



## **Improved Family Livelihoods to Address Child Labor**

Child Labor Strategies Report 2009



Family poverty is recognized as one of the major factors contributing to children entering child labor in Nepal. During difficult times families have few community, and no government, safety nets to fall back on. To survive they will often send a child into exploitative labor in exchange for an advance payment or simply to reduce the number of mouths to feed. Even a seasonal crisis, such as crop failure, illness, or an unpaid debt can propel a child into child labor. Being poor, families are also more vulnerable to the pressure of middlemen or elite groups to pass a child in to exploitative labor. Parents are fearful of offending these people who control their own access to work. Many mothers lament having been forced to send a child to work as a domestic servant but say that had they not they would have been denied the work opportunities the family needs to survive.

There are many programs across Nepal to alleviate poverty. Unfortunately the scale of need far exceeds the resources available. Another factor is that the families most vulnerable to child labor are not prioritized for programs. They often live far from the district headquarters in the most inaccessible villages. Many have migrated from other districts or move within the district making them difficult



to reach. Others have family problems such as multiple marriages, alcoholism, mental health, domestic violence or other issues which discourage program staff from including them. Child labor prone families are also more often from Dalit or ethnic minorities that have traditionally not been given a priority for poverty alleviation programs. While this is changing there is still often a mismatch in the programs and strategies used and those needed to help the families in the worst socio-economic conditions.



The Brighter Futures program was primarily an education program using education to address child labor. Keeping the focus on education meant only a limited effort could be put in to addressing family livelihoods. Despite this efforts were made and many lessons were learned. During the first phase the focus was on using the Farmer Field School approach to address agricultural production and to increase food security and incomes for marginal families. In the second phase the program shifted to a more systematic approach identifying specific strategies to help individual families to diversify livelihoods and create more sustainable incomes. Families were then encouraged to use these incomes to keep children in school and out of child labor. By diversifying livelihoods and increasing access to microfinance families were able to increase incomes and were more resilient, better able to weather minor crises and keep children out of child labor and in school.

## Brighter Futures Strategies to Address Improved Livelihoods

With limited resources available it was not possible to take a broad approach addressing whole VDCs or districts as has been done by World Education in other livelihoods program. Knowing that despite many of these earlier efforts child labor continues to persist it was instead decided that Brighter Futures would focus on communities known to be particularly vulnerable to child labor or where parents and children worked together effectively drawing children in to child labor. As a result a number of NGOs in different districts and environments working with different caste and ethnic groups were involved. Each NGO partner then used an “action research” approach to identify families and strategies. Based on their initial assessments 20 NGOs identified four major strategies:





- Increasing Microfinance Access For Marginalized Households
- Increasing Agricultural Production and Food Security
- Diversifying Livelihood Options Through Skill Training
- Promoting Self-Employment

Over the first four years World Education and NGOs worked directly with 9000 families providing technical agricultural training through Farmer Field Schools to communities and through microfinance. In the second phase from 2006-2009 individual families affected by child labor were prioritized and 3,538 families were supported. Support from USDOL was complemented with matching support from World Education Australia and UNICEF for CAAFAG families.

Families and communities from which children are engaged in child labor that were supported included:

- **Bardiya district** – child domestics (including those in bonded labor)
- **Salyan district** – families in coal mining communities or with children associated with armed forced or armed groups (CAAFAG)
- **Kaski, Myagdi, Parbat and Baglung districts** – communities with children portering, in domestic work or CAAFAG
- **Dhading district** – families involved in rock and sand mining
- **Kathmandu Valley** – families in the carpet industry or sending children for domestic work
- **Makawanpur district** – trafficking affected communities
- **Khotang district** – communities where most families are engaged in portering and children porter from an early age and families of CAAFAG
- **Kavre, Okaldhunga, Bhojpur and Sankhuasabha districts** – families of CAAFAG
- **Jhapa and Morang districts** – families and communities sending children in to domestic work
- **Sunsari district** – families associated with brick kilns



Through meetings with family members NGO staff became concerned that without a holistic approach children that had completed nonformal education and enrolled in school and removed from child labor might again be forced to rejoin the workforce. They found that most of the poor families do not have technical skills; know how, inputs, access to financial services or the formal banking system and can only access credit at high cost from local moneylenders to engage in income generating activities. In several sectors such as mining, portering, brick factory work and in the carpet industry children work alongside parents.

The Brighter Futures partners used a number of methodologies to help families including working with individual families to develop livelihoods plans and implement them; through small solidarity groups of several families affected by child labor; and through community approaches forming community level savings and credit groups or groups to engage in leasehold forestry.

Families of children in the worst forms of child labor in the targeted communities were motivated and supported to organize themselves into groups. Depending on the size and the nature of the group NGOs then tailored technical training and support.



## *Fire Destroys : the Savings Group Brings Hope*

Bifrani Tharu helped form the Shramjibi Women Savings Group in August 2007 promoted by World Education and its partner NGO Tharu Community Development Forum (TCDF). She is from Jodhipur village in Baniyabhar VDC, Bardiya district. There are twenty members in her joint family with a small landholding so the family has always been economically weak. Her family was struck with a great misfortune in 1990 when their house caught fire and everything was destroyed.



Her father-in-law took a Rs.5,000 loan from the moneylender in a nearby the village. He could not pay back the full loan on time and the principal of loan had been accumulating over the years. The family has been gradually paying back the loan sometimes through cash and sometimes in kind providing ten quintal rice (1000 Kg.) and three quintal mustard every year. In this way, her father gave rice and mustard for six years. As her father was illiterate he was unable to calculate the value of the loan installments and did not obtain receipts from the moneylender. These crops had a market value of Rs,2,85,000 but the moneylender did not deduct the loan amount and after six years informed them that they still owed Rs.20,000. Even at the prevailing rate of 60% interest the total loan never exceeded Rs.83,886. The moneylender then asked for

the Rs.20,000 or that they give their piece of land one bigha (2/3 hectare) against the outstanding loan.

Bifrani's husband refused to give the land and then took a loan of Rs.20,000 from another moneylender from Raniyapur, Banke district and to repay the first moneylender taking over his father-in-law's debt ending up as a Kamaiya (bonded laborer) in a wealthy household for three years. His two older brothers went to work India and returned after one year with Rs.15,000. This with ten quintal of rice and three quintal mustard was used to repay the second loan after 3 years. Bifrani is now a member of the savings and credit group and hopes to start an enterprise that will help her family stay out of debt. She also hopes that through the program she can access credit at more affordable rates and so protect her family from moneylenders.



## Increasing Microfinance Access For Marginalized Households

Microfinance has long been recognized as an effective strategy to help the poor people to smoothen seasonal income and consumption during difficult times and to enable them to engage in microenterprises. The poorest of the poor are at times excluded due to their high mobility, inability to participate in required training or other barriers. Many of the communities around brick and carpet factories or mining sites have existing microfinance programs. It was found that these did not accept migratory families in to the existing groups. For some families joining existing savings and credit groups or microfinance programs was an option. Others needed to form a new community savings and credit group while those migrating frequently learned to participate in microfinance through small solidarity or self-help groups.

### Self-Help Groups

In all, 166 self-help groups were established by families in 12 districts in Brighter Futures Phase II. In terms of ethnic representation the majority of participants were from *Janajati* –indigenous groups (34%), followed by Dalit (23%), Brahman/Chettri (16%), Tharu (12%), Terain castes (7%) and Muslim (6%). With the membership of 2,038 families, these have generated the aggregated total assets (savings accumulation and retained earnings) that these groups have to date generated a savings worth Rs. 10,63,862 (\$12,872). Savings are essential to accumulate the group's capital fund and, on average, each member is saving between Rs. 5-300 in each month.

Each group identified an income generation activity and was provided project support to a value of up to Rs 7,000 to undertake this activity. From savings and income saved groups then reinvested in these enterprises or started additional activities as individuals or with families by taking a loan from the group. The NGO partners in Bardiya, Parvat, Morang, and Sunsari have a strong background in microfinance and linkages and therefore have been able to provide additional microfinance access and training opportunities. Since the formation these 166 groups, they have disbursed loans worth Rs. 46,



28,803 (\$ 56,005) to 1,287 members to initiate various income generation activities. These groups continue to increase their capital fund and revolve new loans every month.

Number of families/ group members	2,038
Number of groups formed	166
Number of savers	1,894
Savings/capital accumulation	Rs.10,63,862
Number of loanees	1,287
Loan disbursement	Rs.46,28,803
No. of family members received training	2,554
Livelihood/Enterprise Development training	678
Group leadership management	1,876

Brighter Futures partner NGOs trained 1,876 group members on group leadership and management to ensure the sustainability of these groups. The 678 families interested in starting small enterprises were provided with a series of livelihood development trainings. The participants in these trainings have gained knowledge and skills to manage their income generating activities includes better record keeping as well as problem solving and decision making. Livelihood development trainings were mainly focused on exploring new income earning livelihood opportunities such as livestock like goats and pigs, vegetable farming, small business includes trading and retail shops. Training has been provided on local context and or strengthening the existing skills that could help them to be self-employed.

*I want to earn myself by doing business rather than go to work in others fields as a wage laborer. The group fund has helped me to become self-sufficient.*

*— Phulturiya Chaudhary, Sunsari*

*We have been working for 18 months. We started a liquid soap business and it is proving profitable. "Hard work leads to happiness".*

*— Maya Lama, Ramhiti Bouddha*



Providing support to improve family livelihoods has played a major role in ensuring the sustainability of efforts to remove and keep children out of child labor. Brighter Futures partners made every attempt to utilize and promote indigenous knowledge, skills and resources of families. Self-help groups enabled families to both better manage existing incomes from activities such as mining, portering, carpet weaving, brick factory work or farm labor and enabled them to diversify and generate income from other small micro-enterprises. These efforts combined with awareness-raising and education have contributed positively to the children's access to education and removal from child labor. Some of the more notable outcomes of the family support were:

- Developed sustainable community-owned financial services by poor families affected by child labor
- Increased habit of savings that generated group capital funds worth Rs.10,63,862 (\$12,872)
- Increased the income generation and livelihood capacity of the families affected by child labor
- NGOs developed business development services including skill training, market information and linkages
- Introduced technologies/ ideas that utilize the resources of poor families to produce more food or supplement of food security
- Reduced the number of children working in the worst forms of child labor and increased school attendance

*"The family support program has rescued us".*

*- Sanu Maiya Rayamajhi, Ramhiti Bouddha*

*"We are now able to save. This program has helped to lift up women whose lives were in a dark condition."*

*- Phul Maya Danuwar, Jorpati*

*Forming a group brought us together in a collective effort to work. Now besides being engaged in vegetable retailing individually, every week we still meet in a group.*

*- Nirmala Tamang, Mahakal*



Since the start of the family support program, the livelihood capacity of the families and increasing income has benefited 15,500 family members. In addition to improved income and livelihoods, the family members have also improved their nutritional status and, most importantly, are able to support their children to leave work and enroll in school. Having access to microfinance has also enabled families to be more resilient and cope with crisis without falling into debt.

## New Urban Livelihoods

The poor neighborhoods of Kathmandu are filled with families that have migrated from neighboring districts in search of work. The largest numbers of children in the carpet industry were found living with their families in the Kathmandu Valley. Many of these are large families, and faced with poverty, debt and limited alternatives join the carpet industry. Working in the carpet industry is paid on piece rates and this encourages them to mobilize all the family members to earn sufficient income to survive. Children are not officially permitted to work so are kept at home assisting with wool preparation or spinning.

Brighter Futures Program partner NGO, Child Development Society, identified families in the carpet industry whose children had been removed from child labor for extra help. It provided training and support to form self-help groups in the Bouddha area. In one groups 11 families were motivated to join and started to savings Rs.50 each a month. Later they increased this to Rs.100. Over 18 months they accumulated savings in a capital fund of Rs 31,800. Training and technical assistance was provided through a “Discovery Learning” approach using the SEEP curriculum. Through setting up a savings group, learning how to save, learning to manage credit the foundations were laid for more complex activities such as preparing a business feasibility study and marketing products and services.

*Now we don't go to moneylender for loan. I have taken loan from our group and invested it in vegetable farming.*

*Sonchiriya Tharu. Baniyabhar. Bardiya*

*I am able to earn some money. Now I don't depend just on my husband even for small expenses as I used to.*

*Golchi B.K., Baniyabhar. Bardiya*



The group decided to start a liquid soap production business. They received training for liquid soap production and began production. In their first business cycle they invested Rs.5000 that earned a profit of Rs.8,500. They then decided to switch production techniques to produce detergent in larger quantities. This business is now giving them a good income. At the same time there was 16 hours a day load shedding in the Kathmandu Valley. The demand for candles was enormous so the women decided to diversify and add another product. Now they have another source of income from candles.



To handle and manage the business, members of the groups have learnt to keep the account books, calculate interest, keep records of production costs and sales and calculate profits. Now they say they have not only diversified their livelihoods they are capable of running a number of different businesses. Many still have family members engaged in the carpet industry but for these households they are now able to manage their households finances better and are able to keep their children in school and out of work.





## Tin Khamba – Three Pillars of Strength

To build community level networks of savings and credit groups a special effort was made in four districts promoting groups with three foundations or pillars of strength – literacy, livelihoods and microfinance- or Tin Khamba. This effort was focused in 15 Village Development Committees (VDCs) in the hills of Makawanpur (in trafficking affected communities); Khotang (in portering communities); Bardiya (affected by bonded labor) in the tropical Terai plains and Tokha in the peri-urban periphery of Kathmandu (where children from slum settlements and Dalit and Tamang families are drawn into child labor in the nearby city). In Tokha changing land and water use and the creation of a national park restricting traditional access to forest resources threatens traditional agricultural livelihoods.

To reach the poorest families in these communities affected by child labor 1,034 women from the Tharu, Tamang, Rai, Newar and Dalit caste groups were supported. Groups were formed using an integrated education approach that combined economic education, livelihood development and micro finance activities. By doing so it was able to engage women and families of all castes, ethnicities, socio-economic educational status, political affiliations and those in the most remote communities and bring them together around common goals and working to improve their own lives and the communities. Several of these communities had high male migration for work and security reasons leaving women to cope with less support while raising families, caring for children and the elderly and managing farms. Women found being organized into groups and doing something positive to improve their lives gave them an opportunity to bring about positive changes in their families lives.

This initiative enabled these 1,034 women to improve their literacy and numeracy skills and after completing economic education classes they were able to successfully form 40 savings and credit groups. These groups started with just a few hundred rupees in their first month. Over two years they went on to save Rs.14,58,,234 (US\$19,187 @ Rs.76) as capital in their group funds. These funds were constantly revolved as loans to members with over Rs.18,22,329 (or US\$23,978 @Rs. 76) in cumulative loans to the group members. Through match World Education Australia provided revolving funds to the NGOs and an additional Rs.4,20,000 (US\$5,526) was loaned from this



source. Women have used these loans to invest in their families' health and education, to smoothen household consumption and to invest in developing livelihoods and business enterprises. The majority of the loans were invested to increase agricultural productivity or for other income generating enterprises. Women documented a number of significant impacts as a result of their investments including increased incomes and food security. They achieved significant increases in income from livestock, commercial vegetables and selling goods from small retail shops. The majority of the women had never saved before and the groups were new and so had limited capital. Over time they will continue to save and loan increases the returns.

### *Hima Becomes A Role Model*

Mangaltaar is a Magar village in Khotang and most families raise pigs and tobacco and eat pork and tobacco to survive. Due to the ten year Peoples War, most of the men have left the village. Hima Thapa Magar (36), shares her experience with forming a Tin Khamba savings and credit group.



“When the NGO first came for the program orientation most people felt awkward as it was the first time anyone had visited the village for many years. After the program started we formed PanchaKanya Women's Savings group. There were four other groups in our VDC. The reason the group is active is because of what we learned in the economic education classes. Now we have 25 women who could not even read and write now we can all read and write well. The facilitator Gita

Thapa Magar was impressed that we can now do multiplication up to 20 and other simple math and can even write our names in English !

A typical group member has saved Rs350 rupees and now we have Rs.9,000 in the group. We are making loans and investing in different activities. We have also been co-ordinating with local clubs and doing different social work. I took my first loan of Rs2,000 and bought 2 pigs and after 3 months repaid my loan. Now the pigs are thriving and when I sell these pigs I will get more than Rs.12,000.”

Hima has done especially well in maths and was the first in her class to master mathematics and is now a role model for her other group members and the entire village who are impressed with what can be learnt through nonformal education.



## Strategy

Microfinance programs have been concentrated in the Terai where access is easier and economic activity is greater. The hills also have a great need and potential to benefit from well designed and supported microfinance networks. In both hills and Terai the poorest families need extra help to decide what makes a good investment and to access technical help to make their investments more profitable. Access to credit alone is not sufficient in remote areas or for the poorest families to spur investments in agro-based or other enterprises. The Tin Khamba initiative used a community based approach involving all the families within a “tole” in the economic education activities. For the economic education component World Education’s **Women’s Economic Empowerment and Literacy** curriculum was used. After completing economic education the participants decided if they wanted to form a group. Some added new members who had missed the economic education class but wanted to be involved in microfinance. In addition to providing education and training on business literacy concepts Brighter Futures supported women with technical trainings on a range of agricultural options and non-agricultural options that could increase production or incomes. It also supported exchange visits to see different ways women were running enterprises, applying new technologies or equipment and ways they were addressing marketing. The savings and credit groups have progressed well but at different rates depending on the local socio-economic environment.



*“Before this program we were using the thumb print now we can make our signature”*

*– Durga Thapa Magar, Makawanpur*



To help women make the best use of available credit and to increase the profitability of the activities they invest in the project provided Livelihood Workshops on Assessing Livelihoods, Doing a SWOT Analysis, Doing A Feasibility Study, Marketing, Account Keeping, Making Linkages and Preparing A Business Plan. In addition NGOs identified local opportunities for training on specific livelihood or micro-enterprises that women in the groups were engaged in. These varied depending on the district and were then complimented with access to observe others engaged in similar activities on exchange visits.

## District Highlights

### Makawanpur District

**Gramin Mahila Swabalamban Sahakari Sanstha** was supported to strengthen existing groups and establish new groups. In the mid-nineties the NGO formed a number of savings and credit groups that continue to serve the community. The NGO has found that these groups have been able to protect their families from traffickers and middlemen recruiting child labor more successfully than families without the access to credit and the group support system. The issues and situation in this area include:

- High rate of trafficking girls for commercial sexual exploitation and children into child labour
- Very low literacy rate
- Mainly Tamang community that has historically been marginalized and excluded
- High male migration for employment
- Land with low productivity
- Average household having food sufficiency for only 3-5 months each year
- Poor socio-economic conditions
- Economic opportunities other than agriculture limited by remoteness

Over the two years 10 communities accessed economic education and formed 10 savings and credit groups. These groups accumulated Rs.1,79,776 (US\$



2,365) from savings and interest income which is a significant amount in these poor communities with a history of indebtedness to money lenders. Cash is limited in these communities and there are few opportunities for women to earn extra income so savings accumulate slowly. The groups have gradually started providing small loans to the members for a range of livelihood investments. Over the first two years they provided loans totaling Rs.2,53,422 (US\$ 3,334). Relatively high interest rates and rapid revolution of loans has boosted the capital fund of the groups. In addition the groups have undertaken other group activities to boost the initial group funds thus increasing the amount available for loans. The groups are now functioning well but are scattered across difficult mountain terrain and will need ongoing support from the NGOs to grow and expand their services.

Communities supported are scattered in the remote hill area many of which are a days walk or more from the rough road with just one bus a day. The participants here found a new energy and commitment to address their livelihoods after years of war had made everyone disheartened about the future. With the return of peace the women see new opportunities opening up and found Tin Khamba opened the doors to take advantage of those opportunities. They made great use of the livelihood workshops to identify ways forward. Most decided that livestock and vegetable crops would bring the greatest return. While many are interested in running shops, experimenting with coffee or producing crafts in the final analysis they found that these require new skills, greater investment and longer term efforts for a return. As a result most of the women have focused on agriculture and livestock for their initial investments. The NGO arranged additional technical trainings on livestock rearing and commercial vegetable farming for the interested participants.

*"Before joining this group I was taking the loan from the local Sahusies (money lenders) at high interest. Now I can get the loan in a lower interest rate from the group!"*

*- Chameli Thapa Magar, Makawanpur*

*"Before this program, we were taking the loan from the local money lenders now savings and credit group providing the loan for our group members"*

*- Karuna BK, Makawanpur*



## *Chanamati Gets Started and Has Bigger Plans For the Future*

My name is Chanamati and I live in Taplakharka of Makawanpur and am 40 years old. My maternal home is in the same VDC. As a child I did not get the chance to study. At 40 I got the opportunity to study in the literacy class and I became literate. Now I can do simple math and can read simple books. I have 1 brother and 4 sisters. My sisters are also illiterate but our brother passed high school. I have 3 children, one daughter and two sons. I work our fields and other livelihood activities and I am sending my children to the school. My husband is in Kathmandu where he works in a metal grill factory. His



salary is Rs. 5,500 per month and he sends Rs.2,000 home each month which I am using for my children's education and other expenses. We have very little land which only provides food for 3 months each year. For the other 9 months I have to take daily wage work or find other activities to make money. For my livelihood activity I have taken the loan of Rs.5000 and started ginger farming and raised the pigs. From

this in my first year I made a profit of Rs.7,500 which is a big help for me to run the household. In future I plan to start pig raising which has a good market and high profit margin. I am not thinking of large businesses because I do not have enough money and our group is not yet capable of providing large loans. Our group has just started but in future we will develop this on a bigger scale. The possibility and profit margin is high in vegetable farming but irrigation is the major problem. Our group has already divided the group members in different livelihood groups to work together to improve our livelihoods. These groups are: 1. Ginger farming; 2/. goat raising 3/. Pig raising and 4/. Vegetable farming. I am joining the pig raising group as I already know a bit about pig raising and think I can make the most profit from that.



*"Being in the savings and credit group I have made Rs. 10,000 profit from ginger farming" I took a loan of Rs.3000 and made Rs.7000 net profit. Now we are planning to start ginger farming in a group too."*

*- Chameli Thapa Magar, Makawanpur*



## Bardiya District

**Tharu Community Development Forum** has a large network of microfinance groups it has supported in Bardiya in the western Terai plains. The area was dense jungle with a small population of indigenous Tharu people who were resistant to malaria until the 1950s. With the introduction of DDT to control mosquitoes thousands of migrants flooded into the district removing jungle and creating farms. The original residents found themselves displaced to the poorest land and often ended up in bonded labor under the Kamaiya system. These communities children are often drawn in to bonded labor as domestics and it was in these communities that Brighter Futures used the Tin Khamba initiative to expand access to microfinance.



Economic education was provided for 282 socially and economically disadvantaged women and their families in Padanaha and Baniyanhar VDCs. Altogether 10 savings and credit groups emerged from these classes. As these families are often landless they are forced to migrate for work and 13 women have left the groups due to migration. The majority (98.5%), were economically disadvantaged Tharu women whose children have or are in child labour (Kamlahari) or whose families have been in bonded labor. The women were not able to save much each month and most are landless so have fewer options for income generation. Most rely on erratic daily wages from agriculture. The women have so far saved Rs.78,160 (US \$ 1,028) and with other income from interest have Rs.123,817 (US\$1,629) in their group funds.

Over the first two years the cumulative loans disbursed amounted to NRs. 1,38,400 (US\$ 1,821) to group members. The majority of the members have used the loans for smoothening household expenses and children's school



fees, for vegetable farming, livestock raising and small businesses. For families with a history of indebtedness to moneylenders and landowners being able to loan money from the group gives them greater bargaining power over who they work for and what wages they can negotiate.



Being in debt to employers has often forced families to accept lower rates of pay than the market rate. Being landless women were most interested in rearing livestock which they can graze community forests or use very small house plots of land. They are also interested in leasing land from absentee owners to produce vegetables. Livestock and vegetable production training was provided and the women have started taking loans to undertake these activities in a small way. Some of the women are trying small stalls in the local markets. On average the women in the groups have loaned Rs.500 each which is not enough for any major investments yet. The bulk of the loans so far have been for livestock, poultry, vegetable production and small trading activities.

Tharu Community Development Forum has 77 active groups in 9 VDCs in its network of savings group. These groups have 1,476 members with Rs.37,99,012 (US \$49,987) in capital. In addition there are other groups formed under the Women's Empowerment Program in their area that they have also supported. The NGO first wants to register one co-operative based in Baniyabhar VDC. They envisage forming co-operatives that incorporate groups from several VDCs and then gradually acquiring FINGO status to support the co-operatives and groups. Despite the interest of groups to amalgamate and form co-operatives this is challenging. A lack of confidence, lack of skilled manpower and lack of unity in the groups and weak support from the government co-operative office all slow down progress. To help resolve these problems, the NGOs have been providing continuous support and guidance.



## Khotang District

**Jana Sewa Samaj Nepal** supported communities in this geographically very inaccessible the hill district. There have been remarkable changes within the communities as a result of participating in economic education, forming savings and credit group and working to improve livelihoods despite the challenges posed by the geography. With the regular monthly savings, they have been able to accumulate Rs. 96,695 (US\$ 1,259) from which the members have taken loans for small income generating activities like buying seeds for vegetable farming, goat farming, small stalls selling basic goods, to purchase items for trading to more distant markets and other enterprises. In all the 10 new groups formed by the women in Khotang have loaned Rs.1,28,607 (US\$1,692) over the first two years.



Keeping in mind the geographical diversity, insufficient water and compost for agriculture farming, the NGOs conducted sustainable kitchen garden and livestock training. As there is lack of water and appropriate soil for agriculture for kitchen gardening the 5 day training focused on the use the waste water discharged from kitchen and other household activities in productive and sustainable agricultural system. This built technical knowledge and skills related to crop and livestock production so that the women could more effectively pursue their economic and livelihood opportunities. Women report that the livelihood workshops have been a great help in identifying which businesses or livelihoods have potential and the likely returns. The SWOT analysis and feasibility studies were most useful for this. Learning book-keeping and math skills have proven to be a great asset both for running their savings groups and their personal businesses. They have also taken the sessions on linkages seriously and are pushing VDCs and government offices to provide the services they entitled to.



Most of the women in Khotang are investing in agriculture and in trading through the bazaars. Livestock are more popular for investments than crops as the area suffers from severe water problems. A few women have opened grocery shops. Others are selling religious items and flowers they have grown at the Halesi religious site. This area is a Rai area and pigs are highly valued. Women taking loans for piglets need to invest Rs.1,000 for the piglet. After 9 months the first women were selling the fattened piglets for Rs.15,000. Some of the women are keeping the piglets raised for breeding. The food is usually sourced from farm waste. Others are raising goats which have a ready market in Nepal. A small kid goat is costing Rs.2,500 and after 6-9 months is worth about Rs.8,500 on average. Many are also starting to raise poultry. Baby chicks require a Rs.10 investment each and most are raising bantams. The women use local feed from the fields and forests and free ranging for feeding. After 6 months the cocks are sold for Rs.600 each while the hens are kept for eggs and raising chickens. Most of the eggs are sold by the women in local markets as bantam eggs fetch a higher price than battery raised hen eggs. If the women do feed their families eggs they usually buy the cheaper battery hen eggs from the market. There is a great interest in raising milking cows and buffaloes but the investment needed is more than group funds permit at this time. A female calf (cow) cost Rs.5000 plus for a one year old. For a female buffalo an investment of Rs.18,000 to Rs.25,000 is needed. The income from milk is highly attractive but it takes a year or two to repay the loans which most groups can not manage yet. Milk in this area sells for Rs.25 per litre and a good buffalo can produce 7 to 10 litres daily.

Trade and portering have been important in this community. Most adults carry loads for businessmen and shopkeepers from the road ends to distant markets. Sometimes as far away as Namche Bazaar – a 10 day uphill walk with a load. Carrying loads for businessmen and shopkeepers is much less profitable than buying goods transporting them and selling them yourself. The women with loans have been able to start buying goods and then the family transport and sell themselves for a greater profit. Popular items for trade are grains such as rice, wheat, corn and millet, kerosene, dry goods such as instant noodles and biscuits, cigarettes and CocaCola.



## *Change Can Happen !*

In the remote Majhi Village of Khotang on the banks of the massive Dudh Kosi River – the ancient settlement is believed to be 350 years old and is known locally as Ghopartaar which means big river terrace. The 30 families have no access to roads, electricity or telephone. In this village there are more women than men. Most exist from a little subsistence farming, raising a few goats and fishing. Every year the river floods and erodes their land. Men are leaving more and more to porter or work in other places. When Tin Khamba was first introduced to the village the women were confused as to what to do. One year later the women were excited as the program has given them new hope and ideas. They said it was like having the darkness lifted. The Majhi community says this is the first development or education program in Majhi history of the area. They are confident it will help to change their lives for the better. Twenty-five married women formed Dudh Kosi Majhi Women's Savings and Credit Group. In the first year they saved Rs.6,000. Every month they are holding meetings and giving loans for different members for their family enterprises such as fishing. One of the most successful members is Shanta Majhi (35). Shanta used to run a small hotel and six months ago she took a loan of Rs.1,500 and enlarged her hotel and added a shop. Now every day her profit is Rs.200. She can now easily send her children to school and she has now bought two pigs and expects a good profit from them too. Shanta proudly says "This program has changed my life and my family's life and brought us success."

*"After the program my eyes are opened and now I can grow and buy the food we need and now my stomach is full all the time".*

*Krishna and her husband have been surviving from fishing and portering but are now engaged in agriculture as well which has raised their food security and standard of living.*

*- Krishna Kumari Majhi, Chasmitar, Khotang*



## Kathmandu District

**Utt Prerana Nepal** works in rural VDCs on the periphery of Kathmandu where rapid urban expansion is reducing the capacity of farmers to pursue their traditional occupations as water sources are diverted to urban use and a new national park denies them access to firewood, fodder and compost material. Through the Tin Khamba initiative they have been able to work with 266 women to form or strengthen saving and credit groups that had never had any support to build their capacity. The women have been very active in mobilizing the savings in productive income generating activities and also in other activities of the community related to development. The groups have been providing economical support to members and improved relationships between members of the group. This unity has resulted in smooth operation of the group and eventually benefiting members in a number of ways. The groups in this area were initiated through the NGO but were weak relative to other groups in their network as they had not been able to access economic education or training for livelihoods in the past. As a result of the program these groups have increased their savings rate and made better use of loans for productive investments. The 10 groups now have Rs.10,57,946 (US\$13,920) in savings with an average of Rs.4,000 per women in the groups. The capital fund is growing rapidly both from high savings rates and the interest earned on loans.

The groups are constantly revolving loans and have now provided loans totaling Rs13,01,900 (US\$17,130). As the group funds are increasing rapidly they will be able to provide increasingly large loans as women get used to managing increased volumes of credit. The loans have been taken for a range of household and small business investments. Many of these are in agriculture but others have been taken for small retail shops and other enterprises. Many Tamang, Dalit and Newar families are faced with rapid loss of traditional incomes from agriculture and sale of firewood. Others are poor migrants in to the community. The NGO has focused on building the capacity of these groups to help women engage in new activities that can create alternative incomes. They are also looking to help groups engage in larger commercial efforts that can create jobs and incomes in their communities such as the women of Dharmasthali setting up a mill. As the area is rapidly urbanizing



they are working towards networking groups and forming co-operatives for greater sustainability. Exchange visits were organized for group members to Kavre and Nuwakot districts which were very productive giving women new ideas as to how to build up their ongoing economic and livelihood activities.

### **Improved Livelihoods and returns on Investments**

Most of the women have now had one loan and have been through one or two business cycles. As group funds are small their initial loans were very modest limiting the returns. However for women with little access to cash income these gains represent a significant increase. So far the loans have been provided for pig and goat raising, small shops and ginger and vegetable farming. Small shops are a boon to the community reducing the time and money spent to travel to make small purchases. This also frees up time to spend on income generating activities.

Looking at the first cycle of loans we found:

#### **Returns from Commercial Vegetable Crops**

Many women did vegetable farming as individuals or with families while others leased land and worked as a group to gain the skills needed for future individual efforts. On average the women made Rs.1,500 profit each for the first season of 3 months which while modest is a good initial return. With time these women will improve their skills and have a greater volume of production to market reducing their costs and increasing profits. In several communities women started collection systems with one member taking the goods to market for everyone.





### Returns from Goat Raising

The average cash return was Rs.1,800 per woman. However the majority of the women have not yet sold their animals as they wait for them to reach optimum value during the holiday season market when prices are highest. Others prefer to keep female offspring to increase their herd. So these initial returns only reflect the sales from the earliest borrowers.



### Returns From Pig Raising

Few women who took a loan for pig raising had repaid the loan and made an income. Many women who took loans for pigs have not yet completed a business cycle. On average the first women to do pig rearing made Rs.2,666 profit in their first business cycle. Many though had opted to keep female piglets for breeding.

### Returns From Poultry Farming

Poultry raising produces a quicker return but requires more skills and as poultry are prone to disease there is a higher risk. In all sixteen women took loans to raise poultry and with average return of Rs.1,500 within six months. Many are still producing eggs and have yet to sell the older poultry for meat.





## Returns From Small Retail Shops

Of the women starting small shops only one group has got several months of business completed and repaid the loan. Over the first six months they have made Rs.4,200 profit far and expect this to increase with a good monthly income now that the basic establishment costs have been covered.



*"We have started ginger farming and pig farming from that we made the profit that is the remarkable achievement of our life"*

*- Durga Thapa Magar, Makawanpur*

*"Being in a group was the easiest way for us to be involved in the livelihood development activity"*

*- Sarala Thapa Magar, Makawanpur*

*"Before this program I was unaware of the word saving and credit, now I am leading the group for the betterment of the members through the savings and credit group"*

*- Sarala Thapa Magar, Makawanpur*

*"We have developed our savings habit and now we have saved Rs. 2500 each and started putting our own signature on document. It's a great achievement"*

*- Makhamali Thapa Magar, Makawanpur*



## *New Independence and Prospects*

Sarala is 24 year old and did not get chance to attend school as her family of 13 were extremely poor and her help with the work was needed. The school was also far away and her friends who were able to attend had walk 4 hours each way to and from school. In 2007 when Gramin Mahila Swabalamban Sahakari Sanstha started a the project, Sarala joined he literacy class and stood first in the class. After the class they formed the Hemkarna Women's Savings and Credit Group and Sarala was elected the treasurer of the group.



Sarala was so happy on that day when she became the treasurer. Now she can keep the accounts of the group very well. She also took a loan of Rs.2,500 from the group and bought two female goats. After one year she sold both of them for Rs.7,500 with a net profit of Rs.5000. She is planning to take another loan of Rs.5000 from the group and she will add the net profit Rs.5000 from the goat to start a retail shop in her own village. She has already rented one room for that and has been collecting materials

and goods for the shop. Sarala says " In a short period of time I have made a lot of progress in my life only because of the project." Sarala is making a profit of Rs. 1,500 per month in average from the goats and she is helping the family for the daily expenses. Most of Sarala's family are still illiterate but Sarala is determined her sisters will have an education and has enrolled them in school and is supporting them to attend. Sarala always dreamed of attending school and one day becoming a school teacher. Now instead she thinks she will be a successful shopkeeper and plans to gradually build up from just a retail shop to being a wholesaler for the whole area. She has not thought about the marriage, but says that when she is able to be self supporting then she will marry a local man. The rest of her group also have big plans. They believe that with a serious effort they can become a major goat farming area that will make the village self-sufficient in the future without migrant incomes.



## Lessons Learned

- **Mobilization of Disadvantaged Communities** – NGOs were able to mobilize women from some of the most disadvantaged and remote communities to access economic education, engage in microfinance groups and invest in activities that generate an income or increase food security.
- **Scale and Capacity** - The greatest challenges were related to the small size and scattered locations. Building on earlier efforts and linking to Brighter Futures insufficient attention was paid to the need to rebuild NGOs training and monitoring capacity after years of war in these districts. A larger more concentrated project over a longer duration would be more effective in these very disadvantaged communities.
- **Inbuilt Sustainability** - These groups are still in their infancy and their capital funds are small but growing rapidly and groups are very committed to sustain the groups.
- **Role Of External Credit** – For sustainability savings-led microfinance is a best practice. However in communities in extreme poverty early access to external credit or start-up funds for enterprises enables families to more rapidly remove children from child labor.
- **Co-operative registration** - Registration of the groups as a local level cooperative has been accelerating. The challenges of dealing with a slow and cumbersome government system have made progress slow.
- **Unmet Demand** - The NGOs have used the opportunities created by Tin Khamba to create new groups and improve coordination and linkages with other microfinance groups. The NGOs report that many new women want to join the groups as the community becomes more interested and see the success and impact of these groups. There remains a large unmet demand for microfinance in all these communities.
- **Exposure to New Investment Ideas** - The exchange visits and livelihood trainings, were most important in helping group members identify new activities or new potential markets for products giving them new ideas for investments.



- **Factors for Success** - The success and popularity of Tin Khamba approach can be attributed to a number of factors, the commitment of representative local NGO partners; the relevance of the activities supported; being cost-efficient, transparent; neutral and sensitive to local concerns; the engagement and support of government and other stakeholders; and the determination of the women participants to make their lives better.

## The Impacts

Through participatory evaluation and the use of Group Asset Diaries the women participants identified a range of impacts. These varied by district but the main impacts common across the districts were:

- **Less Dependence On Daily Wage Work** - More women dropping portering or daily wage laboring to engage in other income generating activities which changes lifestyle and more time is spent supporting children and engaging in agriculture.
- **Improved Economic Condition** – The majority of households reported increased household incomes from agriculture, livestock and trade or other income generation activities.
- **Commitment To Children’s Education** - Increased commitment and capacity to educate children with children attending school more regularly.
- **Keeping Children in School and Out of Child Labor.** - Immediate access to credit is enabling the poorest households to keep children in school. Too often the lack of a uniform, books or school fees results in children dropping out. A few months later the cash may be available but students often do not return to school out of embarrassment.
- **Use of Literacy and Numeracy Skills** - New literacy and numeracy skills enables women to manage their household work better especially being able to read, write and doing simple mathematical calculations helps.
- **Inclusion of Remote and Neglected Communities in Development** - Extremely remote communities that have never benefited from development projects before being supported to improve livelihoods.



- **Indebtedness** - Reduced dependence on moneylenders and greater independence from landlords.
- **Family Financial Management and Savings** - Better money management skills at the household level and greater control over credit at the community level. Access to savings on which to rely in an emergency.
- **Improved Food Security, Nutrition and Incomes** - Expansion of vegetable farming which has increased food production resulting in increased incomes and whole families and especially women eating better.
- **Livestock Assets** - Investments in livestock have built herds that will generate incomes that can be sustained for years to come.
- **Engagement in social and development work** - Participating women are more involved in social and development activities like drinking water tap construction, maintenance of trail, health and sanitation, prohibition of alcohol use in their community and encouraging men to engage in productive income generation.
- **Empowerment and Recognition** – Women say they more respected by the community and government and are more engaged in family and community decision making. Women who could not even speak in public now have the capacity to lead their group and stand up in the community with confidence at every step.

## Farmer Field Schools

Farmer Field Schools were the main strategy used to address improved rural livelihoods of both children at risk and working children. In addition to the children supported to participate in a Farmer Field School or Student Field School there were also 9,000 adult farmers in the same disadvantaged communities supported. The Farmer Field Schools were run for both rice and vegetable crops and across the country had major impacts on production and profits. These varied greatly depending on the location but everywhere contributed to improved family livelihoods reducing poverty and reducing the chances of children being in child labor.





*A **Farmer Field School (FFS)** meets weekly for a full crop season (in rice, usually 12-15 weeks, from transplant to harvest). There are at least two field plots in a field school, where farmers compare their standard farming practices to Integrated Pest Management practices. Each week farmers practice agro-ecosystem analysis which includes observation and collection of insect pests and natural enemies to pests as well as observation of plant health, water management, weather, weed density, and disease surveillance. In a shady area close to the field plots, the results of agro-ecosystem analysis (composed in small groups as a summary drawing and calculation of what was observed in the field) are then used by farmers to make decisions on management of the field plots. In addition, special topics relevant to the stage of plant growth as well as group dynamics activities are included in weekly sessions.*

The impacts of Farmer Field Schools included increased production, introduction of new crops and varieties, introduction of new technologies, reduced losses to insect pests and diseases, reduced post-harvest losses and greater efficiency in use of scarce resources.

Of greatest interest farmers is how much “benefit” they will get from applying the *Integrated Pest Management (IPM)* principles mastered in a Farmer Field School. How much a farmer gains varies greatly and depends on the efficiency of the existing farmer practice, the potential and size of the holding and the market possibilities locally. Farmers quickly recognize the gains from reduced seed inputs but are less clear about the overall gains without taking a closer look at costs and benefits. In the Farmer Field School the participants do a detailed cost-benefit analysis as one of the program activities. Examples of these cost-benefit analysis were collected from nine Farmer Field School in Bardiya District in 2005 to indicate typical gains.

Net Profit Data -	IPM and Farmer Practice
Net profit in IPM -	Rs 60,200- Rs 12,637 = Rs 47,563
Net profit in FP -	Rs 43,100 – Rs 10,640 =Rs 32,460
Additional profit due to IPM =	Rs 47,563 – Rs 32,460 = Rs 15,103

**Rs 71 = \$ 1 and \$ 212 increase income per Hectare from IPM**

The averaged increased income or productivity was Rs.15,103 (US \$212) per hectare over one season. This is a major increase in income in a country where the per capita income is Rs.15,162 (National Living Standards Survey



2004). Small farmers in this district are extremely poor and the Farmer Field Schools helped increase many farmers productivity dramatically. Many now recognize the value of changing the fertilizers and management practices. Changes in weeding and water management are able to improve results even for those unable to afford improved fertilizer.

### *Usha Discovers A New Way to Raise Fish*

I was one of the participants of rice-cum-fish FFS in Jeetpur. My name is Usha Chaudhari. I was so excited about this program. This is a very interesting program for this area as well as for my family. I had never heard about the advantages of putting fish in the rice field. We are 5 members in my



family. Our main occupation is agriculture; we just cultivated rice and some vegetables but not fish in rice field. When I heard about putting fish in the rice field, I was really surprised. Now I know how to grow fish and rice at the same time in the rice fields. To begin with I thought the rice yield would be less but we found the rice yield high and also the fish. So we are so happy to have both incomes at one time. As well as learning about the fish I learnt about pesticide use and how hazardous it is for the environment and health. So this program supported us in changing the way we do things. I will support my family throughout my life with what I have learned from this program.



### Cost Benefit Analysis

SN	Activities	IPM practice				Farmer practice			
		Unit	Rate	Total Cost Rs	Income Rs	Unit	Rate	Total Cost Rs	Income Rs
1	Seed	45 kg	11	495		80 kg	9	720	
2	Ploughing	3.5 hrs	500	1,750		3.5 hrs	500	1,750	
3	Transplanting	56 hrs	10	560		72 hrs	10	720	
4	Fertilizers	Urea 146 kg	17	2,442		Urea 150 kg	17	2,550	
		DAP 43.5 kg	26	1,130		DAP 0 kg	26	0	
		MOP 33 kg	20	660		MOP 0kg	20	0	
5	Care & Management	105 hrs	10	1,050		105 hrs	10	1,050	
6	Pest Mgt.			200				500	
6	Harvesting	85 hrs	10	850		85 hrs	10	850	
7	Transportation	8 Cart	200	1,600		6 Carts	200	1,200	
8	Threshing	130 hrs	10	1,300		80 hrs	10	800	
9	Storing	60 hrs	10	600		50 hrs	10	500	
10	Production								
	a. Grain	6,900 kg	8	0	5,5200	5,000 kg	8	0	40,000
	b. Straw	actual		0	5,000	actual		0	3,100
				12,637	60,200			10,640	43,100

**World Education Brighter Futures partner NGOs provided services for**

- **children working in private homes**
- **children working as porters**
- **children working in mines**
- **children working in brick factories**
- **children working in the adult entertainment industry**
- **children working in carpet factories**
- **children working in recycling**
- **children working in the transport sector**
- **children associated with armed forces and armed groups and**
- **children at risk of entering child labor**

*The Brighter Futures Program is an eight year initiative supported by the USDOL with matching support from UNICEF, WFP and private donors to eliminate child labor through education. Over eight years the project has provided educational and other support to 43,291 children working in the worst forms of child labor in Nepal and 72,140 children at risk.*

**Child Labour Status Report 2009  
prepared by World Education and its NGO partners**



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