traditional roles, which in turn can lead to increased self-esteem and empowerment.

While discussing women’s empowerment we must keep in mind that women are not a homogenous category. In Devichaur there were also great differences between women in terms of wealth, income, status inside the family and relationships with their husbands, environments in which they are living and their hopes and goals. Some were just happy with how the things were, although they were following the traditional roles within the family. Others strongly demanded more equality between women and men and they were willing to work for their rights.

This means that even the best empowerment interventions or programmes are not likely to be empowering for all women. At best they can create an environment, or provide resources, which are most likely to help as many women as possible to empower themselves (Kabeer 2001). According to my observations women’s groups have a crucial role to play once the enabling environment and other resources have been provided. Women’s groups can then give the impetus and support needed by the less advantaged women to help themselves.

It is important to make sure that evaluation and monitoring of the loan cycles occurs, in order to channel microfinance systems into more appropriate directions and make corrections to practices that may not be working properly. Women’s experience of whether the credit is the key to answering their needs or whether they also wish for other non-credit components can help in reshaping the programs.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>BRI</td>
<td>Bank Rakyat Indonesia</td>
</tr>
<tr>
<td>CODEF</td>
<td>Community Development Forum</td>
</tr>
<tr>
<td>DAWN</td>
<td>Development Alternatives with Women for New Era</td>
</tr>
<tr>
<td>FCHV</td>
<td>Female Community Health Volunteer</td>
</tr>
<tr>
<td>GAD</td>
<td>Gender and Development</td>
</tr>
<tr>
<td>GB</td>
<td>Grameen Bank</td>
</tr>
<tr>
<td>GBB</td>
<td>Grameen Bikas Banks</td>
</tr>
<tr>
<td>GED</td>
<td>Gender and Environment</td>
</tr>
<tr>
<td>GEM</td>
<td>Gender Empowerment Index</td>
</tr>
<tr>
<td>GID</td>
<td>Gender-Related Development Index</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>ICDO</td>
<td>Integrated Community Development Organization</td>
</tr>
<tr>
<td>IGA</td>
<td>Income Generating Activities</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-governmental Organization</td>
</tr>
<tr>
<td>KEMA</td>
<td>Mikkeli Association for Sustainable Development</td>
</tr>
<tr>
<td>LEAP</td>
<td>Livelihood, Environment and Awareness Project</td>
</tr>
<tr>
<td>LEDC</td>
<td>Less Economically Developed Countries</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MFA</td>
<td>Ministry of Foreign Affairs of Finland</td>
</tr>
<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NIDL</td>
<td>New International Division of Labour</td>
</tr>
<tr>
<td>NRB</td>
<td>Nepal Rastra Bank</td>
</tr>
<tr>
<td>SCC</td>
<td>Savings and Credit Cooperatives</td>
</tr>
<tr>
<td>SHG</td>
<td>Self Help Group</td>
</tr>
<tr>
<td>SOLVE</td>
<td>Society of Local Volunteers’ Effort</td>
</tr>
<tr>
<td>VDC</td>
<td>Village Development Committee</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
</tr>
<tr>
<td>UNIFEM</td>
<td>United Nations Fund for Women</td>
</tr>
<tr>
<td>WAD</td>
<td>Women and Development</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WID</td>
<td>Women in Development</td>
</tr>
</tbody>
</table>
APPENDIXES

APPENDIX 1.

RECOMMENDATIONS

The fieldwork allowed me to make some suggestions and recommendations about women’s saving and credit groups in Devichaur. These recommendations are useful and much needed for KEMA and CODEF to support the planning process of the next project period of LEAP in Devichaur.

Recommendations concerning the women’s saving groups can be summarised as followed.

1. CONSIDERATION BEFORE GIVING THE LOAN

Consideration made before giving the loan is insufficient in terms of sustainability. A feasibility plan is not required in women’s groups before granting the loan. The group seemed not to be that interested in what the loan is to be used for or whether there is any chance of paying back the loan. There should be more responsibility on the part of the group since defaults do not serve anyone’s interests in the long run. Moreover, a lack of good planning can even push the loan taker into a debt circle. A thorough feasibility plan should be required before granting a loan.

2. COLLATERAL

The loans were granted for everyone, for any reason, without collateral. This is worrying for the sustainability of the scheme. The original idea of Grameen Bank model includes a principle that the very poor can have loans even though they do not have any physical collateral. The model has a different kind of collateral: a group guarantee. In these women’s groups there is no group guarantee if there are problems in repaying. To ensure the sustainability of the funds, some kind of collateral should be required.

3. PENALTY
Only some of the groups have some kind of penalty interest in case of defaults on paybacks. The penalty interest is given if one cannot pay back the loan in time and in most cases the interest increased from one percent to two percent per month. This kind of penalty should be applied to every group. When taking a loan the taker must know that there will be penalties if she does not pay the loan back on time. Otherwise there might be a lack of incentive to ensure the loan is repaid on time.

4. ACCOUNTING TRAINING

Women’s groups should be more independent from the supervision of NGOs and other microfinance institutions. They should be able to operate independently and be able to carry out all the daily routines, including accounting. Self-sufficiency is the goal for the groups. Therefore there should be a commitment to the long-term education of at least some members in each group.
## APPENDIX 2.

### Women’s groups in Devichaur (25.3.2012)

<table>
<thead>
<tr>
<th>Ward no. and name (Rs.)</th>
<th>WG’s name</th>
<th>Age/months</th>
<th>No. of members</th>
<th>Savings/month (Rs.)</th>
<th>Group savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ekata and Kopila</strong></td>
<td>Kopila</td>
<td>23</td>
<td>15</td>
<td>50</td>
<td>16945</td>
</tr>
<tr>
<td></td>
<td>Ekata</td>
<td>23</td>
<td>22</td>
<td>50</td>
<td>13750</td>
</tr>
<tr>
<td><strong>Sunaulo Mahila</strong></td>
<td>Sunaulo</td>
<td>21</td>
<td>13</td>
<td>50</td>
<td>12704</td>
</tr>
<tr>
<td><strong>Shree Devi Mahila</strong></td>
<td>Shridevi</td>
<td>21</td>
<td>20</td>
<td>50</td>
<td>16539</td>
</tr>
<tr>
<td><strong>Devichaur</strong></td>
<td>Pragatishill</td>
<td>21</td>
<td>22</td>
<td>20</td>
<td>22227</td>
</tr>
<tr>
<td></td>
<td>Milijuli</td>
<td>23</td>
<td>18</td>
<td>20</td>
<td>23740</td>
</tr>
<tr>
<td><strong>Sarangi Dada and</strong></td>
<td>Laligurans</td>
<td>20</td>
<td>16</td>
<td>20</td>
<td>8824</td>
</tr>
<tr>
<td><strong>Katuwal Daha</strong></td>
<td>Katuwaldaha</td>
<td>11</td>
<td>16</td>
<td>25</td>
<td>5763</td>
</tr>
<tr>
<td><strong>Samakhel</strong></td>
<td>Saamakhel</td>
<td>23</td>
<td>12</td>
<td>50</td>
<td>15634</td>
</tr>
<tr>
<td><strong>Deurali, Chotte</strong></td>
<td>Deurali</td>
<td>21</td>
<td>15</td>
<td>50</td>
<td>12070</td>
</tr>
<tr>
<td><strong>Dada and Ghoda</strong></td>
<td>Ghodakudne</td>
<td>6</td>
<td>12</td>
<td>50</td>
<td>9290</td>
</tr>
<tr>
<td><strong>Kudaune Chaur</strong></td>
<td>Chotedanda</td>
<td>13</td>
<td>25</td>
<td>100</td>
<td>23150</td>
</tr>
<tr>
<td><strong>Jwala Devi Samuha</strong></td>
<td>Jwaladevi</td>
<td>22</td>
<td>19</td>
<td>50</td>
<td>35875</td>
</tr>
<tr>
<td><strong>Himshikhar</strong></td>
<td>Himshikhar</td>
<td>21</td>
<td>27</td>
<td>20</td>
<td>17927</td>
</tr>
<tr>
<td><strong>Lapsitar Mahila</strong></td>
<td>Lapsetar</td>
<td>22</td>
<td>20</td>
<td>50</td>
<td>22727</td>
</tr>
</tbody>
</table>
## APPENDIX 3.

### Field timetable

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Issue</th>
<th>Attendants</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2.2012</td>
<td>Field office (ward 1.)</td>
<td>First introduction of briquette training</td>
<td>Trainer of the briquette company, Hari, Yaba, the student group and 14 villagers</td>
</tr>
<tr>
<td></td>
<td>Field office (ward 1.)</td>
<td>1. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Field office (ward 1.)</td>
<td>2. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>7.2.2012</td>
<td>Field office (ward 1.)</td>
<td>Second briquette-making training</td>
<td>Hari, Bikash, Anna, five villagers and two representatives from women’s cooperative (SOLVE Nepal)</td>
</tr>
<tr>
<td></td>
<td>Field office (ward 1.)</td>
<td>Interview of Hari (CODEF Field Coordinator)</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Women’s cooperative office (ward 4.)</td>
<td>Meeting of the representatives of three different organizations (CODEF, SOLVE Nepal and ICDO) about the merging of the women’s groups of each organization</td>
<td>Representatives and field coordinators of each of the organisations</td>
</tr>
<tr>
<td></td>
<td>Women’s cooperative office (ward 4.)</td>
<td>Interview of the project coordinator of SOLVE Nepal (name)</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Women’s cooperative office (ward 4.)</td>
<td>3. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Women’s cooperative</td>
<td>4. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>Date</td>
<td>Ward</td>
<td>Event Description</td>
<td>Interviewee Details</td>
</tr>
<tr>
<td>--------------</td>
<td>----------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>10.2.2012</td>
<td>Ward 3.</td>
<td>5. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 1.</td>
<td>6. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>11.2.2012</td>
<td>Ward 8.</td>
<td>7. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 8.</td>
<td>8. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 8.</td>
<td>9. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>12.2.2012</td>
<td>Ward 1.</td>
<td>Group meeting of the representatives of different LEAP women’s groups</td>
<td>Women representatives, Hari and representative from the District Agriculture Development office</td>
</tr>
<tr>
<td></td>
<td>Ward 1.</td>
<td>Interview of Buddhi Prasad Shrestha from District Agriculture Development office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ward 1.</td>
<td>10. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 1.</td>
<td>11. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 1.</td>
<td>12. interview</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>Ward 1.</td>
<td>13. interview</td>
<td>Research team and the interviewee</td>
<td></td>
</tr>
</tbody>
</table>

| Ward 5. | Women’s group meeting (Katuwalldaha women’s group) | Ten women, CODEF field worker and the student group |

| Ward 5. | 14. interview | Research team and the interviewee |
| Ward 5. | 15. interview | Research team and the interviewee |
| Ward 5. | 16. interview | Research team and the interviewee |
| Ward 5. | 17. interview | Research team and the interviewee |
| Ward 5. | 18. interview | Research team and the interviewee |

| Ward 9. | Women’s group meeting (Lapsetar women’s group) | Twenty women, two men, CODEF field worker and the research team |

<p>| Ward 9. | 19. interview | Research team and the interviewee |
| Ward 9. | 20. interview | Research team and the interviewee |
| Ward 9. | 21. interview | Research team and the interviewee |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Event Description</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.2.2012</td>
<td>Ward 7.</td>
<td>22. interview Research team and the interviewee</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td></td>
<td>Ward 7.</td>
<td>23. interview Research team and the interviewee</td>
<td>Research team and the interviewee</td>
</tr>
<tr>
<td>19.3.2012</td>
<td>Ward 8.</td>
<td>Welcome meeting for the representatives from KEMA Finland (Jwaladevi and Himshikhar women’s groups)</td>
<td>Participants of the women’s group, villagers, representatives from CODEF and KEMA and the students group</td>
</tr>
<tr>
<td>22.3.2012</td>
<td>Chhayabaha savings and credit cooperative, Patan, Lalitpur</td>
<td>Interviews of the manager and the account coordinators</td>
<td>Yaba, the interviewees and the students group</td>
</tr>
<tr>
<td></td>
<td>Patan, Lalitpur</td>
<td>Interview of Yaba (CODEF project coordinator)</td>
<td>Yaba, Jarkko and Anna</td>
</tr>
<tr>
<td>24.3.2012</td>
<td>Ward 7. (one part)</td>
<td>Welcome meeting for the representatives from KEMA Finland (Ghodakudne women’s group)</td>
<td>Participants of the women’s group, villagers, representatives from CODEF and KEMA and the students group</td>
</tr>
<tr>
<td></td>
<td>Ward 7. (Shotte Danda)</td>
<td>Welcome meeting for the representatives from KEMA Finland (Chotedanda women’s group)</td>
<td>Participants of the women’s group, villagers, representatives from CODEF and KEMA and the students group</td>
</tr>
<tr>
<td>25.3.2012</td>
<td>Patan, Lalitpur</td>
<td>Interview of Hari (CODEF field coordinator)</td>
<td>Hari, Bikash, Jarkko and Anna</td>
</tr>
<tr>
<td>Date</td>
<td>Location</td>
<td>Activity Description</td>
<td>Participants</td>
</tr>
<tr>
<td>------------</td>
<td>------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>26.3.2012</td>
<td>FELM office, Patan, Lalitpur</td>
<td>Introduction visit to the office of Finnish organization FELM</td>
<td>Markus Ilomäki (FELM Development Coordinator), KEMA Finland representatives, the students group and two representatives from Shanti Nepal</td>
</tr>
</tbody>
</table>

Field office, ward 1. | Interview of Bimala and Manju (CODEF field workers) | Bimala, Manju, Bikash, Jarkko and Anna |
APPENDIX 4.

The interview themes and questions

The interview themes and questions for women joining women’s groups and credit scheme

1. BACKGROUND INFORMATION

1. District, village, group
2. Name. Can you read and write?
3. Age
4. How many women (or other) groups are you involved with?
5. Have you taken an individual or a group loan? How much is the loan?
6. What did you take the loan for? Was it easy?
7. Who is using the loan (You, your husband…)?
8. Primary occupation, secondary occupation
9. Average income
10. Which caste/ethnic group do you belong to?
11. Marital status, how long have you been married, what does your husband do?
12. How long have you been living in the area, where have you moved from?
13. How much do you/your household have in fixed assets: land, animals, house…
14. Children: how many, how old are they? Do they go to school?

2. THE BEGINNING

15. When did you join the women’s group and the credit scheme? Why did you join?
16. When did you start saving money, how much do you save per month?
17. What did you expect to be the outcome of the credit scheme when you joined it?
   o to be able to buy things?
   o to be self sufficient?
   o to be able to start own business?
   o to get more say on household matters?
   o to be able to control your own income?

18. Were there other financing opportunities? Did you take loan from any other institutions? Have you paid them back already?
19. Do you own a microenterprise/small business? Why did you choose this particular field of business/action?
   o Was it your own idea?
   o Did your family/other people have an impact on what you were going to do?
   o Did you have other competing ideas on what to use the loan for?

20. Was there enough information for you concerning different possibilities for using the loan (entrepreneurship or starting own business)? Would you have wanted to know of other possibilities for using the money?
21. Do you think it is hard for women to be involved in decision making concerning household matters and the use of money?
3. MEASUREMENTS OF WEALTH

22. Think of a wealthy person in your village. What does he/she have to make him/her wealthy?
23. Do you think that a wealthy person works more than a non-wealthy person?

4. THE IMPACTS

24. Did the microcredit help you to reach your goals?
25. How have the community/your family/husband reacted towards you after your involvement in credit schemes and economic/development activities?
26. Has the involvement with the scheme had an impact to your role in the family or/and in the community?
27. How did your expectations change from the time you joined the scheme till now? Are you disappointed about anything?
28. How has the microcredit scheme changed the way you use your time?
29. In your opinion how do the other villagers react towards the credit scheme?
30. Do you know many people who would want to join the women’s group and take a loan? Why have they not so far?

5. NON CREDIT ASPECTS

31. Do you feel you would need more support and/or technical assistance in your field of action in using the loan?
32. In your opinion what kind of tools/practices are needed to promote the effective use of the loan? (Giving some examples from the list below if no answers are given at first)
   o education on literacy, writing and numeracy
   o education on health
   o social and political consciousness-raising
   o skill development and training (craftsmanship, business principles, marketing, production, sales)
   o education on one’s/women’s rights
33. What are your future expectations concerning the microloan scheme/women’s group and your involvement in them?
34. Have you experienced gender or other inequalities within the credit scheme?

6. SAVING & CREDIT SCHEME

35. In your opinion how does the scheme function in practice e.g.
   o management
   o operational matters
   o norms and principles
   o group meetings
36. Is it easy to get involved in the credit scheme? Why do people not/cannot get involved?
37. How do you see the interest rates?
38. What are the main challenges in the credit schemes? What could be done better, what could be done differently?
39. In your opinion, are people paying back in time? What are the reasons behind poor payback?
40. Are there any provisions of reward and punishment for loaners?

7. EMPOWERMENT INDICATORS

Mobility

41. Do you go often (how often) to public places (e.g. the market, a medical facility) outside the village? Do you go alone?
42. Have you gone to places outside your (or friends or neighbours’) household more often after taking the loan than before?
43. Do you ask permission from a male family member before going to a public place? Can you go without asking?
44. Do you participate more in public actions/discussions outside home than earlier?
45. Are there (public) places outside your household that you feel you cannot go to alone? Why?

Economic security

46. Do you have running water and toilets?
47. Do you have domestic workers in your home?
48. Do you have cash savings? Do you have savings that are only yours?
49. How many people of the household are working outside the household?
50. Are there regular incomes from paid work outside the household?
51. Is there any relative who migrated out of the village? Does he/she contribute economically to your household?

Ability to make small purchases

52. Can you make daily purchases of small items used in food preparation for the family (kerosene oil, cooking oil, spices, foodstuffs and groceries) easily? Is it easier than before?
53. Do you buy small items for yourself and your children (soap, hair oil, glass bangles, sweets)?
54. Do you ask your husband before making these small purchases?
55. Do you use your own money or do you get the money from your husband?

Ability to make larger purchases

56. Can you buy for example pots and pans without asking your husband? Is it easier than before?
57. Can you buy clothes for your children and yourself?
58. Do you use your own money for these purchases or do you get the money from your husband? Is it easy to get the money from him?

Involvement in major decisions

59. Does your husband ask your opinion on matters concerning the whole household?
60. Is your opinion asked more frequently than earlier? Does your opinion have an impact on the decision making process?
61. Who makes the decisions within the family about children’s schooling, small and larger household purchases or joining the savings and credit group? (You, your husband or jointly?)
62. Are there some household matters that are decided by men and others decided by women?
63. Do you say your opinion on the household matters if it is different from your husband’s opinion?

**Relative freedom from domination by the family**

64. Has money, land, jewelry or livestock been taken from you against your will within the past year? If so, by whom?
65. Have you been prevented from visiting e.g. your natal home?
66. Have you been prevented from working outside your home?
67. Does your husband approve you going to the group meetings?

**Political and legal awareness**

68. Do you know the name of a local government official, a member of Nepali Congress and the Prime Minister or the President?
69. Do you know the significance of registering a marriage?
70. Do you know the law governing inheritance?
MICROFINANCE / SAVING & CREDIT SCHEME ARRANGEMENTS

Technical

1. How do you see the technical matters are arranged?
   - the overall structure
   - the overall management
   - mobilisation of savings
   - management of accounts
   - keeping financial records
   - devising future plans
   - other practical matters

2. Who controls funds?

Conceptual

3. Why would the microcredit scheme be the best option for economic empowerment, particularly in the poor communities? Is it just a fashionable theme or a practical tool?
4. Have gender inequalities within target communities been recognized during planning and while conducting credit schemes?
5. Is women’s empowerment being recognized as a desired outcome of microcredit schemes? Do you think that women are really empowered because of the microloans?
6. Do you think more attention should be paid to women’s status and role within the community and should women be the main loan recipients?
7. (Banks) What is the difference between female and male borrowers (payback, the purpose and use of the money)?

Attitude

8. Is this kind of credit scheme useful or not? Why? (Not banks)
9. Do you think there should be more non-credit components attached to the operations of providing credit? Is education or training needed? (Not banks)
10. Is there a tendency among credit recipients to use the cash for something productive or is the loan used for daily necessities?

Social

11. Have the attitudes towards microcredit changed within the past 10 years?
12. Have you noticed any change in the perception of traditional roles of men and women?
13. How do people in poor rural areas usually react to microcredit schemes?

The Area concerned and its future development
14. Are there any future development plans (environmental, economic, social, infrastructure…) for the area where Devichaur is situated? What are the plans for the future?

15. Do you think it is important to develop the area? Should there be more development schemes conducted in the area? Is there any particular field or topic that should be concentrated on?
REFERENCES


Ben Hamida, E. 2000, "Empowering women through micro-credit: A case study from Tunisia", *World Bank, Washington, DC, MDF3 Civil Society Workshop*.


BWTP - Banking With the Poor Network 2011, 29.11.2011-last update, *Asia Resource Centre for Microfinance (ARCM) - Nepal Country Profile* [Homepage of BWTP], [Online]. Available: [http://www.bwtp.org/arcm/nepal/1_Country_Profile/nepal_country_profile.html](http://www.bwtp.org/arcm/nepal/1_Country_Profile/nepal_country_profile.html) [2011, 1129].


Chang, K.A. & Ling, L. 2000, "Filipina domestic workers in Hong Kong", *Gender and global restructuring: Sightings, sites and resistances*, vol. 2, pp. 27.


Kabeer, N. 1998, "‘Can buy me love’? Re-evaluating the empowerment potential of loans to women in rural Bangladesh", *Sussex, UK: Institute of Development Studies*.


Kulkarni, V. 2010, "Women’s empowerment and microfinance: An Asian perspective study", *.


Miles, M.B. & Huberman, A.M. 1984, "Qualitative data analysis: A sourcebook of new methods".


Momsen, J.H. 2004, Gender and development, Psychology Press.


