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### Commission for Social Development

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**Follow-up to the World Summit for Social Development and  
the twenty-fourth special session of the General Assembly:  
priority theme: strategies for the eradication of poverty to  
achieve sustainable development for all**

### **Statement submitted by DHAN (Development of Humane Action) Foundation, a non-governmental organization in consultative status with the Economic and Social Council\***

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution [1996/31](#).

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\* The present statement is issued without formal editing.



## **Statement**

### **Social Capital for Sustainable and Inclusive Development**

#### **Introduction:**

This statement is about DHAN Foundation's more than two decades of development work in addressing poverty focussing on women. The strategies and their effectiveness in engendering sustainable and inclusive process of addressing poverty have been captured in this narrative. Poverty is a wide spread phenomenon in India with one third of its population being afflicted. Women, by far, bore the brunt of poverty, rather it is widely recognised as feminisation of poverty. This appalling state of affairs is the compelling rationale for DHAN Foundation to intervene. Taking note of the situation where women are disadvantaged, deprived and disorganised, DHAN Foundation formulated the strategy of organising the women in an institutional framework with the approach of building and strengthening the social capital through promotion of Self Help Groups (SHGs) of women and networking them as nested institutions. In other words, the social capital of women is conceived as foundation to initiate the multifaceted development interventions.

#### **Overview of the issues/situation analysis with reference to gender poverty**

Women by and large are in a state of deprivation, denial and suffer from several disadvantages. The social, financial economic exclusion is highly expressed among the poor women households with elevated level of marginalisation. Besides lack of access and control of assets, (physical and financial) denial/inability to access financial services have accentuated their situation of poverty. The denial of equity and inability to spot and use the opportunity for better livelihoods, neglect of health, health seeking behaviour, illiteracy with low level of education have led to state of despair. Two major problems - health expenditure and predatory lending practices with high usury have been reinforcing the poverty even if they are disposed to untether poverty. Usury mired them in debt trap. Women are discriminated against in realising their potential particularly in access and utilising the opportunities. These issues highlight the struggle for identity and dignity of women.

#### **Accomplishments:**

The intervention strategy of DHAN in building human resources and institutions resulting in vibrant, robust social capital which is fundamental game changer to address the multi-dimensional aspects of poverty among women. The social capital is organised on the principle of Self Help rooted in mutuality. Women have been organised as Self-Help Groups at the grassroots, each Self-Help Group with 15–20 women members, which are networked as Federations. Each federation comprises of 150–200 SHGs with individual members ranging from 3000–4000. SHGs and federations are nested institutions with the distinct processes and systems of governance. The institutional building process brought about active participation of women in development rather than being a passive part of it. This paid development dividends in terms of women in poverty emerging as leaders in their own right and building grassroots governance at SHGs and federation level. Confidence and self-esteem in their own ability to take control pace of development are growing. What is more, social capital started expanding organically with community contributions in terms of resources and setting the stage for scaling up to reach large numbers. Another significant fallout of this strong social capital of women has been the networking and the collaboration with mainstream institutions such as Governments, banks which were shunning them earlier, not to speak of the social harmony emerging as a quiet by product. Thus, building social capital has enabled the women in large numbers to

achieve social inclusion as against the marginalisation experienced before. Health and education neglected earlier or beyond the reach of women began to get due attention. SHG Federations have been emerging as civic institutions helping in providing access to healthcare and education focussed on life skills and vocational skills.

From the financial perspective, SHGs operating on the strength of mutuality emerged as a micro bank doing savings and credit among the members. As they conducted financial transactions on the institutional framework process and system, mainstream banks were attracted towards SHGs for credit linkage. Beyond credit SHGs are realising the full potential of linkage by accessing insurance, pension and digital payment services through the banking system thereby achieving holistic financial inclusion. Without the strength of the social capital and the chemistry, attendant scale, the large scale financial inclusion would not have been possible. More importantly, each of the SHGs and their federations has become financially sustainable through their financial transactions in all their financial services within the group and their linkage with the banks. In this process, several financial orthodoxies have been broken and several innovations in products and processes have been demonstrated to provide financial services to poor particularly women. The concept of cash credit (credit on tap) – uninterrupted supply of credit to women through the SHGs is a case in point. Even more significant is the emphatic statement that poor can and wants to save. It is a tribute to their habit of thrift and frugality that their own savings have funded more than 50% of the loans taken by the women of these SHGs.

The social capital of SHGs and federations have set the stage and provided the space to enhance the livelihoods of women, nay, created new opportunities for livelihoods and more so, scaling up. Besides individual/family based livelihoods - be it farm based or nonfarm based new window of opportunities emerged for women collectives to pursue common livelihood activities. The federation collective for livelihoods brought benefits of scale, reach and access to markets. Women farmers' producer organisations emerged from the federations raising their economic profile with continuity and sustainability. SHG Federations of women have become fulcrum for connecting the women members with common livelihood interests, provide the skill sets required and build their overall capacity to run their enterprises in the farm and nonfarm sector. The local economy where the SHG federations' collective for livelihoods exists experienced snow balling effect in making it vibrant and generating more employment potential, with each federation through their financial services and their livelihoods work provides local employment for more than 100 people.

### **Way forward:**

DHAN's work in addressing gender poverty with the strategy of building social capital, institutions at the grassroots, have led to women being able to participate (rather than receiving benefits) and take charge of the development process, though the resource profile of poor women being what it is, well structured and process intensive enabling intervention is necessary by an NGO or development agency. The challenges that one would face are finding committed professional human resources for the long-haul work, in other words bringing committed people and professionalising rather than finding a professional and making committed. Flexible financial resources are hard to come by, lately, to support innovations and novel ideas in development. There are no quick fixes or shortcuts and the need for organic way of progress cannot be over emphasised. The social capital is the public good and per se calls for acknowledgement first from development perspective and from there stems the investment to build such capital from public sources, rather it can't be confined to private space. It is DHAN's experience that a strong and vibrant social capital builds intrinsically, community resilience from social financial and

economical perspectives. On this foundation, long term sustainable development is reassured. Interestingly enough, the women of SHG have on their own accord have come forward to declare that they moved out of poverty and declared loud and clear in public forums. The federations of women emerged as assertive demand stream, being civic institutions taking charge of development in its holistic perspective touching upon health, education etc.

In fine, the social capital led development model lends itself for scaling up with resilience and long-term sustainability even as it engenders the three-dimensional development of social, financial and economic inclusion of women.

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