

# MICROFINANCE AND FINANCIAL SUSTAINABILITY IN NEPAL: AN INTEGRATIVE APPROACH

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## **Abstract**

Impoverishment is the major problem in developing nations and whilst microfinance is often used as a tool to overcome problems associated with poverty, its effectiveness has been questioned and debated. Two different approaches to microfinance (for profit and not-for-profit) are also criticised in existing literature. The research addresses the question: how does an integrated approach to microfinance enhance the socio-economic sustainability of impoverished people in Nepal? Qualitative case studies were used to gather data collected through interviews with twenty clients, five social workers and five community members, focus group discussions and document analysis. The preliminary results are based on thematic analysis. Clients were impoverished people from a broad range of locations, both urban and rural, who were supported by an International Nepal Fellowship, a not-for-profit organisation set up to assist the Nepali people with health and development work.

This research paper acknowledges that lack of finance is not the only cause of impoverishment and that just giving money to impoverished people is not a solution to overcoming poverty. Poverty is multifaceted and requires a holistic approach, integrating finance with other support services, such as training, education and medical treatment, to overcome impoverishment. This paper presents research conducted on not-for-profit microfinance in Nepal, based on 20 case studies of clients, 5 Social workers and 5 Community members.

Findings showed that the integration of finance with training, education and medical treatment enhanced the capability of the impoverished clients interviewed, and contributed to enhancing their socio-economic status in terms of income, health and education. Whilst a costly approach, integrating microfinance with other services is effective in overcoming impoverishment.