



# SELF-MANAGED SAVING AND CREDIT GROUPS FOR WOMEN

NEPAL

Nepal RC/Spanish RC

April 2015 - April 2016

3,000 households

## OVERVIEW

### Project description

**Project:**

"Recovering and improving livelihoods of most vulnerable affected families affected by the EQs in Nepal, April 2015".

**Specific Objective:** Promotion of Self-Managed Saving and Credit Groups for women

**Timeframe:** 12 months

**Implementing Organization:** Nepal Red Cross Society

**Supported by:** Spanish Red Cross

**Type of Livelihood intervention:**

Strengthening

**Strengthened Assets:**

Social and Financial

**Context:**

Rural

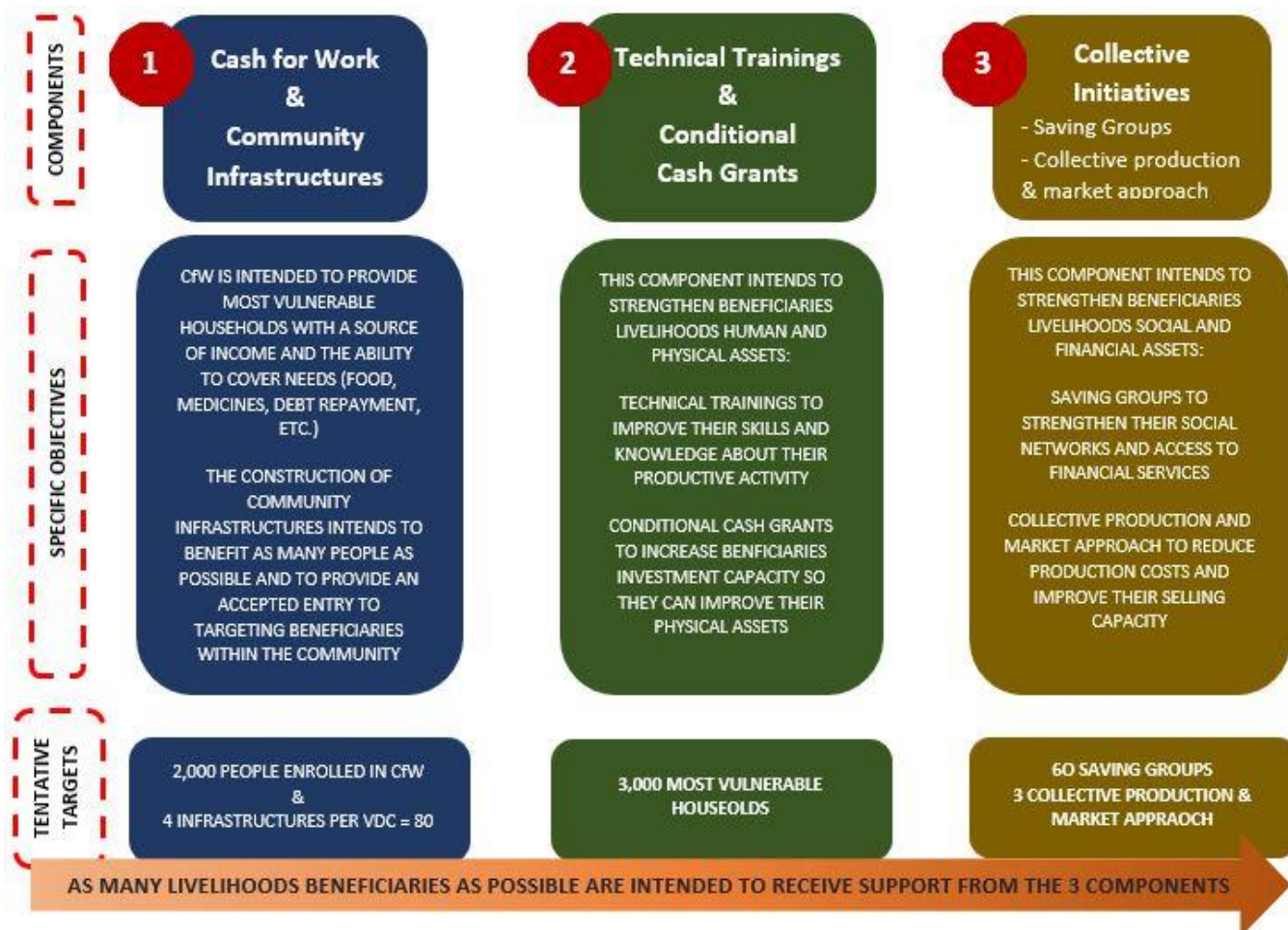
**Target Group:**

Women subsistence farmers

Nepal Red Cross Society, in partnership with American Red Cross, Spanish Red Cross and Canadian Red Cross, has undertaken a long-term integrated post-earthquake recovery program in 19 Village Development Committees (VDCs) and one municipality of three of the 14 most affected districts of Nepal: **Nuwakot, Rasuwa and Makwanpur**. The program's overall goal was to contribute to the recovery of the most vulnerable earthquake-affected households and develop safer and more resilient communities.

**The program has assumed an integrated approach to self-recovery and resilience building**, addressing shelter, WASH and health promotion, and livelihoods needs of the most vulnerable households in target VDCs. The program design is based on self-recovery principles and focuses on the capacity building of individuals, households, and community groups. Cross-cutting themes include gender and diversity to ensure the inclusion of the most vulnerable groups.

**The Livelihoods Project** was designed and has been implemented with the support of the Spanish Red Cross to recover, strengthen and diversify the livelihoods of identified 3,000 most vulnerable HHs in those communities through 3 different phases:



## Livelihoods - Assessment findings

In parallel to the support provided to beneficiary households in improving their human assets (through technical trainings) and their physical assets (through conditional cash grants to increase their investment capacity), the Project Team identified several issues related to social and financial assets, which led to the promotion of self-managed and saving groups for women:

1. After the earthquake (EQ), women's spaces where they can share experiences and worries and organize themselves around common problems were significantly reduced due to the increment of their caring responsibilities within their families.
2. Access to financial services in these rural areas is very limited due to their remoteness and sometimes seasonal isolation during monsoon. Available credit is mainly accessible only through money lenders with very high interests and requires economic stability.
3. Cooperatives and other microfinance institutions in the VDCs tend to replicate power structures where the population systematically excluded (i.e. women and lower castes) finds it really difficult to access credit and community financial support. High rates of illiteracy among these groups deepen their exclusion situation.
4. EQ impact increased the individuality approach due to the need for survival. Despite many families survived the very first weeks after the impact thanks to the solidarity of neighbours, relatives and friends, social networks were deeply weakened.
5. Savings were consumed right after the EQ, and high rates of indebtedness spread hopelessness and the perception of incapacity to save.

## Strengthening social and financial assets

Credit and –especially- savings are the main instruments that families have to respond by themselves to any given crisis (i.e. illness, accidents, unexpected expenses, disasters, etc.).

Given the context and the findings during the assessment, the project team investigated different potential methodologies to promote saving and credit groups (SCGs) in the communities. **Village Saving and Loan Model (VSL)**<sup>1</sup> offered several relevant advantages to this context. After minor adaptations, it was promoted to generate social networks and reduce dependency on money lenders and microfinance institutions.



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<sup>1</sup> All tools and guidelines required to implement this methodology are available in several languages at "Village Saving and Loans Model": <http://www.vsla.net/home?jsessionid=1qskgzm3momq6ahcfqu0rett5>

These are the main VSL Model characteristics:

\* **Relevant:** this methodology works on memory and trust, so it does not imply bureaucracy (i.e. group registration, bank accounts, etc.), and it is very convenient for low literacy level remote populations.

\* **No capital loss:** As bank accounts are not required, no commissions or interests benefit financial institutions. Instead, there is a small profit for SCG members after each saving cycle.

\* **Participation and Appropriation:** Each SCG decides its rules and regulations (i.e. share value, fine value, meetings dates and times, etc.).

\* **Low-cost:** To implement this methodology does not imply any cost besides the technical people and the saving kit provided to each SCG.

\* **Sustainability:** Once the saving cycle is finished and the methodology has been learnt, SCGs do not require additional support to continue saving by themselves.

## MAIN ACTIVITIES

- Adaptation of methodology and guidelines to Nepal context and NRCS needs.
- Simplification of guidelines and adaptation for social mobilizers (SM) in charge of teaching the methodology and supporting SCGs. The document was translated into Nepali.
- SM Practical Training: simulation of an SCG.
- 5 pilot SCGs (an average of 20 women per SCG) were launched in 2 different communities, Bhorle VDC (in Rasuwa) and Manakamana VDC (in Nuwakot), for a saving cycle of six months.
- Monitoring and Evaluation of Pilot SCGs and, after learnt lessons were systematized and socialised among the Project team and SMs, 58 more SCGs have been progressively launched expecting to reach more than 1,200 women.



Women SCG in Bhorle VDC, Rasuwa District

## RESULTS (from Pilot Groups)

- All 5 Pilot SCGs successfully concluded their saving cycle. Attendance to the saving meetings has mainly been respected. Any empowered members did not override the group's decisions.
- SCG members tended to increase their weekly savings as the methodology was better understood and trust towards SM and other SCG members had grown.
- 100% of given SCG loans to members were fully returned, including interests, based on SCG rules and regulations.
  - 90% of those loans were invested in productive activities.
  - 10% of those loans were used for social events (i.e. visiting family members away from the community, etc.).
- Savings were slightly increased thanks to the interest charged on loans and fines charged to individuals according to their rules and regulations (i.e. being late to a saving meeting).
- After SCG meetings, women tended to stay a little longer to discuss other issues, share their weekly experiences or "simply" enjoy the company.
- All 5 Pilot SCGs have decided to continue by themselves with their saving activities without program support. They all have incremented the saving share value for their next saving cycle.

## LESSONS LEARNT – RECOMMENDATIONS

- SCG **membership must be voluntary**. The project should never influence these aspects as the methodology relies on trust among members. However, members of the same SCG should share similar saving capacities and live nearby.
- It is important that the group knows well in advance that there will be **no incentives** besides learning a methodology that can be used by themselves without any external support. Socialization of the initiative will take as long as required. It will depend much on past dynamics and how used the community is to receive incentives to participate in such initiatives.
- Since relatives and neighbours conform to groups and those relations tend to be very familiar and relaxed, the sense of **formality** must be transferred from the very beginning and continued throughout the saving cycle.
- The **most important key to success are Social Mobilizers (SM)** and how well they understand the methodology and can encourage the Group to maintain formality and enthusiasm. Since SCGs target women, **SMs must be women** as the initiative searches to facilitate spaces owned and managed by only women. Ideally, SMs will belong to the same ethnic group/caste as some members.
- **Training of SMs** is much more effective if they conform to their own SCG and simulate with real money each session (i.e. saving shares purchase, loans, interest collection, etc.).
- When **escalating the number of SCGs**, monitoring processes and communication channels between SMs and Livelihoods District Chapters must be very effective and fluent.

# ANNEXES

## DIARY OF A SELF-MANAGED SAVING & CREDIT GROUP

### SCG CHARACTERISTICS

Laliguras Saving & Credit Group - RULES AND REGULATIONS	
VDC, District	Manakamana, Nuwakot
# of Members	20
Saving Share Value	20
# of Shares than can be bought per week	1 to 5
Fine Value	5
Maximum Loan that can be approved	3 times the current savings
Monthly Interest Rate for Loans	1%
Meetings: Week Day and Time	Wednesday @ 1 PM

### SAVINGS

20	SHARE VALUE																										
PURCHASE OF SAVING SHARES per MEMBER per WEEK																											
Members	Weekly Meetings																								total # of shares	Money Saved NPR	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24			
M1	1	2	5	1	1	1	2	2	1	1	1	1	2	2	2	2	1	1	1	1	1	1	1	1	35	700	
M2	1	2	3	5	1	2	5	2	2	2	1	1	1	1	5	5	3	2	2	2	3	2	2	1	56	1.120	
M3	2	5	2	5	5	5	5	5	5	2	2	5	5	5	5	5	5	5	5	5	5	5	5	5	108	2.160	
M4	1	2	2	5	2	1	1	1	2	2	1	5	1	5	1	1	1	1	2	3	3	5	5	1	54	1.080	
M5	1	5	5	5	5	1	1	1	2	1	1	2	2	2	5	5	5	3	2	5	5	1	1	2	68	1.360	
M6	2	2	5	5	5	5	2	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	111	2.220	
M7	2	1	2	5	1	5	5	2	2	1	1	1	1	2	2	2	2	5	5	2	1	5	5	2	62	1.240	
M8	2	5	5	5	5	2	5	2	2	1	1	2	5	5	2	2	5	5	5	5	5	5	5	5	91	1.820	
M9	1	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	2	2	1	1	1	1	32	640	
M10	1	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	116	2.320	
M11	1	2	5	5	5	1	1	1	2	1	1	2	3	1	1	1	1	1	1	1	1	1	1	1	41	820	
M12	2	5	5	5	5	5	5	5	5	3	5	1	1	1	1	1	1	1	1	5	5	0	0	0	68	1.360	
M13	5	2	2	5	5	5	2	5	3	5	5	5	5	5	1	1	1	1	5	5	5	5	5	5	93	1.860	
M14	5	1	2	2	2	5	2	3	2	1	1	2	2	1	2	2	3	2	2	3	2	2	2	3	54	1.080	
M15	1	1	1	1	1	1	1	1	1	1	1	1	1	5	2	1	1	1	1	2	2	0	0	0	28	560	
M16	1	2	1	1	3	3	2	5	3	1	1	1	1	5	2	1	2	3	2	2	1	2	2	1	48	960	
M17	1	1	5	5	5	5	2	2	2	2	2	1	1	2	2	2	2	2	2	2	2	2	2	2	54	1.080	
M18	1	2	1	5	5	1	1	5	2	1	1	1	1	2	2	2	1	1	5	2	2	2	2	5	53	1.060	
M19	1	2	3	5	1	2	2	1	3	3	2	1	5	5	2	2	2	2	1	3	2	2	2	1	55	1.100	
M20	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120	2.400	
total	37	54	66	82	69	62	56	59	55	44	43	48	53	65	53	51	52	52	59	65	61	56	56	49	1.347	26.940	
TOTAL # OF SHARES & MONEY SAVED BY THE GROUP																											

## LOANS

1%	MONTHLY INTEREST RATE	LOANS																											
Members	Weekly Meetings																							Total of Money Borrowed	Total of Money Returned				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23						
						borrowed		borrowed	Returned		borrowed	Returned		borrowed	Returned		borrowed	returned		borrowed	Returned		borrowed	returned		returned			
M1																											0	0	
M2												1.500					1.530										1.500	1.530	
M3																	4.000							4.040			4.000	4.040	
M4												1.200					1.215									3.030	4.200	4.245	
M5						1.200							1.225													2.020	3.200	3.245	
M6						800							820														800	820	
M7								1.000																		1.010	2.000	2.020	
M8						1.200								1.224													1.200	1.224	
M9																										1.020	1.000	1.020	
M10						1.000																					1.000	1.010	
M11								1.200																			1.200	1.215	
M12																											3.030	4.500	4.545
M13								1.100																		1.135	1.100	1.135	
M14																											2.020	3.000	3.030
M15						300																					300	303	
M16																											0	0	
M17																											0	0	
M18																											0	0	
M19																											1.530	1.500	1.530
M20																											3.030	3.000	3.030
<b>TOTAL # OF MONEY BORROWED AND RETURNED</b>																											<b>33.500</b>	<b>33.942</b>	
<b>TOTAL PROFIT</b>																												<b>442</b>	

### FINES

Laliguras SCG collected a total of **2,635 NPR** as Fines

*Note: This group used fines more often than usual in order to ensure formality during meetings.*

### SOCIAL FUND

Laliguras SCG collected a total of **2,510 NPR** as Social Fund which was decided to be kept and increased during the next saving cycle.

## FINAL SHARE-OUT

<b>30.017</b>	Total MONEY in the Saving Box (except Social Fund)		<b>Profit</b>
<b>1.347</b>	Total # of SHARES		
<b>22</b>	NEW SHARE VALUE		
PURCHASE OF SAVING		Money Saved after Share-Out NPR	
Members	total # of shares		
M1	35	780	80
M2	56	1.248	128
M3	108	2.407	247
M4	54	1.203	123
M5	68	1.515	155
M6	111	2.474	254
M7	62	1.382	142
M8	91	2.028	208
M9	32	713	73
M10	116	2.585	265
M11	41	914	94
M12	68	1.515	155
M13	93	2.072	212
M14	54	1.203	123
M15	28	624	64
M16	48	1.070	110
M17	54	1.203	123
M18	53	1.181	121
M19	55	1.226	126
M20	120	2.674	274
<b>TOTAL OF MONEY &amp; PROFIT</b>		<b>30.017</b>	<b>3.077</b>

## STATEMENTS

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*“Previously, we used to go to Betrabati and Trisuli for saving, and later with the existence of Women Cooperative in Manakamana, we were very happy. But it was difficult for us to get loans from the cooperative, so with this group, we can manage those things ourselves. We have had an opportunity to access loans and make functional saving groups. It increases our regular saving habits, and our husbands are willing to support our savings for family matters. It teaches us a technique that makes it easy for us to access loans, no asset documents are needed, and we do not need to wait a long time to get them. I am happy I became a member of the women saving and loan group, but I have one suggestion, we should meet twice a month instead of 4 times to avoid hampering our agricultural work.”*

Joint statement by Riti Sunar (Treasurer in Makhamali SCG) and Ranjana Sunar (Treasurer in Laliguras SCG) at Manakamana, Nuwakot

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*“I am proud to become a member of this saving group as it makes all women to sit together and save together thinking about the future. It makes us think that savings are not only for the future but also to recover from some unexpected calamities. This methodology teaches us how to run savings and loans by ourselves without any assistance. Decisions about loans provided by the group are taken only among group members without any external influence, and this is important for us. I can see many advantages in this initiative: even if someone can save very little is still eligible for being a group member; the social fund can be very useful for any unfavourable events; we do not need to go far for saving or for getting a small loan; women can talk freely and internally deal with problems; and non-educated can handle the methodology after the saving cycle is finished. However, it has been hard for us to meet every week, especially during the cropping season so, in my opinion, monthly meeting could be better handled by us. Also, I would like to mention that Nepal Red Cross has only supported this group through mobilisation but it has not provided any financial support to make the group stronger.”*

Statement of Sumina Nepali, Money Counter Designation  
Digo Women SCG, Bhorle, Rasuwa

