Financial Inclusion for Marginalized Women in Nepal

Mid-term evaluation report

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Habitat for Humanity Nepal

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NDRI

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Shankar Shrestha, PhD

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Acronyms and Abbreviations

COVID-19	Corona Virus Disease 2019		LG	Local Government
DFS	Digital Finance Service		MEDPA	Micro-Enterprise Development Program for Poverty Alleviation
FGD	Focus Group Discussion		MFI	Microfinance Institution
FLF	Financial Literacy Framework		MPI	Multi-dimensional Poverty Index
FLT	Financial Literacy Training		MTE	Mid-term Evaluation
FSDS	Financial Sector Development Strategy		NDRI	Nepal Development Research Institute
GoN	Government of Nepal		NGO	Non-Governmental Organization
IEC	Information, Education and Communication		NRB	Nepal Rastra Bank
JOA	Jersey Overseas Aid		SDG	Sustainable Development Goal
KII	Key Informant Interview		YSEF	Youth and Small Entrepreneur Self-employment Fund

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Executive Summary

- Habitat Nepal and Sahara Nepal have been implementing a four-year project- “Financial inclusion for marginalized women in Nepal” with an overall goal of having improved financial security and safer housing through improved access to financial services for low-income women in Nepal. The project is being carried out in eastern Nepal, mainly in Jhapa, Morang, Saptari and Udayapur districts.
- The mid-term evaluation was carried out to conduct an independent review of the status, and performance the project, to identify the progress made so far and to help improve project performance by highlighting key observation. The project was evaluated in terms of the evaluation criteria- relevance, effectiveness, efficiency, sustainability, impact, partnership and coordination, and quality standards.
- The evaluation was carried out using qualitative methods for data collection- Focus Group Discussion with project beneficiaries, Key Informant Interview with Project team of Habitat Nepal and Sahara Nepal, MFI’s executives, Local government authorities, Frontline workers/Volunteers and NRB; and case studies with project beneficiaries.
- Overall design and approaches of the project were relevant for the target beneficiaries and communities. The project activities are gradually exhibiting result in terms of expected project impacts, however substantial change is observed in terms of project outputs and outcomes.
- The project has been able to impart detailed knowledge of financial literacy to the target beneficiaries through intensive 14 days’ Financial Literacy Training (FLT). The beneficiaries are now more knowledgeable about different financial literacy components through the training. More specifically, they appreciate the concept of saving before expense, availability of different financial products and family finance management.
- Although awareness level has increased, Digital Financial Services (DFS) has not been much effective, in terms of usage, for majority of the target beneficiaries as most of them either do not own mobile phones or some are not literate.
- The awareness raising programs have also been able to generate awareness about financial literacy components to the community people, to some extent. Out of different types of awareness raising programs, public interaction program was more effective as it directly addressed the queries of the participants and involved two-way intensive communication. The awareness raising programs such as rally, miking and FM radio could be made more effective through improvisation and follow-up activities.
- The project has been able to enhance MFI’s ability to offer client-centric housing loans through capacity building activities such as for product design, marketing strategy development, market research and advocacy capacity for better regulatory environment to mainstream housing microfinance

Executive Summary

- The project's management and monitoring arrangements, and communication have been very effective in achieving project outcomes. The presence of Sahara Nepal in the eastern region has enabled effective mobilization of the human resources in the target communities and for effective coordination and mobilization.
- The effective coordination and partnership among implementing and field level partners, and mobilization of local volunteers have contributed to achieving project outcomes.
- Periodic reporting of the project progress, regular meeting at different levels of project organogram and period visits to the project locations by the representatives of project implementing agencies are carried out on a regular basis.
- The targeted beneficiaries have positive attitude towards the project personnel, partner institutions, and support service providers, however they expect income generating activities/skill development as a part of FLT for increasing their financial inclusion.
- The project intervention very well fits in current context of access to finance and economic situation, in eastern Nepal. The intervention is coherent with government policies, NRB's Financial Inclusion Action Plan 2017 and donor policies and goals, and Sustainable Development Goals.
- The project also intends to enhance the uptake and utilization of microfinance housing loans by the target beneficiaries for building or improving their homes. Although NRB emphasizes on providing loans to low-income families for income generation and other productive activities, this project aims to influence NRB to include housing microfinance as core products of MFIs through evidence-based housing microfinance business case.
- The benefits of the projects are likely to be sustained after the completion of this project if there are follow-up/refresher activities to the FLT and awareness programs. The sustainability component can be further strengthened by retaining volunteers for a longer term and assigning them community level refresher activities such as follow-up, community interaction and refresher training to the target beneficiaries.
- As strong partnership and collaboration with MFIs have resulted in positive outcomes of the project for the low-income women, similar coordination and collaboration with local government and NRB is critical to realizing financial inclusion goal.
- It is recommended that this project revises its financial literacy training curriculum as well as the programs in line with NRB's Financial Literacy Framework, and closely coordinates with NRB to deliver the activities in integrated and collaborative manner.
- It is also recommended that microfinance housing loan uptake by FLT and/or awareness beneficiaries of the project is separately documented, apart from 112,000 MFI clients utilizing housing loans, to exhibit actual impact of the project.

Project Background

- Access to formal financial services is still a challenge for majority of women in Nepal.
- Despite of growing national efforts, financial inclusion of marginal women, in particular, has made little progress.
- Women continue to face greater financial exclusion and vulnerability than men, with shocks like the COVID-19 pandemic threatening to reverse some of the gains made so far.
- Women in Nepal are considered as inferior to men and are not always allowed to participate in decision making related to their living condition and properties.
- Financial exclusion of women is more evident in rural areas of Nepal.
- Such exclusion from mainstream financial services such as affordable and readily available loans and credit has limited the ability of women to come out of their poverty status.
- With this backdrop, Habitat Nepal and Sahara Nepal have been implementing a four-year project- “Financial inclusion for marginalized women in Nepal” with an overall goal of having improved financial security and safer housing through improved access to financial services for low-income women in Nepal.
- The project is being carried out in eastern Nepal, mainly in Jhapa, Morang, Saptari and Udayapur districts.

Project Introduction

Project title	Financial Inclusion for Marginalized Women in Nepal
Lead partner	Habitat for Humanity Great Britain (GB)
Implementing partner	Habitat for Humanity Nepal (Habitat Nepal) and Sahara Nepal
Project Duration	01 August 2020 to 31 July 2024
Overall project goal	Low-income women have improved financial security and safer housing through improved access to financial services in Nepal
Project Outcomes	Low-income families have increased capacity and awareness on how to access microfinance loans for financing and planning their home improvements.
	MFIs have increased capacity to offer client-centric housing loans that meet the needs of clients from marginalized, low-income communities.
Project Outputs	Financial literacy training classes held for 6000 women to increase knowledge and capacity to access and use microfinance loans.
	50,000 women and men reached through awareness-raising campaigns, including youth-led events, on the availability of microfinance products and services and the importance of safe housing.
	5 marketing strategies developed and put into action by 5 MFIs.
	2 MFIs supported in adopting Digital Financial Services to serve their clients better.
	5 MFI partners received institutional capacity building training.
	Partner MFIs' advocacy capacity strengthened for better regulatory environment to mainstream housing microfinance.
	112,000 MFI clients received housing loans.

Objective of mid-term evaluation

- To conduct an independent review of the status, relevance and performance of the project as compared to the project document.
- To help improve project performance by highlighting observations and independent assessment of the project; and to enhance learning with the Habitat Nepal; Sahara Nepal and key stakeholders.
- To ensure that progress and results of the project are monitored, communicated and acted upon in a timely, efficient and result-based manner.
- To assess management arrangements and success of the project by identifying developed documents, lessons learned and makes recommendations that the project partners and stakeholders might use to improve the project implementation mechanism and methodology.
- To assess knowledge and awareness level of beneficiaries on financial literacy and safe shelter.

Methodology

Preparatory phase

- Conducted kickoff meeting with Habitat Nepal
- Reviewed project documents including project proposal, progress reports, logical framework, baseline survey report, training manual
- Prepared and finalized evaluation methodology and tools of FGD, KII and case study
- Submitted inception report

Implementation phase

- Executed field work activities
- Carried out data collection using qualitative tools (FGD, KII and case study)

Reporting phase

- Transcribed recorded information
- Carried out data analysis in line with evaluation questions
- Prepared draft report and submitted
- Incorporated feedback/comments from Habitat Nepal
- Submitted final report

Data collection tools

FGD

Carried out with project direct end beneficiaries

Total 12 FGDs with 3 in each district

2 FGDs with participants with FLT beneficiaries and 1 FGD with participants of awareness raising campaign

KII

Carried out with

- Project team of Habitat Nepal
- Project team of Sahara Nepal
- MFI's executives
- Local government authorities
- Frontline workers or volunteers
- NRB

Case study

Total 4 case studies with 1 in each district

2 case studies with housing loan client

2 case studies with FLT participants

Selected municipalities for the survey

Qualitative tools	Udayapur		Saptari		Morang		Jhapa		Kathmandu	Remarks
	Belaka	Triyuga	Agnisair Krishna Sabaran	Saptakoshi	Jahada	Gramthan	Arjundhara	Barhadashi		
Officials of Sahara Nepal (District Supervisors)		1	1		1		1			
Project team of Habitat Nepal and Sahara Nepal							1 (Birtamod)		1	
MFI's executives			1 (MMFI)		1 (JMFI)		1 (SMFI)			1 (FMFI) at Sunsari (Duhabi)
Local government authorities		1		1	1		1			
Frontline workers/volunteers	1	1	1	1	1	1	1	1		
Nepal Rastra Bank					1 (BRT)					
FGD	2	1	2	1	2	1	2	1		
Case study		1		1		1		1		
Total	3	5	5	4	7	3	7	3	1	1 (at Sunsari)

Note: (FMFI-Forward MFI; MMFI-Mahuli MFI; JMFI-Jeevan Bikas MFI; SMFI-Sahara MFI)

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Evaluation framework

Evaluation criteria	Primary data source
Relevance	
How relevant were the overall design and approaches of the project, and is it still valid within the current situation in Eastern Nepal? Is the project a technically adequate solution to ensure financial inclusion for marginalized women?	Project Document review; KII (NRB, LG; Volunteers)
To what extent the project was able to address the needs and priorities of the target groups and their family members?	FGD
To what extent the results achieved had a differentiated impact on low-income and marginalized women?	FGD; KII (Volunteers, MFIs, LG)
To what extent is the project aligned with national policies, donor policies and Sustainable Development Goals in addressing poverty reduction and ensuring safe housing?	Project Document review; KII (LG, NRB)
Effectiveness	
To what extent the project activities have contributed to achieving the project outputs, outcomes and goal?	Project Document review; FGD; KII (Officials of HN and SN; MFI; Project team of HN and SN)
What are the key internal and external factors (success & failure factors) that have contributed, affected, or impeded the achievements, and how the project and the partner have managed these factors? What are the innovative and good practices used in the implementation of the project?	KII (Officials and Project team of HN and SN; Volunteers; MFIs) FGD; Case study

Evaluation framework

Evaluation criteria	Primary data source
Effectiveness (continued)	
To what extent the project's management arrangements has been effective in achieving project outcomes? What are the advantages, bottlenecks and lessons learned in relation to management arrangement? What were the challenges faced during the implementation of the project?	Project Document review; KII (Officials and Project team of HN and SN; Volunteers; MFIs)
How effective has the project been in enhancing the capacity of MFIs in developing and implementing marketing strategies and adopting Digital Financial Services?	Project Document review; KII (MFIs)
To what extent the project activities have contributed to achieving the project outputs, outcomes and goal?	Project Document review; FGD; KII (Officials of HN and SN; MFI; Project team of HN and SN)
To what extent have monitoring arrangements and communication been effective? What were the lessons learnt and how were feedback/learning incorporated in the subsequent process of planning and implementation?	Project Document Review; KII (MFIs; LG; Officials and Project team of HN and SN)
To what extent the project was successful to increase knowledge and capacity of low-income women on financial literacy and safe shelter?	Mid-term survey report; FGD; KII (Volunteers); Case study
To what extent the awareness-raising campaigns were effective in generating awareness among men and women on the availability of microfinance products and services, and importance of safe housing?	Mid-term survey report; FGD; KII (Volunteers); Case study

Evaluation framework

Evaluation criteria	Primary data source
Effectiveness (continued)	
To what extent the beneficiaries are familiar with the financial concepts, especially about the financial products, sources and uses of funds, costs of capital, income generation opportunities, cash flows, budgeting, and controls?	Mid-term survey report; FGD
To what extent the beneficiaries are familiar with the risks associated with the financial products, especially the market risks, credit risks, liquidity risks, and operational risks?	Mid-term survey report; FGD
To what extent the beneficiaries are familiar with the risk mitigation measures, and be able to adapt to the measures in their context?	Mid-term survey report; FGD
Efficiency	
Have resources (financial, human, technical) been allocated and used strategically and economically to achieve the project results? Were the project activities implemented as scheduled and with the planned financial resources?	Project Document Review; KII (Officials and Project team of HN and SN; MFIs)
To what extent has the project implementation strategy and its execution been timely and cost-effective?	Project Document Review; KII (Officials and Project team of HN and SN; MFIs)
To what extent the targeted beneficiaries are supportive (having positive attitude) towards the project personnel, partner institutions, and support service providers?	FGD; KII (Officials of HN and SN; MFIs; Volunteers)

Evaluation framework

Evaluation criteria	Primary data source
Efficiency (continued)	
To what extent the progress and results of the project are monitored, communicated and acted upon in a timely, efficient and result-based manner?	Project Document Review; KII (Officials and Project team of HN and SN; MFIs; LG)
To what extent the targeted beneficiaries are supportive (having positive attitude) towards the project personnel, partner institutions, and support service providers?	FGD; KII (Officials of HN and SN; MFIs; Volunteers)
Coherence	
How well the project intervention fit in current context of access to finance and economic situation, in eastern Nepal?	Project Document Review and Literature Review; KII (Officials and Project team of HN and SN, NRB, LG)
To what extent the intervention is coherent with government policies, Nepal Rastra Bank's Financial Inclusion Action Plan 2017 and donor policies and goals, and Sustainable Development Goals?	Project Document Review and Literature Review; KII (Officials and Project team of HN and SN, NRB, LG)
To what extent the intervention addressed the synergies and interlinkages with other interventions carried out by Habitat for Humanity or Government of Nepal?	Project Document Review and Literature Review; KII (Officials and Project team of HN and SN, NRB, LG)

Evaluation framework

Evaluation criteria	Primary data source
Sustainability	
To what extent are the benefits of the projects likely to be sustained after the completion of this project?	FGD; KII (Officials and Project team of HN and SN, MFI; LG)
What are the key factors that needs to be focused to improve prospects of sustainability of the project outcomes and the potential for replication of the approach?	KII (Officials and Project team of HN and SN, LG NRB)
Are their adequate interest, awareness and commitment of government and stakeholders? Do they have enough motivation or incentives to utilize the project approach and tools to sustain the outcomes after project exit?	KII (LG; MFI)
Are the capacities of government as well as MFIs strengthened enough to continue the project?	KII (LG; MFI)
What could be done to strengthen exit strategies and sustainability of the project?	KII (Officials and Project team of HN and SN, NRB, LG, MFI)
What were the innovative and good practices used in the project implementation that is sustainable?	FGD; Case study; KII (MFIs; Officials of HN and SN; Volunteers)

Evaluation framework

Evaluation criteria	Primary data source
Impact	
Is there any observed project impact till date due to improved housing condition of housing loan clients?	FGD; KII (Officials of HN and SN; MFI; LG; Volunteers)
To what extent the project outputs were achieved and contributed to outcome level results?	Project document review; KII (Officials and project team of HN and SN; MFI)
Has there been changes in outcome and impact of indicators of health, education (financial literacy) and socioeconomic status of improved housing condition of loan beneficiaries?	FGD
Partnership and coordination	
How the partnerships with implementing agencies and other key stakeholders affected in the project achievement, and how might this be built upon in the future?	KII (Officials of HN and SN; MFI; LG)
Have the ways of working with the partner and the support to the partner been effective and did they contribute to the project’s achievements?	KII (Officials of HN and SN; MFI; LG)
How has coordination with local authorities, MFIs and key stakeholders affected the project outcome? Has it created synergies or increased challenges?	KII (Officials of HN and SN; MFI; LG)
What kind of partnership building mechanism is required for establishing potential partnerships during the project?	KII (Officials and project team of HN and SN; MFI; LG)

Evaluation framework

Evaluation criteria	Primary data source
Quality standards	
To what extent the project has been able to maintain quality standards while implementing activities and interventions?	Project document review; FGD; KII (LG)
What are the constraints, failures, gaps and areas for improvement, challenges faced and the overall lessons learned from the project implementation?	KII (Officials and project team of HN and SN; MFI; LG; Volunteers); FGD; Case study

Key findings

This section briefly presents the main findings from the analysis of each of the evaluation questions framed for each evaluation criteria.

Relevance

Overall design and approaches of the project were relevant for the target beneficiaries and communities.

- Nepal ranks 143rd in the UNDP's Human Development Index 2022.
- Almost 25.2% of the population lives below national poverty line and as of 2019, 17.4% Nepalese are multidimensionally poor.
- Province 1 has third lowest MPI (Multi-dimensional Poverty Index) among all provinces
- Almost 14.7% of the population in Province 1 faced deprivation in housing indicator, as of 2019
- Most of the low-income families living in the target project areas live in homes that do not meet basic conditions of safe and decent housing.
- The project targeted low-income women and women from marginalized communities - most of whom either didn't have their own source of income or had very low income with their engagement in agricultural works, daily wage labor and other small scale income generating works.
- Most of these women have great level of willingness to be financially independent.
- Number of socio-cultural reasons such as illiteracy, lack of decision-making ability and authority, lack of adequate knowledge on financial literacy, and patriarchal traditions limiting their involvement in family decisions have hindered their ability to access credits, and independently carry out financial decisions.
- It was noted during FGD that majority of the target beneficiaries were already aware of some important components of financial literacy such as saving, credit, family budgeting and financial service providers, but their knowledge was shallow and limited.
- The project has been able to impart detailed knowledge of financial literacy to the target beneficiaries through intensive 14 days financial literacy training (FLT).
- The beneficiaries are now more knowledgeable about different financial literacy components through the training. More specifically, they appreciate the concept of saving before expense, availability of different financial products and family finance management.

Relevance

- The awareness raising programs have also been able to generate awareness about financial literacy components to the community people, to some extent.
- Out of different types of awareness raising programs, public interaction program was more effective as it directly addressed the queries of the participants and was able to seek attention of community members within a focused setting.
- However, community people expressed that awareness through miking was not as effective as other awareness mechanisms. They thought it to be less interactive and more one-sided.
- Rally was able to deliver key messages of financial literacy and safe shelter to the community people in certain areas, but it's effect on expected project outcomes were noted to be comparatively limited.
- Information spread through FM radio was noted to be the least effective.
- Follow up activities were noted to be essential for both FLT and awareness programs to sustain the project outcomes among its target beneficiaries.

"We knew little about financial literacy components such as saving, loan, but FLT has made many things clear. We are very happy with the content. It has made things clearer to us. We knew about safe shelter as well, but they taught us in detail which is very helpful"- FGD, Triyuga, Udayapur

""We went around the community, we chanted those slogans. It was good, people came outside and listened to us. Some were curious and asked what is it about. But after few days it is gone. We don't remember everything. There has to be some follow-up"- FGD, Morang

- The concept of the project based on the two mutually reinforcing pathways: demand-side pathway and supply-side pathway, is a good initiation towards ensuring financial inclusion for marginalized women if we consider - financial literacy and awareness, and ease of access, usage and availability of the formal financial system for all members of the community - as the key aspects of financial inclusion.

Relevance

- In communities such as Arjundhara (Jhapa) and Triyuga (Udayapur), the target beneficiaries were very much aware and knowledgeable about financial literacy components and they have also been using different financial products from MFIs for their own use before the project intervention.
- In communities such as Barhadashi (Jhapa) and Jahada (Morang), where they were not actively involved in financial transactions, the project beneficiaries expressed positive perspective towards project activities as they got to learn a lot through FLT.
- However, beneficiaries in all communities felt that the project activities needed some level of follow up or refresher activities to implement the financial literacy knowledge which they had obtained for lifetime.
- Besides having access to finance in terms of loans, credits or savings, it is suggested that they are provided with capacity building on making wise investments through micro-enterprise development or skill development training.
- This is also highlighted in Financial Literacy Framework (2077) of Nepal Rastra Bank (NRB)-central bank of Nepal, which includes micro-enterprises and business plan as one of the important components of basic level of financial literacy.
- These could be done in collaboration and coordination with local government and other government programs such as Micro-Enterprise Development Program for Poverty Alleviation (MEDPA) and Youth and Small Entrepreneur Self-employment Fund (YSEF).
- As per the census of 2011, more than 50% of the families in the target districts in eastern Nepal live in homes that do not meet basic conditions of safe and decent housing such as cramped spaces, limited access to basic infrastructures and houses built with substandard building materials.
- The project has attempted to provide a comprehensive FLT and awareness on safe and decent housing through training programs, through use of different audio-visual as well as IEC materials such as using animated video, leaflets, and training books, audio used in miking, slogans in rally and posters.
- This has particularly benefited those women who have very limited say in household financial decision-making and are financially dependent on other family members. For example, in Barhadashi (Jhapa) and Jahada (Morang), the FGD participants were the actual needy beneficiaries of the project beneficiaries who had very limited knowledge of financial literacy although some of them were part of informal groups and MFIs.

Relevance

- However, FGD noted that some of the target participants (e.g. in Arjundhara-Jhapa, Triyuga-Udayapur) were already aware of such microfinance products and have been associated with MFI before the project intervention. These beneficiaries were already utilizing the microfinance loans for different income generation works and personal use (education, health, work related travel etc.).
- The population with lower income level such as farmers, laborers, irregular earners and dependents mostly use informal financial services. Larger segment of rural populace have access to informal financial services than urban populace. Similarly, females are more into accessing finance through informal means than male counterparts.
- This sort of financial inclusion programme has particularly benefitted low-income and marginalized females, mostly in rural setting, as they get to understand about different financial services that is available as per their ability and needs.
- They have been connected with financial service providers and have got access to platform through which they can interact with experts of financial literacy.
- Although some of the beneficiaries are non-earners, some of them have developed the habit of saving before spending.
- The project has definitely been able to address the gaps in the knowledge and skills of women in accessing and utilizing microfinance loans, however, uptake of these loans for building or improving their homes was not high in direct beneficiaries of the project.
- The beneficiaries pointed that although financial literacy and awareness program is very effective for them, the financial products offered by MFIs are expensive given their income level. It was noted that the beneficiaries evaluate the financial products only based on the interest rate which is similar for the product designed with support of project and other products of MFIs.
- As this project capacitates and supports MFIs in developing and designing housing loans, apart from meeting the payment capacities, it is recommended that different facilities that the loan is offering - that are different from other loans - needs to be clearly communicated to the target beneficiaries.
- Also, it is suggested that selection of women beneficiaries for the project is done based on specific criteria set for target beneficiaries of the project. Some of the FGD beneficiaries were noted to be above age of 75 who took FLT classes however were devoid of microfinance housing loans because of their age barrier. Although literacy is important, the age barrier might not be able to fulfill the expectations of such beneficiaries, for other types of loans as well.

Effectiveness

The project activities is gradually exhibiting result in terms of expected project impacts, however it has been able to meet majority of the midline target in terms of expected outputs and outcomes of the project.

Project Impact-Low income women have improved financial security and safer housing through improved access to financial services in Nepal

Impact indicator 1: Number of women from low income communities accessing housing loans

Impact indicator 2: Percentage of households reporting improved housing satisfaction as a results of home improvement

Impact indicator 3: Percentage of women reporting they have more independence to make financial decisions

- In most of the communities where FGD was carried out, the FLT was carried out in April-May 2022. Prior to this period, the FLT could not be conducted due to COVID-19 pandemic.
- Hence, it was noted that most of the FGD participants had not accessed housing loans although their houses need renovation but they were willing to access it for their home improvement after farming season is over.
- Some of the community members had been utilizing microfinance housing loans prior to taking FLT who are also the target beneficiaries of the project.
- It was challenging during mid-term evaluation (MTE) to meet the beneficiaries (in selected communities for MTE) who had utilized microfinance housing loans after taking FLT from the project, however a case study was conducted.
- The FGD participants reported that after FLT, their confidence has been boosted as they are more aware of financial service products, financial service providers and have also started saving before spending.
- The behavioral change has begun with the FLT and awareness, and the women have more independence to make financial decisions. However, some women reported that although they feel empowered with having some savings in their hand and ability to utilize the savings, they do consult with their family members for any financial undertakings.

Effectiveness

Project Outcome 1: Low income families have increased capacity and awareness on how to access microfinance loans for financing and planning their home improvements

Outcome indicator 1.1: Percentage of Individuals having increased financial literacy knowledge

Output 1.1: Financial literacy training classes are held for 6,000 women to increase knowledge and capacity to access and use microfinance loans

- FGD beneficiaries highlighted that there has been significant increase in their level of financial literacy knowledge after attending 14 days of FLT. Since they got to learn, interact and put query with the resource person as well as with financial literacy experts, this has increased their capacity and awareness on financial literacy.
- Some of the beneficiaries relied on informal financial sources although they were aware of the risk associated with it. After FLT, they have stopped accessing funds from informal sources.

"We used to believe that getting a loan was necessary and that it didn't matter where we got it, but now we are aware that there are bank and financial institutions that provide us loans with lower interest rates."- FGD, Arjundhara, Jhapa

- Majority of the participants preferred and found saving mobilization (controlling expense), loan management, family budgeting, safe housing and family finance management as the most important.
- Digital Financial Services (DFS) has not been much effective for majority of the target beneficiaries.

Some suggestions from beneficiaries and key informants for FLT:

"FLT would be better if complemented with an exposure visit to the communities where people can share their experience to motivate project beneficiaries to utilize microfinance services for building safer homes and for other income generating works.

"14 days is a very long time for retaining those people who rely on daily wages. Even though they might be interested, the long duration stops them from attending classes"

"Adding more game activities to FLT classes will make the training more lively and enjoyable. Sometimes the training might get monotonous because of theoretical elements and addition of educational games could be interesting for the participants"

"Adding small video clips of successful and inspirational case studies from all over Nepal in FLT classes could be motivating for the participants."

Effectiveness

Project Outcome 1: Low income families have increased capacity and awareness on how to access microfinance loans for financing and planning their home improvements

Outcome indicator 1.2: Percentage of target population with awareness regarding safe shelter and housing microfinance loans

Output 1.2: 50,000 women and men reached through awareness-raising campaigns, including youth-led events, on the availability of microfinance products and services and the importance of safe housing.

- FGD beneficiaries shared that the concept of safe shelter and housing microfinance loans is not new to them, however, the FLT has provided them a refresher and detailed information about the need of safe shelter and also availability of microfinance loans for housing as well as for other prudent usage.
- Most of these beneficiaries have not yet utilized the microfinance loans for their house improvement. For example, in Triyuga (Udayapur), there are some women whose house needs significant improvement but they said that they will be utilizing it after few months when their farm activities are minimum.
- FGD participants also mentioned that the process for obtaining loan from MFIs are not complicated but it is challenging to convince a group for getting the consent. And in some cases, traveling to head office for small loans is also frustrating to them. However, this varied as per the community.
- Some of the community members said that the small sized loan is sometimes provided on the spot (e.g. Saptakoshi, Saptari), but some community members said that they have to travel to head office to get loan for NRs. 10,000 as well (e.g. Arjundhara, Jhapa).

"Yes, we are aware of safe housing and microfinance housing loans. The process is complicated only if we have to take higher loan by mortgaging assets. For smaller amount, it is quite convenient. If enough amount is collected in the group, then the loan on the given spot"-FGD, Saptakoshi, Saptari

"The procedure is challenging. We need to travel to the head office for a loan of NRs. 10000 as well while we have to bear the cost of transportation as NRs 400"- FGD, Arjundhara, Jhapa

Effectiveness

Project Outcome 2: MFIs have increased capacity to offer client centric housing loans that meet the needs of clients from marginalized, low-income communities

Outcome indicator 2.1: Number of MFI reporting their ability to offer client-centric housing loans has been improved

Output 2.1: 5 marketing strategies developed and put into action by 5 MFIs.

- MFIs have always been working in the rural communities and they had been offering different types of loan products to the community members.
- This project has enhanced their ability to offer client-centric housing loans through capacity building activities such as for product design, marketing strategy development, market research and advocacy capacity for better regulatory environment to mainstream housing microfinance.

"It has helped our organization in providing training to our staffs, doing market research for product development, and developing marketing strategies. I do think that the product we have developed is client centric. Also, our portfolio for housing loan has increased from 1% to 8% after the project"- KII, Sahara MFI, Jhapa

- Five marketing strategy development workshops were held to support the MFIs in developing marketing strategies aimed at their client base and suitable to the local contexts, focusing on housing microfinance.
- Marketing material and tools such as housing loan product leaflets were developed and printed for MFIs to aware communities about availability of different products.
- Different slogans promoting microfinance housing loan products were also developed at community level to generate awareness.
- As noted from KII, these marketing materials were only effective if they were carried out along with public interaction activities. The sole distribution of leaflet/pamphlet is not effective.
- Two MFI partners- Sahara Nepal and FORWARD Nepal were supported in IT audit and they are improving their MIS based on the recommendation of IT audit reports.
- Capacity building of MFI staff as well as end users have also been conducted by the project. They have been able to connect with some of their clients through DFS. For example: Sahara Nepal MFI has reached over 7,753 clients through DFS as of July 2022 (Annual report, 2022).

Effectiveness

Outcome indicator 2.2: Percentage of HMF clients reporting the loan to be affordable and adequate

Outcome indicator 2.3: Number of MFIs adopting DFS

Output 2.2: 2 MFIs supported in adopting Digital Financial Services to serve their clients better.

Output 2.3: 5 MFI partners received institutional capacity building training.

Outcome indicator 2.4: Number of MFIs with effective marketing strategy in place

Outcome indicator 2.5: Loan capital disburse as housing loans

Output 2.4: Partner MFIs' advocacy capacity strengthened for better regulatory environment to mainstream housing microfinance.

Output 2.5: 112,000 MFI clients received housing loans.

- Majority of the respondents find the loans affordable, particularly, small housing loans that can be taken without collateral are preferable by them.
- However, some FGD beneficiaries stressed that the microfinance housing loans offered had higher interest rate and it is similar to other products offered by the MFIs.

"The interest rate of housing loans is high. It is not different from what MFIs had been offering us earlier. It would be great if there was some difference in the interest rates offered in housing loans, we would get more attracted"- FGD, Arjundhara (Jhapa)"

- MFIs have been supported by the project in adopting DFS. The progress is gradual but steady.
- For the DFS to go full fledged, it will take time as the majority of end users do not own mobile phones and some are even illiterate. However, the project has been able to make women beneficiaries at least aware about existence of DFS.
- MFIs have been well capacitated in developing marketing strategies appropriate to local contexts.
- MFIs are also very satisfied with the marketing strategies. They opine that there is regular increase in customers and such strategies have helped them in serving their clients better.

"It has helped us a lot to better serve our clients…. we have regular increase in the number of customers"- FORWARD MFI, Sunsari.

- MFIs have been disbursing housing microfinance loans and as per midline survey report, 53% of the project target has been achieved in terms of number of MFI clients who have received housing loans.
- However, MTE could not locate many such beneficiaries in selected locations except for case studies. It is recommended that the direct beneficiaries of the project who have accessed microfinance housing loans are separately documented as that will highlight the impact of the project.

Effectiveness

COVID-19 affected the project implementation in the first year, which was rapidly covered up in the next year. The effective coordination and partnership among implementing and field level partners, effective project's management arrangements and mobilization of local volunteers have contributed to achieving project outcomes.

- The project began in August 2020, so was immediately affected by COVID-19 imposed lockdowns and travel restrictions. This significantly delayed the project activities.
- Local level government election in May 2022 also delayed some of the project activities.
- However, considering the achievement as observed from midline survey report, the project has made substantial progress in its intended activities.
- The lack of refreshment and/or allowance arrangement in the FLT for intensive 14 days' class is another biggest challenge the facilitators faced while retaining the participants in the FLT. However, this is also a strong component that retains the participants who are actually seeking to gain financial literacy knowledge and are genuine participants.
- The effective coordination and partnership of Habitat Nepal with local implementing Partner-Sahara Nepal and selected MFIs is one of the major factors that have contributed to the achievements of the project.
- The mobilization of local facilitators for FLT and interaction is also another important factor that have contributed to the project success till date. It is convenient for community people to interact, ask queries and share their opinion with someone from within their locality.
- The project's management arrangement has been very effective in delivery of project activities and in achieving project's outcomes.
- The presence of Sahara Nepal in the eastern region has enabled effective mobilization of the human resources in the target communities and for effective coordination as well as social mobilization.
- The mobilization of district supervisors and local volunteers have also enabled smooth project execution at different levels.
- The project meetings, workshops and monitoring visits are carried out regularly.

Effectiveness

The project has been very effective in enhancing the capacity of MFIs in developing and implementing marketing strategies, however adoption of Digital Financial Services (DFS) was noted to be gradual.

- Three MFIs – Sahara Nepal, FORWARD and Jeevan Bikas have adopted DFS.
- MFIs are optimistic towards use and mobilization of DFS for financial transactions.
- All of these three MFIs have contracted eSewa for digital transactions and are working on their own to promote cashless transactions in the community.
- Jeevan Bikas MFI highlighted that they were compelled to accelerate DFS during lockdown which in fact boosted their service. Jeevan Bikas MFI have also been mobilizing human agents as "Authorized Teller Members (ATM) in communities who accept cash from the customers and deposit it in their respective accounts. This has saved the time of the customers required for travelling to deposit money, enhanced security and eased the life of the customers.
- However, the adoption of DFS has not been full-fledged and still has several hindrances:
    - Most of the end users have low level of digital literacy and are not willing to adapt to digital world.
    - Even some of the MFI staff pose limitations in transitioning to DFS as they are comfortable in using cash for financial transaction.
    - Most of the end users in the target area do not own mobile phones, and those who own do not have smartphones.
    - Some of the target beneficiaries are not literate that is also posing challenge to switch to DFS.
    - The network is also not good in some of the core rural locations of the target districts.
    - For some, the challenge is to have own server to store customer data. They have to tie up with commercial banks for the data backup.
    - The biggest challenge is the behavioral change and security concerns among the target beneficiaries.

Effectiveness

The project monitoring arrangements and communication are effective.

- The project has made monitoring and communication arrangements at different levels.
- Habitat GB makes periodic trip to Nepal and monitors the progress and interacts with implementing partners, beneficiaries, and the project implementation team.
- As per the annual report, Habitat GB made visit on July 2022 and observed financial literacy training sessions, MFI client meetings, and interacted with participants of awareness raising programs.
- Habitat Nepal makes periodic visit to project locations, monitors and supervises all project activities by undertaking monitoring visits on a quarterly basis.
- Habitat Nepal also carries out day-to-day monitoring of project implementation, mobilization and proper utilization of funds. It also receives monthly project updates from the local implementing partner, Sahara Nepal.
- As of annual report 2022, both Habitat Nepal and Sahara Nepal have conducted regular meetings with partner MFIs. Weekly virtual staff meetings have also taken place between Habitat Nepal and Sahara Nepal to review the project progress and problems encountered while implementing the project activities. Sahara Nepal also submits monthly project update to Habitat Nepal indicating progress made towards intended outputs and outcomes.
- At the implementing partner level, monthly project coordination meetings were held between Habitat GB, Habitat Nepal, and Sahara Nepal. In these meetings, project progress updates were discussed, and decisions were made on future actions to be taken.
- At the field level, Sahara Nepal has made frequent visits to project locations and in both FLT as well as awareness programs. MFIs monitor the use and servicing of loans in close communication with housing loan borrowers (low-income and marginalized women).
- Overall, the monitoring and communication arrangements of the project is highly effective.

Effectiveness

The awareness-raising campaigns are effective in generating awareness among men and women on the availability of microfinance products and services, and importance of safe housing but needs a follow-up program to retain its benefits.

- The project is generating awareness through public interaction program, collaboration with club and school, rally, miking, leaflet distribution, poster and video display and FM radio. All of these activities are led by local youth volunteers who understand socio-cultural context of the target locations and beneficiaries and who have been trained by the experts on the subject matter.
- FGD participants stressed that public interaction is very effective as it involves two-way communication and their queries are also addressed in such programs. Apart from volunteers, district supervisors and other resource persons are also sometimes present in such events who address their queries. However, they feel that such event should have a follow-up program. Even if the participants are interested to know further, lack of follow-up and refresher activities decreases the effectiveness of such programs.
- The effectiveness of miking and rally had mixed response from the FGD participants. Some of the participants said that the miking was not very effective as miking has become a regular activity in communities carried out by different political parties, advertisement and marketing people as the means to promote their product/party and therefore are not given much importance by majority of the people.
- While, in some locations, miking generated curiosity in some people to know more about the project and therefore interacted with volunteers to understand more. Some of the FLT participants in Morang district are in fact the audience of miking who became part of the FLT because of the curiosity generated by the miking.
- In case of rally, the FGD participants (Jahada, Morang) expressed satisfaction with their involvement and participation in community rally. However, they also expressed that such rally was able to generate curiosity in very limited number of people as most of the community members are already members of different MFIs and they are aware about financial products to some extent. They feel that such programs need to be complemented with public interaction or similar activities.
- The video and posters were very much appreciated by the target beneficiaries as well as by the project stakeholders. There is however a suggestion for video that instead of animated version, it would be better to prepare with people involved, in fact involving local people/artist can increase the attraction and attention to the video.
- The beneficiaries were asked about their awareness level on risk mitigation measures to which satisfactory response from some of the respondents were obtained.

Efficiency

The project activities could not be implemented as scheduled in the initial period due to COVID-19 pandemic and the activity was also disturbed during local government election. But, the project implementation strategy and management arrangements has been effective to execute activities in rapid pace during second year.

- The project management and implementation arrangements has been effective, appropriate and efficient in execution of the project activities and generating expected results (Please refer to section "Effectiveness" for detail)
- Although project activities got delayed due to pandemic and local level election, it was noted during KII that the activities were rapidly executed in the second year of the project and most of the targets have been achieved except the outputs relating to DFS i.e. number of MFI clients trained on the use of DFS and number of clients using DFS services (as noted from the midline report).
- As reported in Annual report 2022, a total of £232,296 was spent during Year 2 of this project. Since the start of the project a total of £479,529 has been received from JOA of which £377,462 has been spent. The burn rate of funds received is 79%.
- Rapid execution of the project activities in the second year has contributed to the output but has delayed impact delivery to some extent. For instance, it affected the uptake of microfinance housing loans by the target beneficiaries of the project as they are received FLT and/or awareness programs only in second year.
- The project activities are regularly monitored as per the project monitoring arrangements. Periodic reporting of the project progress, regular meeting at different levels of project organogram and period visits to the project locations by the representatives of project implementing agencies are carried out on a regular basis.
- The communication and coordination is very strong and prompt among field level and central level project team.
- As reported in midline survey 2022, the project is currently under track. The project has met more than 50% of its total target and 100% of its midline target in almost all indicators except output indicator 1.2.4 (% of adult population reporting they received messages on HMF loans and safe housing through mass media) and output indicator 2.2.2 (# of MFI clients trained on the use of DFS) and 2.2.4 (# of clients using DFS services).

Efficiency

The targeted beneficiaries are have positive attitude towards the project personnel, partner institutions, and support service providers.

- Majority of the targeted beneficiaries are supportive and have positive attitude towards the project. They have learning attitude and are enthusiastic about everything the project has to offer.
- In some locations of FGD (e.g. Morang), the beneficiaries expressed great satisfaction and lauded the community facilitators for their training skills, attitude and behavior towards the beneficiaries.
- Even though FLT is very intensive and 14 days long, and there is no allowance or refreshment available the desire to learn has retained more than 90% of the participants throughout the training period, as reported by the project personnel. Some of the target beneficiaries have also exhibited behavioral change through implementation of learnings in their day-to-day life.

“Yes they have positive attitude towards the project and are happy to learn new things. They are supportive. Almost 75% people were enthusiastic about the program”- KII, District Supervisor, Udayapur

“…there are other people who are quite proactive and reach the training place much earlier than us”- KII, Volunteer, Morang

- However, there are also some beneficiaries who have complaints about not receiving monetary benefits or refreshments during the training. They argue that they have devoted their time to the training which they could have dedicated in income generating works and therefore, they feel that they should be at least provided allowance or refreshment for their time commitment. There are some people who leave the trainings midway but they are nominal.
- Although target beneficiaries were highly positive towards FLT, the participants feel that awareness programs could be more effective as people tend to forget the learnings if it is not followed up.
- The target beneficiaries also suggested that awareness on financial inclusion could be complemented with skill-based training or capacity building on income generating activities. They opine that if they learn to save, then they should learn to invest and earn as well.

“Even after receiving training, some people lack the confidence to borrow money because they lack the necessary job abilities. They fear having to return the money. They say that we don't just require theory-based knowledge, they claimed. We require skill.”- KII, Morang.

Coherence

The project intervention very well fits in current context of access to finance and economic situation, in eastern Nepal

- Promoting financial inclusion is one of the major objectives of NRB. NRB has been taking various policy measures to broaden financial access, for instance, promoting financial literacy, incentivizing opening of branch in rural areas and launching open bank account campaign are some recent measures to enhance financial inclusion (NRB, 2021).
- According to the same report, population with at least one unique bank account is estimated to be 67.3% in mid-June 2020, however one-third of the total deposit accounts are found to be dormant which could imply that financial access does not guarantee the usage of the account.
- As per the NRB (2019) report, the target populations have difficulty in establishing a link with formal financial institutions or there is a poor understanding among them about the advantages of dealing with regulated financial service providers. The low level of literacy skills is more prominent for women than men, mainly in districts like Saptari.
- Considering the overall financial inclusion situation, particularly in eastern Nepal, the design of this project intends to address such gaps to certain extent and contributed to the financial inclusion goals of NRB.
- One of its strong components is the financial literacy training targeting to low-income women which not only helps in increasing link to the financial institutions but also encourages them to use the service.

The intervention is coherent with government policies, NRB's Financial Inclusion Action Plan 2017, JOA's financial inclusion goal, and Sustainable Development Goals.

- The Constitution of Nepal has recognized right to appropriate housing as the fundamental right. As this project aims to build awareness and financial literacy capabilities of marginalized communities in target districts to finance and build safer homes using microfinance loans, the expected output directly contributes to the fundamental right.
- Access to affordable financial services plays pivotal role in reducing income inequality and poverty levels, and supporting the growth of the economy.
- Emphasizing the necessity of an inclusive financial system, Government of Nepal has adopted Financial Sector Development Strategy (FSDS) 2017 which aims to develop an inclusive financial system to make access to finance easy and comfortable for those with low income and from rural areas and to increase financial literacy in financial services and instruments in order to achieve its domestic poverty reduction goal.
- The project is significantly aligned with FSDS as it has targeted low-income and marginalized women, and has partnered with MFIs that has the ability to reach the core rural areas and marginalized as well as low-income populace.

Coherence

- The project is also significantly coherent with NRB's Financial Inclusion Action Plan 2017. The project intends to enhance the uptake and utilization of microfinance housing loans by the target beneficiaries for building or improving their homes. Although NRB emphasizes on providing loans to low-income families for income generation and other productive activities, considering the social benefits (health, social status, safety), this project aims to influence NRB to include housing microfinance as core products of MFIs.

- The project largely aligns with key priority areas of Nepal Rastra Bank's (Central Bank of Nepal) Financial Inclusion Action Plan 2017 which includes the provision of affordable and relevant credit products; increased usability of digital payments; enhanced locally based financial service providers; and consolidated financial literacy and education programme.

"If we go by the documents of Nepal Rastra Bank, then the intervention might not be coherent. It is because they have prohibited MFIs in investing in land acquisition and housing. But I believe that house is actually income generating asset. We have conducted our own research as well. Housing improves the education level of children and also the health of overall family members. Lastly the increase in pride of family is immense as well"- KII, Jeevan Bikas MFI, Morang

- NRB has also developed a document "Financial Literacy Framework (FLF), 2020" to help increase financial access as well as to facilitate in attaining financial system stability, and with a vision of developing "financially aware and capable citizens for prosperous Nepal". The project is also in line with NRB's vision and objective for increasing financially aware, literate and capable citizens.

- However, the FLF have highlighted that financial literacy programs in Nepal are scattered and fragmented with differences in methodologies and delivery mechanism. In order to institutionalize financial literacy efforts in Nepal and consolidate approaches by different organizations to enhance financial literacy among low-income and marginalized groups, it is recommended that this project revises its financial literacy training curriculum as well as the programs in line with NRB FL Framework, and closely coordinate with NRB to deliver the activities in integrated and collaborative manner.

- The project also contributes to:
  - Sustainable Development Goal 1 of Poverty Reduction through financial inclusion program and SDG 11 of "Make cities and human settlements inclusive, safe, resilient and sustainable" through awareness and training on safe and decent housing, and development of client-centric microfinance housing loans to encourage target population to uptake these loans for building safer homes.
  - JOA's financial inclusion goal of tackling poverty and inequality through improved access and usage of formal financial services.

Sustainability

The benefits of the projects are likely to be sustained after the completion of this project. However, follow-up/refresher activities, and an effective and strong coordination with local government, NRB and MFIs seems vital.

- The FLT component of the project has definitely benefitted the target beneficiaries in increasing their knowledge on financial literacy, and capacitated them to some extent, to be able to manage household finance, access financial services and make financial decisions.
- Such benefits will sustain even after the project exits as this is connected with the livelihood of those women beneficiaries.
- During FGD, the beneficiaries highlighted that the training has been able to bring about some changes in their behavior and habit for managing finance. They have started saving, keeping track of their daily expense using the record book provided by the project and being more aware about the details of financial services on their own rather than relying on other community members for the information.

"If my husband earned NRs. 1,000 per day, we used to spend all of that money, but now I try to ensure that I save at least NRs. 100 before spending. The FLT was like an eye opener, we knew things but we didn't implement!"- FGD, Morang

"When a beneficiary comes to us and say that she has been able to add another NRs. 2000 in her monthly saving, it gives us the satisfaction"- KII, District Supervisor, Udayapur

- However, it was noted that for such knowledge and skills gained by the beneficiaries to sustain, refresher trainings and follow-up is required.
- The volunteers are assigned on the basis of FLT or awareness raising campaigns, and they are provided remuneration accordingly. Some of the volunteers suggested that it would be motivating for them if they are recruited for a year and assigned community level refresher activities such as follow-up, community interaction and refresher training to the target beneficiaries in order to sustain the project benefits.

"… the beneficiaries are also hopeful that skill-based training will start. It is important to start such activities in the future"
"Launching skill-based training is necessary. MFI or local implementing partner-Sahara Nepal may be able to offer such service.."
"A training program run by Sahara Nepal and MFI would be preferable. Local government should also be coordinated…"
KII, Volunteers

Sustainability

- The capacity building of MFI that works in the project location is also another component that favors sustainability of the project benefits. Even after the project exits, MFIs will continue to work in those areas. The connection of the beneficiaries with MFIs have already been established and with the financial skills and knowledge gained, the women will likely continue to access financial services from the MFIs for different activities.
- This is further complemented by the formation of women groups in the community by the MFIs, which has provided a platform for these women to socialize, get motivation and support to carry out productive activities independently even after the exit of the project.

"Since the project is tied up with MFIs and MFI will always be here even if the project is gone, it ensures the sustainability of project" – KII, Sahara Nepal, Jhapa

- However, it was frequently noted from all the FGDs that it would be beneficial to have additional component of income generating activities or skill-based training in the project activities for the project's benefits to be sustainable. The women beneficiaries stressed that they learnt about different financial literacy components and utilizing microfinance housing loans for building better homes, but after their houses are built or strengthened, they do not have clear picture on the next step to utilize the funds they might have.

"I will access housing loans after this coming farming season is over. Then, I will renovate my house. But after that, what will I do? I usually work in fields in the morning and evening, I have plenty of spare time in the afternoon. I want to utilize that time. I want to learn some income generating activities that I can do from home"- FGD, Jhapa

- The KII was conducted with representatives of local government in each project district. Despite deliberate and concerted efforts of the district supervisors and volunteers to communicate with their respective local government representatives, it was noted that the key informants from the local government in Udayapur (Triyuga) and Morang (Jahada) had limited knowledge about the project intervention while the local government representatives in Saptari (Saptakoshi) and Jhapa (Arjundhara) were aware, have been present occasionally in the events and showed keen interest in the project activities.
- The local government representatives in Triyuga and Jahada municipalities were less familiar with the project, it could be because of recent change in the representatives due to local government election held in May 2022.

Sustainability

- The local government representatives from Jhapa and Saptari applauded the efforts of the project to capacitate low-income women with financial literacy knowledge. It was noted that Sahara Nepal has established connection and coordination with local government, mainly in Jhapa district.
- They have positive outlook towards the project and themselves are willing to contribute in the future. For the sustainability of the project benefits, they also expressed their commitment to contribute if the project comes up with sustainability plan and collaborates with them.

““Together we can work with Habitat Nepal. We can also put money into it. Making a sustainability design and plan is necessary. There ought to be some ideas”- KII, Local Government, Jhapa (Arjundhara)

“We can also do it together. From this program the women have learnt the benefits of saving. They save it as per their ability.”-KII, Local Government, Saptari (Saptakoshi)

- This sort of commitment is pivotal from sustainability point of view after exit of the project. The MFIs and Local Government will continue to work in the project locations even after project exits. As strong partnership and collaboration with MFIs have resulted in positive outcomes of the project for the low-income women, similar coordination and collaboration with local government including municipalities and ward representatives is crucial.
- The project proposal documents have highlighted the need of coordination with local government at several instances, however, it is challenging. It was noted that since the representatives of local government are very occupied with their day-to-day activities, it is challenging to seek their time for their presence in project activities.
- Despite of District Supervisor’s continuous effort in some locations, the local government representatives do not give priority, as required. Hence, it would be beneficial if project personnel from central level or local implementing partners level could make one to one visit to the local government representatives of the target locations which can help to facilitate the future coordination activities conveniently.
- It was realized from MTE that a strong linkage needs to be established from the project management level to actually develop strong coordination with the local government which is pivotal to take the project outcomes and impact forward.

Impact

There has been positive impact till date due to project efforts, and significant achievements are made in project outputs and outcomes.

- As reported in midline survey, the project has achieved 53% of the project target in terms of number of women from low-income communities accessing housing loans and 97% in terms of percentage of households reporting improved housing satisfaction as a results of home improvement such as disaggregated space, privacy, health improved, durability, cooking functions and education.
- However, the MTE could not observe the project impact till date in terms of improved housing condition of housing loans clients (direct project beneficiaries) in the project locations it visited. Almost all the FGD beneficiaries were looking forward to accessing housing loans in few months' time. The only challenge the beneficiaries might face in accessing housing loan is the approval from group in case of small loans which is largely dependent upon social relationship of the beneficiaries.
- As per the midline survey report,
  - The project has achieved more than 50% of its project target and 100% of its midline target in all the outcome indicators
  - The project has achieved more than 40% of its project target and more than 80% of its midline target in all its output indicators except in indicators relating to DFS and exposure visits to MFI and regulatory authority.
- The behavioral change gradually observed in at least some of the target beneficiaries in implementing what they have learnt in FLT such as saving before spending, minimizing unnecessary expenses, and their urge to learn more to utilize the savings for more income generation is one of the best outcomes of the project.
- The project has been able to provide significant technical support to the MFIs. Through the development of microfinance housing loan, MFIs have been able to diversify their loan portfolio, gain new low-income segment groups, and increase social impact through improved housing.
- The project has also been able to support MFI's advocacy efforts in influencing regulatory authorities to create a more enabling environment by reducing regulatory barriers to housing microfinance.

Partnership and coordination

The partnership with implementing partners have contributed positively in the project achievement, however coordination with local authorities and NRB needs further strengthening for the project sustainability.

- Apart from Habitat for Humanity Great Britain, the main project implementing partners are Habitat Nepal and Sahara Nepal who have the operational presence in the eastern region of Nepal. Thus, both of these organizations are already aware about the social, political, economic and cultural settings of the project localities.
- The partnership of Habitat Nepal, Sahara Nepal and MFIs has been very effective in contributing to the project's achievements.
- Their partnership has provided a synergetic effect to the project as Habitat Nepal focuses on having safe shelter and decent homes for all while Sahara Nepal focuses on poor and marginalized people to strengthen their capacity to reduce their socio-economic, cultural and political vulnerabilities.
- Habitat Nepal is the pioneer in the concept of microfinance housing loans. It has partnered with MFIs working in the project locations and who are aware of the socio-economic situation of the target communities.
- The partnership with MFIs have been able to develop client-centric microfinance housing loans for low-income women while increasing the housing loan portfolio of the MFIs. This has made affordable home loans possible for direct (target low-income women beneficiaries) as well as indirect beneficiaries (people who are not directly benefitted through training and awareness program of the project) of the project.
- The project envisages coordinating with local authorities in mobilizing and raising awareness of the targeted communities about financial literacy and housing microfinance. However, the partnership with local government representatives/authorities including NRB needs further strengthening.

"KII was carried out with representative of NRB in Biratnagar, Morang. The NRB personnel highlighted the need of integration of all the financial literacy programs in line with NRB's FLF. NRB has also recently carried out survey on financial literacy-the report is yet to be published. NRB highlighted that as they have common goal of increasing financial inclusion with this project , effective and strong coordination would increase the coverage and effectiveness of the financial literacy efforts taking place in different parts of the nation" as noted from KII with NRB

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Quality standards

- The project activities have been executed maintaining quality standards at all levels. FLT is appreciated by the target beneficiaries. Some suggestions are received from the respondents for making it more effective and interactive that are already discussed in the preceding section.
- Community facilitators and their delivery in FLT are very much appreciated by the target beneficiaries.
- Beneficiary selection could be specifically focused on the needy ones and those who can be benefitted through microfinance housing loans
- As part of output 2.2, it was originally proposed to conduct assessment of DFS providers that were active in the market. However, because of COVID-19, partner MFIs started to utilize DFS before the project intervention. As there was no longer a need to conduct assessment of DFS providers, this activity was changed to conducting Core Banking System (CBS) and IT audits of two MFI partners as strong systems are necessary for providing securing and hassle-free transactions, as well as being able to successfully track components such as loans, savings, accounting and client data etc. (As reported in Annual report, 2022),

Note: Most of these are discussed in preceding sections, hence not elaborated here.

Case studies

The case studies are presented very briefly highlighting the change brought about by the project, lessons learnt and their suggestions.

Case study 1-Triyuga, Udayapur

Beneficiary detail

- Name: Gyanu Pradhan; Education: 10+2 pass; Age: between the age group 40-50
- Received Financial Literacy Training
- Income generation activity: Tailoring business

Learning from training

- Keeping clear record of income and expenses
- Separating business and personal finances
- Utilization of Digital Financial Service and Insurance literacy
- Ways to utilize loan amounts, especially for income generating activities

Post-training changes

- Started keeping record of all financial transactions related to business
- Developed ways for saving- controlling unnecessary expenses and changing impulsive buying behavior
- Started borrowing money from a formal channel i.e. financial institutions
- Improved ability to access mobile banking services and making online payments using e-sewa and fonepay
- Improved ability to identify credit risks associated with business
- Identified insurance as a way to mitigate financial risk
- Gained confidence in accessing loans; however, finance related decisions are more likely made jointly and in consultation with the husband

Case study 2-Saptakoshi, Saptari

Beneficiary detail

- Name: Priyanka Chaudhary
- Received Financial Literacy Training
- Income generation activity: Doll-making business and agricultural farm

Learning from training

- Creating a family budget
- Process of applying loans from bank and financial institutions
- Using digital financial services, especially mobile banking services
- Gained awareness on flood hazards

Post-training changes

- Started using mobile banking services to track money transfer transaction
- Fully aware of the eligibility and documentation process of loan and mortgage of fixed assets (land)
- Accessed loan to buy land

Expectations/recommendations

- Make arrangements for field visits to see examples of success stories from other areas
- And elaborated DFS training should be provided (willingness to use e-sewa services)

Case study 3-Gramthan, Morang

Beneficiary detail

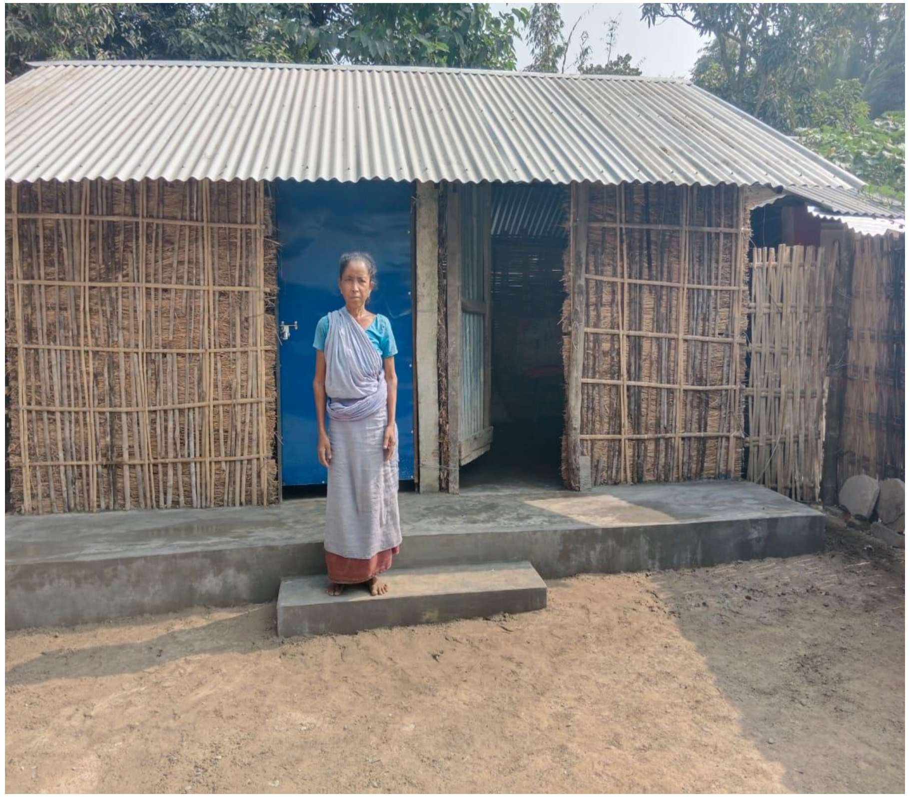
- Name-Rajmani Kumari Tharuni; Age-50 years
- Received Financial Literacy Training and accessed housing loans

Learning from training

- More aware about loan, saving, safe shelter and insurance
- Importance of insurance
- Loans are affordable and accessible

Post-training changes

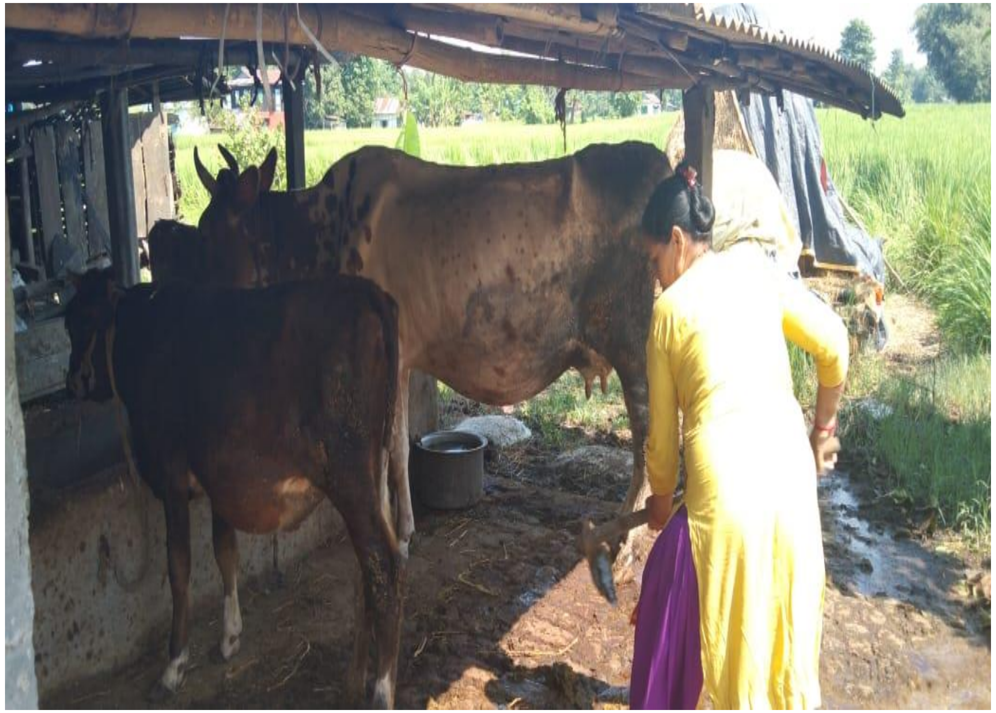
- Accessed housing loan for renovation and strengthening of her house
- Encouraged to access microfinance housing loans
- Saving habit improved
- Used concrete in the floor, and renovated door, roof etc.
- Regularly pays the installment
- Accessed life insurance of 20 years



Recommendation

- Training on income generating activities such mushroom farming, chowmein preparation (very much interested)

Case study 4-Barhadashi, Jhapa



Beneficiary detail

- Name: Dhana Maya Dulal
- Education: Not literate
- Age: 48
- Training received: Financial Literacy Training
- Income generation activity: Agricultural farm

(also owns a cow and sells cow milk) after FLT

Lesson learned

- Knowledge on saving and controlling expenses
- Safer housing
- Financial products and financial service providers

Post-training changes

- Bought a cow (Started income generation) after undertaking the training classes
- Despite of being illiterate, ability to procure loan after taking the literacy classes
- Able to make timely payment of interest as the income from the sale of milk is sufficient
- Gained the confidence to apply for loans only after undertaking the classes

Lessons learnt

- Some of the women beneficiaries were above 70 years of age. They participated in the FLT and were interested in accessing loans for improvement of their home, but they could not receive loans because of their age barrier. Clear communication seems important during the FLT itself.
- Coordination with local government and NRB was not found to be strong in some localities selected by MTE. The coordination from central level of project team seems essential for sustainability of the project's benefits.
- With the involvement of MFI in this project, the beneficiaries have started to perceive MFIs in social perspective as well rather than just an institution involved in financial transaction. However, in Saptari, the beneficiaries complained that for the money collection, representatives of MFIs are very rigid. It was noted that such rigidity needs to be minimized to have a good relationship in the community.

Good and innovative practice

- Capacitating and mobilizing local volunteers is one of the good practices of the project that encourages meaningful participation of the beneficiaries in the programs.
- Mobilization of MFIs for ensuring financial inclusion of marginalized women is one of the good practices of this project as MFIs have been able to reach the most unserved population of the country. The partnership with MFIs, on one hand, has increased the ability of the project to implement their activities in the community, and on another hand, it has also made people aware about presence of different financial service providers and the availability of financial products suitable for the target beneficiaries. It will also promote sustainability.
- The underserved and rural population, mainly low-income and marginalized women face unique obstacles and varied financial needs. As the Government of Nepal is also seeking to increase financial inclusion of such groups, the project approach of supporting in design of client-centric microfinance housing loans that addresses the housing needs, overcomes behavioral barriers and increases utility of such loans are commendable effort of the project.
- The intensive 14 days FLT is also the pivotal component of the project which is actually complementing the effort of NRB and Government of Nepal in increasing financial literacy of the inhabitants, increasing access to finance and ultimately enhancing financial inclusion.
- Addition of small details to the record keeping book has encouraged participants for developing their record keeping habit.

Conclusion

- Overall design and approaches of the project were relevant for the target beneficiaries and communities. The project activities are gradually exhibiting result in terms of expected project impacts, however substantial change is observed in project outputs and outcomes.
- The project has been able to impart detailed knowledge of financial literacy to the target beneficiaries through FLT. The beneficiaries are now more knowledgeable about different financial literacy components through the training.
- However, DFS has not been much effective for majority of the target beneficiaries as most of them either do not own mobile phones or some are not literate. Also, the DFS adoption by MFIs has been progressive but it is gradual.
- The awareness raising programs have also been able to generate awareness about financial literacy components to the community people, to some extent. Out of different types of awareness raising programs, public interaction program was more effective while rally, miking and FM radio could be made more effective through improvisation and follow-up activities.
- The project has definitely been able to address the needs and priorities of the target groups in terms of financial literacy needs however ensuring access to finance for safer shelter has not been full-fledged as majority of the FLT beneficiaries are due to access microfinance housing loans.
- This project has been able to enhance MFI’s ability to offer client-centric housing loans through capacity building activities such as for product design, marketing strategy development, market research and advocacy capacity for better regulatory environment to mainstream housing microfinance.
- The project’s management and monitoring arrangements, and communication have been very effective in achieving project outcomes. The effective coordination and partnership among implementing and field level partners, and mobilization of local volunteers have contributed to achieving project outcomes.
- The project intervention very well fits in current context of access to finance and economic situation, in eastern Nepal. The intervention is coherent with government policies, NRB’s Financial Inclusion Action Plan 2017 and donor policies and goals, and Sustainable Development Goals.
- The benefits of the projects are likely to be sustained after the completion of this project. However, a follow-up/refresher activities seems essential. As strong partnership and collaboration with MFIs have resulted in positive outcomes of the project for the low-income women, similar coordination and collaboration with local government and NRB is critical to realizing financial inclusion goal.

Recommendation

Following recommendations are made based on the suggestions from the respondents and MTE analysis. These are in general for all the project implementing partners (Habitat Nepal, Sahara Nepal and MFIs).

- FLT classes could be complemented with interactive and game-based learning activities to help the participants learn faster and engage them actively in the training.
- FLT classes could include video clips of short cases of low-income and marginalized people whose lives or livelihood, their houses and ultimately their way of life has changed for better due to increased financial inclusion to motivate target beneficiaries to utilize microfinance services for building safer homes and for other income generating works.
- FLT package could be made for two levels of beneficiaries- basic and advanced in line with the NRB's Financial Literacy Framework. Considering the low adoption of DFS by the beneficiaries, the session on DFS could be included for advanced level.
- The FLT and awareness programs need follow-up activities or refresher programs for the project benefits to sustain.
- Different types of awareness programs could be carried out sequentially (with some gap in between) in a target community to raise awareness on financial literacy components and safe shelter.
- The volunteers could be contracted on a yearly basis so that they interact with the community people throughout the project period through different activities to ensure sustainable financial inclusion of target beneficiaries.
- The volunteers could be provided with refresher training to be able to address their knowledge gaps in the area of financial literacy.
- Instead of animated videos, video with local actors could attract more community people to watch them.
- Some of the FGD beneficiaries were already member of MFI since a decade and they already have basic level of awareness on several aspects of financial literacy and they also have safe shelter to live, and hence, distinguishing such women beneficiaries and designing an advanced level of FLT package could be beneficial for them.
- It is recommended that this project revises its financial literacy training curriculum as well as the programs in line with NRB FL Framework, and closely coordinate with NRB to deliver the activities in integrated and collaborative manner.

Recommendation

- The MFI is perceived by community people as the financial institution only concerned with money transaction. But as a part of the social responsibility, their involvement in community activities for increasing financial inclusion helps to put MFIs on positive light and even after the project exits, the benefits can be sustainable.
- As this project capacitates and supports MFIs in developing and designing housing loans, apart from meeting the payment capacities, it is recommended that different facilities that the loan is offering - that are different from other loans - needs to be clearly communicated to the target beneficiaries.
- A session or additional program on different income generating activities or skill development could be added to the FLT package to encourage women to be financially independent and to capacitate them to utilize their savings wisely. This could be carried out in coordination with interested local governments, other organizations working in the are and MFIs.
- A market study in the project locations about available market opportunities for small-scale business and addition of skill development training for income generation designed on the basis of market study could contribute in sustenance of the financial empowerment of low-income women that this project has envisaged.
- A capacity building on business plan development for small-scale enterprise could also add value to the project component for replication in future. This could be done in partnership with Habitat Nepal, local government, MFI and other relevant stakeholders.

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- UNDP (2022). Human development report 2021-2022- Uncertain times, unsettled lives: Shaping our future in a transforming world

Annex

- Annex attached in separate folder.
- Annex includes:
  - Checklists
  - Information of the respondents
  - Pictures
  - Transcripts