



THE SELF-HELP GROUP APPROACH IN AFGHANISTAN

REPORT PREPARED FOR PEOPLE IN NEED (PIN)

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ACRONYMS

AFN	Afghani / Official Currency of Afghanistan
CDC	Community Development Council
CF	Community Facilitator
CLA	Cluster Level Association
FGD	Focus Group Discussion
IDP	Internally Displaced Person
KIS	Kabul Informal Settlements
KNH	Kindernothilfe
MFI	Micro Finance Institution
NGO	Non-Governmental Organisation
PIN	People in Need
SHG	Self-Help Group
USD	Currency of the United States of America



Financed by the European Union



Self-Help Group members participating in vocational skills training

EXECUTIVE SUMMARY

This report offers an overview of how the Self-Help Group (SHG) approach has been used in the Afghan urban context, with a focus on its three main components – social development, economic development and institutional stability. The research was conducted in November/December 2017 commissioned by People In Need (PIN) to gain an understanding of how various approaches have been implemented and which have been most successful. The study covers the urban centres of Kabul, Herat, Mazar-e Sharif, and Jalalabad where the SHG concept has been rolled out by PIN or other relevant actors.

Self-Help Groups are voluntary (financial) saving associations comprised of a small homogenous group of people in a local community. The basic idea is for a small group of people to come together at regular intervals (weekly, bi-weekly or monthly) and to contribute a small amount of money collectively (for example 20, 50 or 100 AFN per person) to a communal fund. This money is kept in a saving box, recorded in a ledger and can be loaned out to members of the group with agreed upon conditions.

The central idea behind the Self-Help Group approach is to tackle poverty, enable social and economic empowerment and support the advancement of gender equality. One of the reasons that SHGs become effective in a broader geographical (regional/national) or socio-political sense, apart from their individual empowerment, is their embedding into a larger structure of clusters and federations. Afghan SHGs are in comparison to other countries relatively

un-connected: SHGs in both India and Bangladesh, for example, are regularly linked up furthermore with the general banking system and with Microfinance Institutions, as well as with governmental entities.

The Self-Help Group approach, if implemented with enough support during establishment and with a viable exit strategy in mind, is especially suited to support Afghan communities, especially women, in their social and economic development. One of the main characteristics that sets the SHG approach apart from other development approaches is the timeframe necessary to make Self-Help Groups sustainable. Many positive social impacts are visible in the first years of implementation, such as the development of group solidarity and social as well as economic networks that can support individuals and families. However, to guarantee the long-term sustainability of the Self-Help Groups, especially with scaling up in Clusters and Federations to have a broader civil society impact, a longer timeframe such as a 5–10-year time horizon, is desirable. While the time to establish the supportive structure and effect the overall change, does not fit neatly into the project-based, grant-dependent business models that most NGOs function under, it might be time to think in Afghanistan rather in these medium to long terms of development to achieve lasting changes rather than quick fixes.

Summary of key points of the report:

- The approach is **especially suited for women** to bring them into the work force with small businesses and to enable them to develop a social and economic network that can support their business development
- Establishment of SHGs **for men posed particular challenges**, reported by all organisations who tried to implement the approach with both genders. Men's availability and their general demands for higher financial inputs from the organisations, brings into question whether this approach should be implemented for men in Afghanistan. It seems that the approach can only be implemented with male participants if the organisations are not bringing up financial assistance at all in the first place, or if they are willing to accept financial imbalances between genders.
- Social networks of the SHGs **provide the flexibility and fall-back support** needed to develop businesses and provide resiliency through their development stages. When budding businesses face difficulties, they know that they can count on social and economic support of their SHG members, which gives them a safety network while taking their first steps.
- Cluster Level Associations offer an **opportunity for community engagement** in social and political issues. They are a **productive interface for local and regional politicians**, especially with the female population.

- **Development of sustainable SHGs takes time and sustained support**, especially in terms of training and supervision. The time-horizon for establishing not only SHGs, but also Clusters which can support the permanence and sustainability of SHGs, is much longer than most project cycles and lies with three years for SHGs and additional years with Clusters in a timeframe of rather 5–7 years.
- **Opinion on financial support of SHGs by organisations is split.** The supporters of a ‘pure’ approach suggest only giving training and in some cases material support, but no financial support, as this would perpetuate a hand-out culture that leads to dependencies. Supporters of giving loans or ‘top-ups’ maintain that this would enable a faster business development as the bigger revolving funds enable bigger loans. The decision for either approach might lie with the time horizon that an organisation chooses for pursuing the SHG approach.
- A developed **exit strategy** is a must to ensure that the SHGs are sustainable in the future. Most organisations saw a **combination of a structural embedding (in clusters and foundations) together with established market linkages** as the best option to ensure sustainability of the SHGs.
- Afghanistan has at present **no governmental structure to effectively deal or interface with SHGs.** Unlike other countries, which offer departments that deal with SHGs, Afghanistan lacks any national policy, guideline or department with contact persons to oversee, streamline or guide the process of SHG establishment. It would be advisable to lobby for the establish-

ment of a responsible unit in a department. An embedding of SHGs in the governmental structure brings the possible risk of a formalization in bureaucratic structures that can make the implementation inflexible. Instructively, governmental support was generally requested by organisations either in the function of giving initial guidance and information, or for the final hand-over of existing SHGs, Clusters and Federations, to offer a counterpart. Governmental support was not thought of as running, regulating, or limiting SHGs, but rather as a point of contact to provide information and a networking point for SHG implementers and SHGs themselves.

- Only some SHG implementing organisations had experiences with **Microfinance** Institutions and banks and most unequivocally saw it not as a viable option due to the practice within Microfinance to work with an added interest. However, recent developments within the Microfinance sector in Afghanistan and globally have seen the introduction of Islamic financing tools, which created a sub-sector of Islamic Microfinance. This sector offers, especially with the Murabaha sales transaction, a viable option to extend small budding businesses in a Shariah compliant way.



Meeting of a female Self-Help Group



Many income-generating projects, such as custom-made tailoring, are the outcome of the support of the Self-Help Groups

1. INTRODUCTION

1.1. Research Rationale

This report assesses the impact and effectiveness of the Self-Help Group (SHG) approach as used in the Afghan urban context, with a focus on its 3 main components – social development, economic development and institutional stability. The study aims to improve the understanding, and document the impact, of the Self-Help Groups (SHGs) approach in Afghanistan, to identify best practices as well as challenges in current SHG methodologies used by selected NGO facilitators. The ultimate goal is to provide practical recommendations to optimise the SHG approach's relevance and effectiveness. While the report was commissioned by People In Need (PIN) the intention is not to evaluate or review the performance of PIN or other actors individually, but to gain an understanding of how various approaches have been implemented and which have been most successful (or could be overall improved). The study covers urban centres where the SHG concept has been rolled out by PIN or other relevant actors, while taking into consideration the access and security situation. Therefore, the study focuses on the following cities – Kabul, Herat, Jalalabad, and Mazar-e-Sharif. The study was also designed to consider the different Afghan contexts in which the SHG approach could be applied, with modifications, such as IDP communities, female versus male SHGs, as well as the differences in urban and rural settings.

1.2. Definition of Self-Help Groups

The base concept of a Self-Help Group is relatively straightforward: establishing a voluntary (financial) saving association comprised of a small homogenous group of people in a local community. However, the reality of how the SHG approach is implemented and what this implementation entails, varies greatly among organisations.¹

From the economics perspective, the basic idea is for a small group of people to come together at regular intervals, such as weekly, bi-weekly or monthly. Each member contributes a small amount of money to a communal fund, for example 20, 50 or 100 AFN per person. This money is kept in a saving box, recorded in a ledger and can be loaned out to members of the group with agreed upon conditions. Most saving groups in Afghanistan handle the loans without charging any interest. The participants can build up with these loans small enterprises. However, much more than the mere financial function, it also enables participants to build up a socio-financial safety network, on which they can rely when experiencing social or economic difficulties.

Once the groups are established, Self-Help Groups can run by themselves in saving and accumu-

lating money, giving loans and collecting the money back. Trainings through organisations that established them enable continuous learning not only of aspects such as business development, and leadership, but also often of tangible skills that can be used in developing businesses. Whether skills will be taught such as through vocational skill trainings, or only enhanced through discussions on how to market them, depends on the organisations.

This organisational support suggests several dynamics that have the potential to contradict or undermine the intended purpose of the SHG. While SHGs are usually defined as small, homogenous affinity groups of people, formed to attain certain collective social and economic goals, in practice the groups might be more diverse in terms of ethnicity or socio-economic status. The idea behind homogenous groups is to create a platform in which people with similar needs can meet, exchange and find strategies to nurture a common goal of economic and social development. It should prevent building of hierarchical structures in which the more knowledgeable or better off dominate other group members. Diverse groups can play out in multiple ways with either 'stronger' group members manipulate or dominate the less financially literate, or on the contrary through stronger members supporting weaker members to develop their standing. However, within strongly diverse groups, it is up to the group dynamic and not the facilitator how the heterogeneity plays out. As the exam-

¹ See also for this from a theoretical perspective: Murria, Priyanka, and Satish Verma. "Microfinance through Self-Help Groups: A Thematic Perspective." *Productivity* 54, no. 3 (December 2013): 302-10.



Photo Jan Mirkvička

Organizations are offering training components to enhance already existing skills, such as tailoring.

ple of other heterogeneous characteristics shows, diversity must not always be a drawback, but can on the contrary help in the integration of IDPs and returnees. However, this might require more initial support by the organisation in setting up the SHG (see: 3.1.4. **Inclusion/Internally Displaced People and Returnees**).

Another aspect is the voluntary nature of the groups: while the groups are free associations of people who come together for a main purpose and who can leave at any time, this definition “fail(s) to describe the role played by Non Government Organisations (NGOs) in the formation, stabilisation, training and functioning of Self-Help Groups (SHGs).”² Organisations are usually not only responsible for defining the characteristics of who can join the group, but also for the structural parameters in which they function. Furthermore, most additional trainings that the group receives are given by the organisations that establish the SHGs.

1.3. SHG philosophy

Like in its physical structure, the overarching philosophy behind the SHG concept may seem straightforward on the surface but in its implementation we encounter a great deal of variety. The central idea behind the Self-Help Group approach is to tackle poverty, enable social and economic empowerment and support the advancement of gender equality. While all of these aspects played a role for the interview partners, each organisation stressed different foci

2 Murria/Verma, 2013, p. 304.

within these three areas as their main objective in their work.

Hand in Hand Afghanistan, for example, argues that SHGs are part of creating micro-enterprises at the individual, household and community levels, which contributes to economic growth at the further regional and national levels. This economic impact also has a gendered social impact, contributing to women's economic independence and social standing as household income contributors, leaders and community decision-makers".³ OP-Mercy describes how SHGs not only provide the poor section of society with a 'voice', but how their empowerment feeds into a "grass roots movement to empower Afghan women socially, economically and politically".⁴ Kindernothilfe (KNH)⁵ even frames it further in defining economic development and poverty alleviation through SHGs as a rights-based approach in which poverty is framed "as the denial of rights and poverty alleviation as a process of reclaiming one's right".⁶

All these differing definitions see an intertwining of economic development and social well-being of communities, that strengthens especially poor and vulnerable groups.

3 See: Hand in Hand Afghanistan, Annual Report 2016, p.11.

4 See: OP Mercy, Self Help Approach Report 11-2017, p. IV and V.

5 The approach of KNH is important here as they have supported other organisations in Afghanistan to establish SHGs and their SHG manual is used by many organisations as a guideline to start SHGs.

6 See: Self-Help Group Approach Manual, 2nd Edition, by Kindernothilfe, p. 7.

1.4. Structure

One of the reasons that SHGs become effective in a broader geographical (regional/national) or socio-political sense, apart from their individual empowerment, is their embedding into a larger structure of clusters and federations.

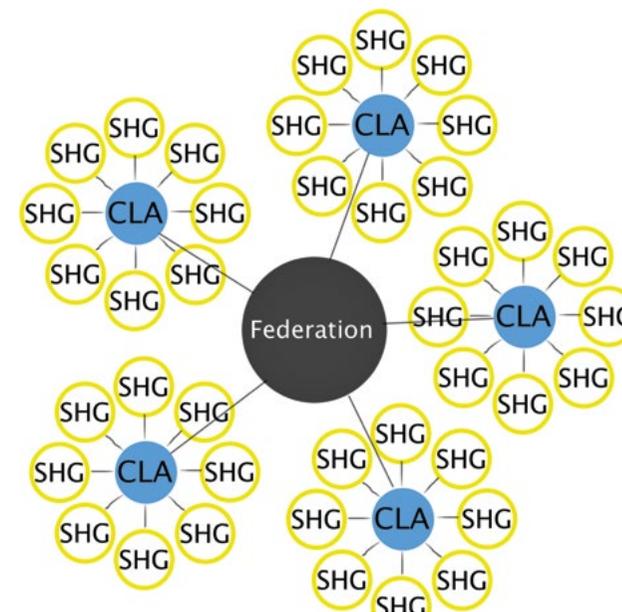
Once individual Self-Help Groups are established with the economic mechanisms and strong social support networks, several SHGs together can be formed into a cluster. Generally, 8–10 strong SHGs can come together into a Cluster Level Association (CLA) through selecting two members of each SHG to represent their group at the CLA. While the main economic focus of the Self-Help Groups is to enable saving as well as providing loans within the group, the focus of the CLA is to mobilise resources for the needs of the overall community from broader sources, including government and non-government organisations.⁷

The greater the number of SHGs, the more CLAs that can be formed. They in turn can come together on the Federation Level. While the CLAs are responsible to address the issues in a specific community, the goal of federations is to ensure "that the principles and features of the Self-Help Group approach are recognised and find their ways in local, regional, and national laws and policies".⁸ Like in most other countries, Afghanistan also legally registers federations in the government within the Ministry of Justice.⁹

7 KHN Self-Help Group Manual, p. 16.

8 KHN, p. 15.

9 Interviews, Hand in Hand (Mazar-e Sharif) and OP Mercy (Kabul).



Source: <http://aeerwanda.rw/stories-from-the-field/playground-or-bust/>

1.5. History of SHGs in Afghanistan

The introduction of the concept of Self-Help Groups can be traced back to the early post-2001 years in which international organisations began working in Afghanistan. KNH and OP-Mercy appear to be the pioneers of the concept (2002),¹⁰ with others following soon after (Afghan Aid 2004).¹¹ OP-Mercy has been instrumental in sharing its knowledge with other organisations and inspiring them over the years to start SHGs:

10 See: Self-Help Group Approach Manual, 2nd Edition, by Kindernothilfe, p. 7, Interview with OP Mercy, Kabul 2017.

11 Cramer, Sarah, Hervé Nicolle, and Nassim Majidi. "Self-Help Group Programme Evaluation." Kabul, Afghanistan: Samuel Hall, 2012.

“In 2002 a consultant came from India, Thomas Paul, and he introduced the concept of Self-Help Groups to international organisations. At that time, most country directors and managers who participated in the trainings told him that this is not possible here in Afghanistan. But at that time our organisation participated as well and we said, if it is working for other poor countries, it can work in Afghanistan, too. We were the first organisation to start Self-Help Groups here. The trainer for Self-Help Groups came from India and the first funding came from Germany. After a first month training for facilitators we started to work in the Karte Naw area in Kabul.” (Khalida, OP-Mercy)

While the formalisation of the SHG approach can be traced to inputs from India and Bangladesh, where most literature can be found,¹² saving groups have been an indigenous concept well known to many Afghans. Saving groups exist in some Afghan communities among extended families, where a monthly contribution is collected according to ability. The contribution can be either money or materials, such as tools for community use (including pots, crockery or bricks). The money can be requested

from members of the saving group for social occasions such as funerals, paying hospital bills or building community infrastructure, and will be repaid in agreed upon intervals to the group.

Therefore, while the overall concept of SHGs assisted by outside organisations and their extension to larger structures of associations and federations might be a novelty in Afghanistan post-2001, the general idea of saving groups and active social networks that support family and relatives in need have existed much longer and offer a foundation for the implementation of SHGs.

1.5. Differences to other countries

Self-Help Groups in other countries are often either linked up with the Microfinance sector, and/or with governmental entities. SHGs in both India and Bangladesh, for example, are regularly linked up with the general banking system and with Microfinance Institutions.¹³

SHGs in India for example¹⁴ are linked up with the government, and since 2000/01 included in the annual strategy of the government of India.¹⁵ This brings with it support and streamlining, though

also guidance in terms of the implementation of the SHGs. It is for example prohibited in Sri Lanka to give direct financial support to SHGs. The only support that is given to the SHGs is training and connectivity to the labour market. In Sri Lanka these SHGs have historically also been connected to cooperatives. This means that they don't only have their own savings within their groups, but they can also expect a share at the end of the year.¹⁶

Another difference to some other countries is Afghanistan's specific religious context. The SHG approach accommodates in many places the charging of interest, which can contribute to a better effectiveness of the functioning of the groups through a faster growing communal fund. However, most communities in Afghanistan reject the paying of interest as it is seen as un-Islamic. There are exceptions to this rule, as some groups decide themselves to levy a 'service fee' or give financial gifts as a 'thank you' gift to the group for enabling the success of their small business in the first place. However, most SHGs that were surveyed for this report refused a general, determined interest.

12 See for example: Seibel, Hans Dieter. "SHG Banking in India: The Evolution of a Rural Financial Innovation." *Cologne, Germany: University of Cologne, Development Research Center, 2005*; Shukla, O.P. "Impact of Self-Help Groups and Flow of Credit to Rural Sector in Uttar Pradesh." *Indian Journal of Agricultural Economics* 62, no. 3 (2007): 384; Patil, Sandeep, and Kiran Kokate. "Identifying Factors Governing Attitude of Rural Women towards Self-Help Groups Using Principal Component Analysis." *Journal of Rural Studies* 55 (2017): 157-67; Varman, Mahendra. "Impact of Self-Help Groups on Formal Banking Habits." *Economic and Political Weekly* 40, no. 17 (April 23, 2005): 1705-13.

13 See: Fernandez, Aloysius P. "History and Spread of the Self-Help Affinity Group Movement in India / The Role Played by IFAD." IFAD — International Fund for Agricultural Development, 2007. Accessed under: <https://www.ifad.org/documents/10180/35979b08-2323-487c-a6b6-320a3ddee34c>

14 See: "Self-Help Groups (SHGs) in India", accessed under: [http://www.ipekpp.com/kp/W%26G/Brief_Paper_SHG_Ethiopian_Delegation_\(3rd_Sept\)%5B1_new%5D.pdf](http://www.ipekpp.com/kp/W%26G/Brief_Paper_SHG_Ethiopian_Delegation_(3rd_Sept)%5B1_new%5D.pdf)

15 See: p. 8: <https://www.ifad.org/documents/10180/35979b08-2323-487c-a6b6-320a3ddee34c>.

16 Interview UN-Habitat, Kabul, December 2017.



Illiterate Self-Help Group members participate in the literacy training courses offered by organisations



Illiterate Self-Help Group members participate in the literacy training courses offered by organisations

2. METHODOLOGY

2.1. Desk Based Review

The study of the Self-Help Group approach began with a desk-based review of existing secondary literature. This review included academic sources, official reports, relevant governmental policy documents and strategies, published and unpublished studies, documentary sources, as well as the trends and developments of the indicators used in the programming of PIN and other stakeholders. The review of the internal documentation of PIN, such as project proposals, interim and final evaluation reports, interim narrative reports, M&E data and manuals provided an understanding of PIN's strategy and approach to the concept, which could then be contrasted with external documentation from other organisations. What emerged from the review was a framework which established a base for later data collection and analysis. It helped to fine-tune the methodological tools and the analytical framework for the survey, as well as show information gaps in the existing literature.

2.2. Primary Data Collection

2.2.1. Key Informant Interviews

Key informant interviews were critical in developing an in-depth understanding of the subject, and to offering contextual information. The conceptual framework, which was developed in the period of the desk-based review, provided a basis for the in-

terview guides. Key informant interviews were qualitative in nature, and semi-structured through the use of interview guides, which outlined topics and issues to be covered during the session (for Interview Guides see Appendix). The interviewer framed the actual questions during the course of the interview along the lines of the interview guide, but was free to follow up on any relevant issues as they arose during the interview. This flexibility allowed for the exploration of new ideas and issues that had not been anticipated but were relevant to the study, especially in the development of suggestions and recommendations. An investigator was able to carry out two or three interviews a day, depending on availability of the interviewees. Groups and individuals who qualified for the selection as key informants were:

- Humanitarian/Development Actors implementing the SHG approach in target cities such as programme and project managers, project administrators, SHG coordinators, SHG facilitators and community mobilisers
- CDCs, shuras and community leaders in communities in which SHGs were implemented
- Government Stakeholders in relevant ministries and corresponding regional departments¹⁷

¹⁷ Government stakeholders were reached out to as outlined in the study, for example in the Ministry of Finance and the Ministry of Justice. Unfortunately, as there is currently only selective cooperation in project parts but no overall embedding into any state structure for SHGs, no responsible person could be reached for comprehensive comments.

- Community Stakeholders such as community leaders, key members of SHGs, cluster led association leaders, federation led association leaders, etc. at the community level in each of the target cities
- Micro-credit/micro-finance institutions in Kabul as well as in the provinces
- Scholars and other experts on Microfinance and Islamic Finance

2.2.2. Focus Group Discussion (FGD)

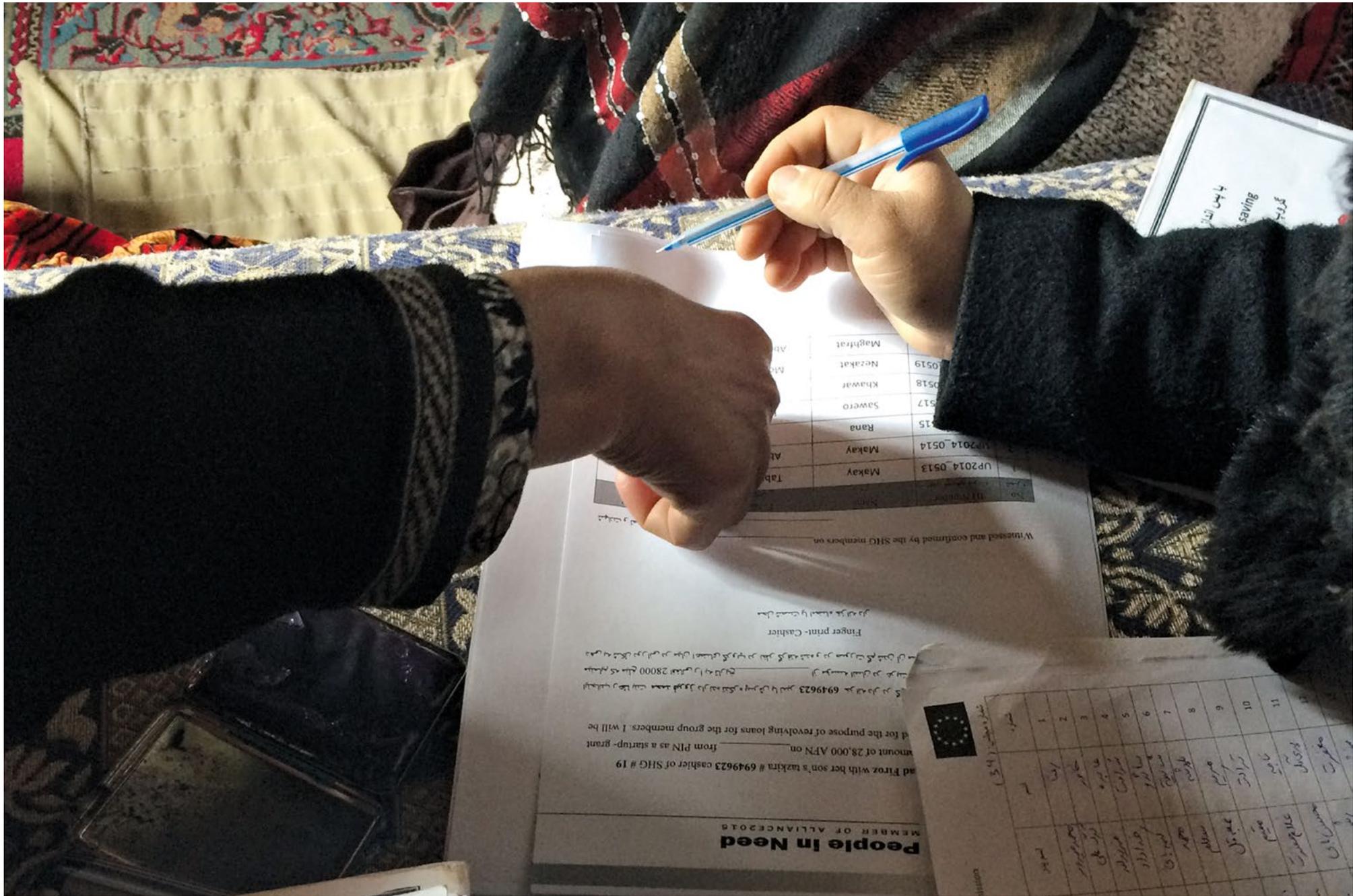
Focus Group Discussions typically involve 6–12 participants, with the ideal size being 7–8. Though, in practice, the number of Focus Group participants varied from 8 to 30, as the FGD were convened within the existing SHGs in familiar meeting places. Therefore, often more women were present than planned for. Ideally, participants should be matched as a homogenous group organised along lines of gender, age and social position. This allows for an atmosphere in which the participants feel free to exchange and express their genuine opinions. While ideally participants should not know each other beforehand, as social pressures can significantly skew study results, this was not possible in the SHG context given these groups were already established and members acquainted with each other. Instead, the Focus Groups functioned as an environment for reflection on what was already going well or could use improvement. A moderator, supported by a second person as note taker, led the focus groups.

The proposed format included focus groups with SHGs that were established by PIN (min. 15) and SHGs established by other actors (25), including both male and female SHGs (target ratio: 70/30 female/male). However, due to availability and access, the ratio between FGDs with PIN and other organisations offering SHGs was rather reversed with 27 FGDs through PIN and 11 additional FGDs with other actors (with 76/24 female/male ratio). The focus group discussions were conducted in different geographical areas pre-determined in consultation with PIN, to better understand the functionality of SHGs in varying socio-economic contexts. The research design also included SHGs at different stages of development (newly created, stabilised, and SHGs linked up with clusters and/or federations).

The Focus groups were recorded and later on translated and transcribed. The note taking functioned as markers for who spoke when and to retain an overview of the discussion. The questions for the focus groups were organised as to have main questions and possible follow-up questions. The questions were designed to be fewer than in the KII as more participants were answering them and it is desirable for the focus group not to exceed a maximum of two hours. Furthermore, it was hoped that the focus group questions would be simple enough for everyone to participate, but engaging enough to foster meaningful discussion and reflection among participants.

2.3. Limitations and Problems

- **Size of FGD:** Size of FGDs exceeded the envisioned numbers as the FGDs were convened within the existing SHGs in familiar meeting places. Therefore, often more women were present than planned for. While smaller FGDs are advisable to integrate all participants into the discussion, women kept arriving and calling each other to participate, usually in the female FGDs.
- **Pre-Knowledge:** Usually, FGDs are used in groups of people who do not know each other beforehand. In this research, however, Focus Groups were used to research pre-existing groups such as the Self-Help Groups. Therefore, Focus Groups functioned rather as an environment for reflection on what is already going well or could use improvement, rather than an anonymous discussion space.
- **Presence of Facilitators:** In most FGDs, facilitators, who are the organisational contact point to the SHGs, were present. This coloured participants' responses in the hope of garnering further support from the organisation, as evidenced in statements that expressed hope for continuing financial support.
- **Rural/Urban:** Some Organisations that were interviewed were running SHGs, but only in rural areas. Their experience was taken into account to contrast the information, where applicable, to urban SHGs and to understand differing constraints between these two settings.



Learning book keeping enables the groups to track their progress and to keep members accountable



The groups are also knowledge hubs in which the women can learn from the trainers and from each other how to build up small enterprises

3. EVALUATION / DAC CRITERIA

The study applied the DAC criteria¹⁸ for the development of the research framework and the different questionnaires,¹⁹ as well as the evaluation of the findings. The five evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability) were developed by the Organisation for Economic Co-operation and Development (OECD). They have been one of the most widely adopted criteria used for aid evaluation by international non-governmental organisations (INGOs) as well as by most bilateral and multilateral donor agencies.²⁰

3.1. Relevance

The criterion of relevance measures “the extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor”.²¹

The questions in this part focus on accessing whether the activities and outputs of the approach are consistent with the overall goal and the attainment of its objectives, as well as with the intended impacts and effects.

18 For a critique of the criteria and suggestions for further development, see: Chianca, Tomaz, *The OECD/DAC Criteria for International Development Evaluations: An Assessment and Ideas for Improvement*, accessed at: <http://evaluation.wmich.edu/jmde/>

19 See: Appendix Questionnaires

20 See: Chianca, p.41.

21 See: <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

3.1.1. Consistency/Relevance

Most organisations interviewed for this research saw the Self-Help Group approach as a way to affect social change through economic development. They described the idea behind the Self-Help Group approach as tackling poverty, enabling social and economic empowerment and supporting the advancement of gender equality. In their own words:

“We work in three sectors, namely women’s empowerment, humanitarian response, and advocacy. Our main objectives are the development of resilience, gender work, and social as well as economic empowerment. The SHG approach officially falls under the economic empowerment, but it is of course connected with these other goals.”

ORG. K., HERAT, INTERVIEW

This is similarly described in the Self-Help Group manuals and reports, in which economic impact is linked with a gendered social impact, contributing “directly to improving women’s economic independence and social standing as household income contributors, leaders and community decision-makers”.²² For some organisations, however, the focus that is perceived by their implementers might be initially only the economic impact while gender issues emerge as a by-product rather than the initial priority:

22 See: Hand in Hand Afghanistan, Annual Report 2016, p.11.

“Our colleagues might not have seen it immediately like this, but actually, this project is about empowerment. Not only economic. Often, the women in the group only talk about their businesses, but it comes out that women with this independence can often address many other social issues, such as for example gender-based violence (GBV). Once they are mobilised, they can address these other issues, too.”

ORG. H., INTERVIEW, KABUL

While all of the surveyed organisations focus on economic development of the poorest of the poor communities with an inclusive and sometimes exclusive focus on gender development and women, PIN’s approach is unique in that they not only view the SHG approach in terms of socio-economic empowerment, but apply it to “contribute to the sustainable economic and social integration of uprooted people and host communities in Afghan urban informal settlements”.²³ While other organisations focus on poverty and gender, PIN has added another intersectional category with the aim of using the SHG as an integration tool between different groups in an urban community.

The common thread throughout these differing definitions see an intertwining of economic development and social well-being of communities, that strengthens particularly poor and vulnerable groups. The interviewed organisations stated near unanimously that their focus were especially poor communities.

23 See: PIN internal documentation, project application.

While organisations varied in strictness concerning the economic background and selection criteria of beneficiaries (see 3.1.5. for a discussion of exceptions), all but one saw the Self-Help Group approach as a way to affect both economic and social advancement for poor communities. The one organisation, which had abandoned the approach altogether was pessimistic about the use of Self-Help Groups in the work with very poor communities, at least for short to medium-term outcomes:

“You have to work with them for at least 2 years to make this work. We work with the poorest communities in Afghanistan and I don’t believe in the Self-Help Group approach anymore. It is very difficult to wait that long, to be told that maybe after 2 or 3 years you will have something for them. Their need is to have money for the short term.”

ORG. B., HERAT, INTERVIEW

It needs to be added that this organisation attempted to establish SHGs within a (too) short a time frame of only 6 months without any additional financial incentives. They implemented the approach only with support of trainings, but saw SHGs discontinue their work once the organisation pulled out. As discussed in part 3.2.2., time is of essence for a successful implementation.

Almost all organisations stressed that their focus was poor or even the poorest of the poor in communities. However, most also had an intersectional focus on working with women, and felt the approach was well suited for women in Afghanistan. Rationales

for working with women ranged from economic to social or even political justifications. Economically, one of the main arguments for working with women was that they are an untapped work force and a more reliable target group.

“Women are dependent on a single source of income, which they access through these groups. Men are not satisfied with this. They want to have more income from different sources. Some of them leave the group to go to Iran, Pakistan, or western countries, some come to the city to search for another job. That’s why they don’t focus a lot on these groups like women do.”

ORG. E., JALALABAD, INTERVIEW

Socially, organisations described Self-Help Groups as powerful vehicles of change for women that developed their spatial mobility and social capital:

“In the beginning stage we were facing many challenges. The women of the villages were not allowed to visit us, even with our female staff, because of the traditional culture in the areas where we work. After some time, in which they got to know the concept of the program, they changed. They came together, they listened to the objective of our program. Now they freely contact us and come to our office. Even our male staff goes to these areas, and the female members of the groups visit us. From this perspective, there is a huge difference that we can perceive.”

ORG. E., JALALABAD, INTERVIEW

“We had a ratio of 60% female and 40% male SHGs. We found that the women were more attentive to the groups and the overall idea. This might be due to female nature, but they also benefitted a lot from the participation in the SHGs. Through the SHGs the women could develop their own networks. This is traditionally more limited for women in Afghanistan as compared to men who can more easily go out and connect to other people and markets. In the SHGs the women have a hub, and they can draw on that in their development of their own network”

ORG. I., KABUL, INTERVIEW

Furthermore, the Self-Help Groups were seen as a path to political empowerment. At the stage of development where women were not only active in Self-Help Groups, but also in Clusters or Federations, they were in a position to advocate for areas or for whole sections of the population. These groups were described by the implementers as doorways into community development in which the groups themselves decided which aspects were lacking in their communities and got engaged in a kind of civil society:

“There are many changes in the lives of women. If you now go, the women have voices in their houses, they have improved economically. At first it was important to save 20 Afghani, now they have 5000 dollars in their saving boxes, which they are using for businesses. In many communities they provided water for their communities. In other communities, like in Mazar-e Sharif, where women brought water into their dry communities, they brought

3 water pumps, and other women heard about it and wondered how women could do this. They then also individually came together and also got water in their own community.” **ORG. A., KABUL**

“We start in the SHG, but we carry it on into the Cluster Level Association. That is important because they represent a lot of families in one Cluster. At the time when there is an election, for example, politicians are keen to get their votes, and the Clusters are in a good position to bargain for water supplies or for other things and services in their community.” **ORG. H., KABUL, INTERVIEW**

Some organisations solely focused on women in the establishment of SHGs, befitting their focus on women’s empowerment. Other organisations, however, followed a holistic approach in attempting to offer SHGs for both men and women:

“We also have programs with the men. Unless you don’t change the attitudes of men you cannot change the attitude within the family...Without facilitation with the men and elders, women can’t be reached.” **ORG. K., HERAT, INTERVIEW**

Establishment of SHGs for men posed particular challenges, reported by all organisations who tried to implement the approach with both genders, and visible in most FGDs countrywide with male SHGs. Men demanded more money from the organisation to start their businesses as a top up to their own revolving fund. Notably, most organisations who solely worked

with women did not offer financial support for their SHGs, while all organisations working with both male and female SHGs had opted for giving a monetary or material incentive for starting businesses. Many social organisers complained that the male groups were more difficult to supervise as their meeting schedule was usually after work hours, and therefore also after their own organisations’ work hours.²⁴

Men’s availability and their general demands for higher financial inputs from the organisations, brings into question whether this approach should be implemented for men in Afghanistan. It seems that the approach can only be implemented with male participants if the organisations are willing to offer financial incentives, in some cases possibly higher than for female participants. The approach therefore seems to be better suited for women to bring them into the work force with small businesses and to enable them to develop a social and economic network that can support their business development.

Despite these difficulties and short falls, most organisations integrated the SHG approach seamlessly into their overall portfolio and saw it as a relevant tool to support communities in Afghanistan.

3.1.2. Needs Assessment

In terms of needs assessments, it is important to be mindful of the fact that most organisations are funded through project cycles and therefore respond to call for proposals from funding agencies. Geographical areas where they decide to work, are

24 As opposed to the women who meet during the day when social facilitators can easily join the meetings and support the groups.

therefore often influenced by the funding agencies’ interest to work in a certain geographical location of the country combined with where the security situation is deemed adequately secure. Only a couple of organisations that were interviewed for this research, had communities in mind in which they had worked previously and where they faced needs which led the organisation to adopt the SHG approach. This reverse approach does not mean that the SHG approach would not reach the neediest parts of a given community, but only that the choice of community in the first place might be influenced by these parameters.

Most organisations conducted vulnerability and/or poverty assessments in the areas where they had chosen to work to decide which parts of the community to focus on. The needs assessment can be conducted with simple indicators or through multiple-stage assessments. An example for a cost-effective and participatory assessment is described in this interview:

“We introduce ourselves and say that we have something to say about issues on women, but we do not explain the concept. We only ask them to come and participate. We target one house, where all women can come together. The next day we have one exercise: we ask, who is poor in your community. Then the women themselves say, ‘she is really poor’ and then this woman again introduces another woman, for example saying ‘she has many children and she is living in a poor house’. We draw three circles. Rich, middle, poor. And

we encourage them to select, into which of these three circles to put her. We continue to do this and that's how we catch the very poor women. We are not allowed to say, you seem poor. The people in the community just introduce them by themselves. On this day, we just say 'thank you very much' and we take the name of the poorest women. For the others we just say thank you for your participation." **ORG. A., KABUL INTERVIEW**

Other organisations apply multiple-stage assessments, including data-sourcing from third organisations and ranking community members according to their vulnerability or resilience. Some used a Participatory Vulnerability Community Assessment (PWCA),²⁵ combined with additional questions regarding their communities. Others base it on available community information and add an additional assessment of all identified possible communities and participants:

"Initial data was received from UN-Habitat. Based on that, before applying for the project we did an assessment where there was supposedly being hidden IDPs and uprooted people. After the project was approved by the donor there was another assessment in 40 CDCs in each city. The criterion was mainly the resilience score, based on the resilience index. We focused on the area with the most

vulnerable people, who don't have income earners, or have disabled people, or who were not engaged before with other organisations, plus having a low resilience. Out of 40 CDCs, 20 were selected." **ORG. J., MAZAR-E SHARIF, INTERVIEW**

The majority of organisations approached a specific local community through the community assembly (shura) or Community Development Council, CDC²⁶:

"We target and work with families that have widows, orphans, disabled, or families that were displaced. We made agreements in the project between the organisers, the community and the shura. We sit together and developed the agreement with them. The main aspect is that we selected vulnerable members of the community through shura members, the community and our project staff." **ORG. E., JALALABAD, INTERVIEW**

If this committee signalled willingness to let the organisation work in a certain place with the community, then the organisations proceeded to assess it. Economic as well as social empowerment was seen by all organisations as a desirable goal, which any community would like to attain. Ultimately, the areas that were assessed were the ones in which local shuras or CDCs gave their consent, and not based on an entirely objective needs assessment.

The need for the development of new economic income strategies and social empowerment were seen as a given, with the main requirement to identify the community members most in need. However, most organisations stressed that equally important as vulnerability and poverty assessments were market assessments to tailor the project according to the local and regional demands:

"If you want to do a livelihood project, you should start with a market assessment, otherwise you are imposing vocations for which there might be no demand. We started with that, although the market assessment confirmed what we already had in the proposal, with a couple more. Then we approached groups to see whether the women had already some skills and what their interests were. Most groups wanted tailoring, and we tried to tell them that we can't all do tailoring. One of the skills that the women were very interested in was knitting, but in the market assessment it showed that there was no demand. So we did a few of those, but they were only for household consumption."

ORG. L., KABUL, INTERVIEW

"Then two or three members among the 8 or 10 have some ideas to invest, for example in bakery, poultry, livestock. They actually need an assessment what actually are the needs and what the people of this village want. Based on needs, wants and demands of this specific village they start to invest in these ideas and we help them with that."

ORG. C., MAZAR-E SHARIF, INTERVIEW

25 See for example: Action Aid, Field Guide for Participatory Vulnerability Assessment/A step by step guide for field staff. Accessed at: https://www.actionaid.org.uk/sites/default/files/doc_lib/108_1_participatory_vulnerability_analysis_guide.pdf

26 CDC stands for Community Development Council. A body set up initially by the National Solidarity Program (NSP) of the Ministry of Rural Rehabilitation and Development (MRRD). The advantages and drawbacks of this approach are discussed in Part 3.2.1, see: Effectiveness, Outside Impact.

Overall, the communities responded positively during all FGDs concerning the economic and social impact of the SHGs in their families and communities (see 3.5. Impact). Some of the responses show how especially poor communities have a need for a collateral that enables them to take loans that they otherwise might not be able to take. Respondents especially stressed that they felt alone and stressed about their economic situation prior to joining the SHGs:

“Our needs are communicated through consultation. For example, if we have problems we come together and based on consulting each other we resolve it. Before getting involved with SHGs, we were alone and stressed about problems; now it is different. We want to improve our economic situation through these loans. Our needs have not changed much except for the fact that the SHGs helps us resolve our problems instantaneously. For example, if there is an urgent sickness in the family, we can come to these groups and ask for a loan. If we don't have money and try to get a loan from other individuals, they won't give us any money. But with the SHG we have a sense of being stable.” **FEMALE FGD, KABUL**

Some organisations pointed out that needs also had a gendered nature: men usually already have jobs or vocations, while women are mostly involved in household chores. Their expectations towards (additional) income generating activities vary, depending on their own experiences as well as societal expectations towards men or women to provide for their household:



Photo Jan Mkviciča

The record books show how much money was paid into the books in the regular meetings and how many loans were taken by the members

“The actual demand and expectations from men and women are different. Men’s expectation is to have a higher amount of capital with which they should start the business. But with women that is not the case. Even if they only have 5000 or 4000 Afghani, and they buy a tailoring machine, they start their activities. But the requirement of men is to have a car, or a taxi, or a shop to start their business, which requires a bigger amount of money. The concept as we are currently assessing it, is more relevant to women. Women are not very involved in business development so far, and they don’t go out much yet. This is what SHGs can change.” **ORG. J., MAZAR-E SHARIF, INTERVIEW**

Especially women with a vulnerable background, such as orphaned²⁷ woman, expressed gratitude for the SHG supporting their individual needs that were not attended to previously:

“I am a member of this group, and I have also attended literacy classes. My father died, I have no brother, and I support my family alone, my three sisters and my mother. I took a loan from the box, and I support them through tailoring. I’m thankful for this opportunity. With some clothing I can make 1000, 2000 or even 3000 Afghani. In a month it’s maybe 10,000 or 12,000 Afghani. This helps us where there was no assistance before.” **FEMALE FGD, JALALABAD**

Some FGD participants pointed out bigger issues that were not addressed, such as schools or clinics. However, the long-term vision of the SHGs (Clusters, etc.) would be able to address these more structural needs in the community through lobbying for them (see **3.4.3. On Clusters and Federations**).

One indicator of whether the SHG approach is of relevance to a community and suits their needs is whether members have left and how many SHGs have dissolved after their initial establishment. Most of the SHGs that were surveyed in this report have been stable since their establishment, with no member leaving the group. A minority of organisations reported the collapse of SHGs:

“We faced a lot of problems in this one area. There was tension between different families. Due to their own tensions some group members came to participate and others didn’t come. That’s why we decided to finish this group. We have also sometimes experienced that people join groups, but due to some problems, they have to move and we had to finish the group. It’s not to say that all groups run well. We also faced problems in different areas.”

ORG. E., JALALABAD, INTERVIEW

These examples, however, were the exception. Most SHGs seemed to be running well once they were accepted and established within the community, which might also be due to the tireless work of the engaged social workers and community facilitators:

“Sometimes when women join later on, then they don’t understand what the rationale of the group is. They don’t understand the reason for the group and how saving works. But we are social workers, so we go repeatedly to give them training. This is a big problem for us. This happens a lot to us. People have their own homes, but they move. Many people live in rented homes, when the time is finished of their contracts they move and leave the area. Therefore, they also leave the groups.

FEMALE FACILITATOR, JALALABAD

The examples of group inconsistency that were given by facilitators or even within the FGDs were usually due to people’s decision to move to another part of the city or to move from one city to another. Though they did not indicate disagreement within the communities about the general establishment of the SHGs. Only one SHG reported that they had replaced members with other participants because the latter were not able to pay back their loans and had taken advantage of the Self-Help Group.

3.1.3. Comparison of Alternatives

The ability of Self-Help Groups to reach and empower poor segments of the Afghan society is unique in that it helps them to establish and strengthen interdependent communities of trust which can also be converted into collateral. Asked for alternatives to this approach in accessing loans, participants unilaterally answered that loans from banks would take interest, which they judged un-Islamic. Alternatives such as Microfinance loans were either not well known in the community (for

27 In Afghanistan, children who have lost one of their parents are considered orphaned.

an exploration of this option, see 3.4. Sustainability) or judged to be equally un-Islamic as other banking options.

In the absence of any viable alternatives for Afghans to access interest-free loans, it has to be pointed out that saving groups have been an indigenous concept well known to many Afghans. As mentioned in the introduction, saving groups have a long history in Afghanistan, where extended families pool resources — monetary as well as material — for the benefit of the community. The money can be used for a variety of purposes, from funding weddings to covering emergency medical expenses to providing loans for small business ventures.

“The group in my family meets twice per month. In the meeting they decide together on the loan issues. Each loan is for the individual group members, not family units. Both men and women can take loans. The group mostly gives loans between 6000 to 15000 AFN. The repayment is in instalments, for instance 500 or 1000 AFN per week. Mostly people get loans for their medical treatment, purchasing new machines in their shops or to start a small business like selling credit cards.”²⁸

These culturally-embedded groups offer a pre-existing foundation upon which the SHG concept, and its Cluster and Federations extensions, can be grafted. The limitations of indigenous structures — servicing only extended family members — provides an area of opportunity. The Self-Help Group approach is much

vaster in its scope in that it reaches people from different ethnic groups and builds social networks of trust between them, which also offer financial safety networks. The existence of saving groups in traditional Afghan frame of reference underscores that it is a concept that is acceptable to the Afghan context, and, as other acceptable alternatives are lacking, clearly needed.

3.1.4. Inclusion/Internally Displaced People and Returnees

One aspect for assessing whether SHGs can be a meaningful tool of economic and social intervention in the urban Afghan context, is the question on how the approach is affected by the inclusion of IDPs and returnees. According to the Internal Displacement Monitoring Centre, 75% of all Afghans have experienced displacement at least once in their lifetime, with 400 Afghans on average per day leaving their homes since 2006,²⁹ and with a current estimate of more than 1,553,000 IDPs in Afghanistan, out of which more than 653,000 were displaced in 2016 alone.³⁰

The findings of this report show regional differences in terms of internal migration and returnee experiences. While all cities in this study are marked by internal migration from provinces into the provincial centres and into Kabul, the capital’s pattern is markedly different from other areas due to its specific intertwining of politics and aid.

29 See: Internal Displacement Monitoring Centre (IDMC): “Afghanistan/ Durable solutions far from reach amid escalating conflict”.

30 Both numbers: <http://www.internal-displacement.org/countries/afghanistan>.

According to the UNHCR, Kabul alone has 51 recognised IDP camps or Kabul Informal Settlements (KIS). The KIS houses over 7,892 families³¹ on a mixture of privately and government-owned land.³² The people living in these informal settlements are classified as a mixture of IDPs and returnees.³³ While a number of IDPs “have resettled with friends or families”³⁴ and are therefore not present in official counts. The KIS receives support from different aid agencies targeting a variety of needs. While this support was necessary at the initial emergency stages of needs it has now turned in many of the camps into an aid dependency, reflected in an attitudinal change in the inhabitants. The expectation of aid from outside has led some of the interviewed organisations to shun work with them:

“This is one of the biggest problem that we face, that the people get support from all sides, hand-outs. The first thing they ask is what they’ll get from us. That’s the hardest part, when we say that

31 See: Kabul Informal Settlement (KIS) Winter Needs Assessment November 2015, accessed under: <https://reliefweb.int/report/afghanistan/kabul-informal-settlement-kis-winter-needs-assessment-november-2015-final-report>

32 Governmental includes hereby municipally and ministerially owned land.

33 See: UNHCR “returnees”: <http://www.unhcr.org/pages/49c3646c1ca.html>, also: IRIN 2008, AFGHANISTAN: Returnees may become refugees again — ministry: <http://www.irinnews.org/report/78822/afghanistan-returnees-may-become-refugees-again-ministry>; IRIN 2012, AFGHANISTAN: Towards more sustainable solutions for returnees: <http://www.irinnews.org/report/94965/afghanistan-towards-more-sustainable-solutions-for-returnees>.

34 <http://www.internal-displacement.org/assets/library/Asia/Afghanistan/pdf/Afghanistan+July+2003.pdf>

we will support them but not with money or presents. That's why it's called Self-Help Group. In Kabul, there are for example the Informal Settlements and there you have winterisation,³⁵ there's always something. There we tried (to work) without success. They said they wouldn't gain anything from it, they wanted a minimum of money from us. So, we decided not to work there. Everything is voluntary, but to participate means that you need to come to the meetings and to give a certain amount. That is new for the staff as well. They also say that maybe it would be easier to make Self-Help Groups when we would offer each one of them a sack of rice.³⁶ But as I said, it's a no go."

ORG. H., KABUL, INTERVIEW

This statement was mirrored by other Kabul-based organisations who argued that the SHG approach generally would not be problematic in application with mixed host and migrant communities, however, not possible within the KIS. The reason for this seems to be more closely connected to the culture of aid and 'handouts' fostered by the comparatively higher density of Kabul-based aid agencies than by the phenomenon of IDPs or returnees themselves.

35 Many aid organisations have participated post-2011 in so-called winterisation programs, in which inhabitants of the KIS were equipped with material to better withstand the winter time, after an especially harsh winter 2011 in which several children died in the camps.

36 The sack of rice refers to a common practice among aid agencies to 'pay' participants for coming to workshops with food or other items.

In other provinces, the presence of IDPs and returnees within the communities, who were participants in the SHGs, was not seen as problematic. The numbers were described as comparatively low and therefore the host communities were able to absorb the arrivals easier into the existing social structures:

"IDPs and returnees are not a real problem. There are not that many. When they come, they can get integrated. And then they stay. Even if they leave the group, they can still have contact with each other. We told them that they can still come, even if they are in another place. They can have contact with their old SHGs." FEMALE FACILITATOR, MAZAR-ESHARIF

Sometimes the establishment of these mixed IDP/host community groups takes more effort than establishing other groups, as one SHG coordinator explains: "the target is the integration of IDPs into the host community, to bring them both together. In Gulbahaar they said that they don't support this because these people were not from their area. It took two to three visits and talks with the host community to persuade them." (Herat, Interview). A case study from Herat illustrates the impact of SHGs in the life of an IDP family and their integration into the local host community:

Example of Integration, Herat

*Shugufa*³⁷ has come 12 years earlier from Robat Sangi, western Province, to Herat city. Her husband is a driver, but the money he earns is not enough

37 Name Changed

to feed the family. So Shugufa started a home business of her own. She makes flower decorations for the home, for weddings and birthdays. Bit by bit, the whole family became involved. Her father brings the material from a town close to the Afghan-Pakistani border, Shugufa manufactures at home, and sometimes even with the help of her daughter and husband. The products get sold from her house directly, as well as through shops in Herat and in Kabul. The amounts that she makes vary, depending on the items sold and the market: customers in Kabul pay more than in Herat. The same item that might bring 150–300 AFN in Herat could sell in Kabul for 400–600 AFN. Shugufa estimates that she usually makes 2000 AFN surplus per month. The money gets shared in the family for expenses such as school needs of the children. This home business was made possible by Shugufa's participation in a local Self-Help Group. While an initial small loan established Shugufa's capacity to buy the material to start the business, consecutive loans keep the business going and stable in the face of financial fluctuations. Furthermore, the group is mixed between IDPs and host community. The cashier is a woman who is the head of the female CDC in the area, from the host community, while Shugufa and her family have found support and connection through participation in the Self-Help Group.

On both ends of the country, Herat and Jalalabad respectively, the issue of internally displaced populations is eclipsed by the experience of returnees from Iran and Pakistan. However, issues of

whether and how to integrate the returnees into the SHGs varied by the various organisations. Some organisations made their work with IDPs and returnees dependent on their general beneficiary criteria. They included IDPs and returnees when they fit the standardized selection criteria that were set for the project, however, these groups were not specifically targeted for recruitment. Most facilitators pointed out that the returnees especially come back to Afghanistan either with better financial backing or with already more refined skill sets. Their socio-economic status positioned them better to establish businesses in the new place, however, they still often lacked the backing of social networks that their host community could draw on more easily. Some highlighted that the returnees from Iran were not in need of Vocational trainings, due to their education abroad, but they needed loans and the embedding into the social structure. Their needs therefore differ from the host communities.

However, visiting several SHGs during the FGDs in Jalalabad and Herat showed that the integration of IDPs and returnees into the host communities worked well and was supported by the establishment of SHGs. While movement might fluctuate in other countries more strongly among IDPs and migrants, the migration flow within the cities seem to support a more stable migration pattern in which, after initial movement, a family remains in the same place for prolonged periods of time. Most SHG members who had migrated are not to be considered as short-term displaced; they rather looked to settle in the urban setting more permanently as they did not see a chance

to safely return to their place of origin in the short-to-medium term. This outlook enables their participation in SHGs as normal members, who can contribute just as any other member.

“Based on our assessments, the main factors are security, employment and access to services. That means, if they come from the rural areas in Herat to the urban areas, most of them say that they will stay in the city, because they want to have access to better services, they want to be secure and have access to employment. Initially, the idea was somehow different towards IDPs, that’s why we are focusing on integration. They thought that they are just coming for 3–4 years and they will be going back. But they are not going back. The idea of the project is that these IDPs are now living in this city and they should be considered as Herati people. It was the idea initially to have mixed groups so they can get to know each other. The services they provide are now visible and they meet each other, so that people can see that they are bringing something positive to the community and they are not only a burden. They can bring skills, products, services.” **ORG. J., MAZAR-E SHARIF, INTERVIEW**

While the movement pattern does not seem to harm the establishment of mixed IDP/host community groups, the groups conversely enable the IDP families to establish social connections to their new surrounding community. This offers them stability and a support network, which they otherwise would have lacked:

“There are some IDPs in our group, with people who came from other districts or provinces. I came from Kunar, where the situation wasn’t good. There was fighting between ANA and the Taliban. I came 2 years ago with my younger brother. I started studying at university here. Before coming I didn’t know anyone in Jalalabad city. But now I know the group and we support each other.”

MALE FGD, JALALABAD

Overall, only one organisation in this study has used the SHG approach to not only address questions of poverty and gender, but also of migration directly. The findings from the mixed groups consisting of IDP/returnee populations and permanent residents are encouraging and show how the approach can be used as an integrative tool. While the establishment of mixed IDP/host community groups sometimes took more effort initially, the outcome shows viable social and economic support networks and integration between both groups.

3.1.5. National Policies and Government Structure

Afghanistan has at present no governmental structure to effectively deal or interface with SHGs. Unlike other countries, which offer policies and guidelines to deal with Self-Help Groups, Afghanistan lacks any national policy, guideline or department with contact persons to oversee, streamline or guide the process of SHG establishment. Organisations complained about this lack as it would support the sustainability of existing SHGs after the pull-out of an organisation:

“Usually, we always do an official handover to a government ministry or government body to make sure that the program is sustainable and will be maintained in the future. We have partnerships with the government and line ministries. But in Afghanistan, there is no department and no entity to take this offer. We lack a structure to deal with this. We wanted to add it in a governmental ministry, but there was no interest from their side.”

ORG. I., KABUL, INTERVIEW

“The SHGs are a new concept. It would be great if we had some governmental institution, where they would have some sectorial meeting with the NGOs at the central or provincial level. Or if they could provide some materials for running or sustaining SHGs, that would be great, too. This would also mean that after the project is finished, there should be at least the government that they can rely on. If they need something or they want some consultation, if they want to be linked with Microfinance Institutions, if they want literacy courses, there should be a government channel through which they can access such services. This could be the main goal of the government, to support the SHGs’ sustainability.”

ORG. J., MAZAR-E SHARIF, INTERVIEW

While there seems to be no overall strategy within the Afghan government concerning the integration of SHGs, there are several government policies that apply to parts and aspects of the SHG implementation, such as the Afghanistan Nation-

al Development Strategy for 2008–2013,³⁸ the National Action Plan for the Women of Afghanistan 2007–2017,³⁹ and the Afghanistan’s National Action Plan on UNSCR 1325 – Women, Peace, and Security for 2015–2022.⁴⁰ These policies aim at the development of poor and marginalised parts of society, with an emphasis on poor households and women. In the implementation of SHGs surveyed by this report, most organisations focused on female SHGs and on the implementation of SHGs within poor communities or with the poorest section of a community. One could therefore argue, that their efforts are in line with these policies to a considerable extent. However due to the different foci of the organisations that are implementing the approach, relevance could mean different things: relevance in economic terms could be overshadowed by relevance as a socio-political empowerment tool. Not all organisations chose to work exclusively with the poorest of the communities that they entered, but to support the ones who were most susceptible to the idea, as this example shows:

38 With key priorities such as reducing poverty through generating employment opportunities and increasing income, as well as building a strong and rapidly expanding economy that enables the private sector to develop.

39 With key priorities such as eliminating all forms of discrimination against women, developing women’s human capital and ensuring women’s full participation and leadership in all aspects of life.

40 This plan prioritises women’s active participation in politics, women’s access to an accountable justice system, increase of economic security for vulnerable women and increase in access to education for girls and women, especially for IDPs and returnees.

“There are rich women that are oppressed and there are poor women that are quite independent. You could say, you can eat three times a day and now you can’t get into the Self-Help Group. But they also have their own social problems. We therefore said, ok, let’s not only focus on the poorest; but we don’t want to exclude someone who has a better economic background.”

ORG. H., KABUL, INTERVIEW

The economic assessment with the goal of reaching the poorest segment of a community and yet offering social advancement for all community members, can therefore sometimes seem at odds with each other. Organisations varied in strictness concerning the economic background and selection criteria of beneficiaries (see 3.1.1. for different foci and criteria), but most saw the Self-Help Group approach as a way to affect both economic and social advancement for poor and disadvantaged communities.

In terms of institutional embedding organisations, which established associations and federations are able to register the latter in the Ministry of Justice. Most organisations worked selectively with different ministries, depending on the program component that these departments were responsible for. The vocational training component was usually aligned with the Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSAMD) and organisations received support from the Ministry of Women’s Affairs and the Ministry of Agriculture. On the Federation Level ongoing cooperation with the Literacy Department for literacy courses were reported, or examples of contracting the Ministry of Ag-

riculture to fund women's businesses in gardening. The group then collected service charges per person, which in turn financed other activities of the Federation.

These selective collaborations are encouraging in terms of future engagement between grassroots level organisations' work and possible future links to government agencies. However, it could be advisable to lobby for the establishment of a responsible department dealing with Microfinance or specifically with saving groups such as the Self-Help Groups. This could be possible in the Ministry of Finance (which might oversee microfinance in the future), Ministry of Justice (where federations can get registered), Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSAMD) (which oversees vocational trainings) or Ministry of Education (which would align with other goals of the SHGs).

This research is also identified preliminary progress towards these developments in this direction, at least in terms of formalisation of guidelines, as an interview with the head of the AMA shows:

“The microfinance sector is not regulated, that's why not more of them are linked with the government. There are regulations for commercial banks, they are using the guidance and policies of the government. The same will happen for Microfinance Institutions and it will extend to SHGs as well, because we will be part of those discussions and we will tell them that not only MFIs are our members, but we have NGOs working on SHGs, so they will take them into account as well. The timeframe of this is unknown. In the last few years

they are talking about it, and now it seems more serious. They are quite hopeful that we will have regulations in 2018.” **INTERVIEW AMA, KABUL**

An embedding of SHGs in the governmental structure brings the possible risk of a formalization in bureaucratic structures that can make the implementation inflexible. Instructively, governmental support was generally requested by organisations either in the function of giving initial guidance and information, or for the final handover of existing SHGs, Clusters and Federations, to offer a counterpart. Governmental support was not thought of as running, regulating, or limiting SHGs, but rather as a point of contact to provide information and a networking point for SHG implementers and SHGs themselves.

3.2. Effectiveness

The criterion of effectiveness measures “the extent to which an aid activity attains its objectives”.⁴¹ The questions in this part focus on assessing to what extent the objectives were achieved or are likely to be achieved in utilizing this approach. Furthermore, it is an attempt to evaluate what the major factors influencing the achievement or non-achievement of the objectives were.

3.2.1. Outside Impact

CDC and community connection/relations

The effectiveness of the Self-Help Group approach

41 See: <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

lies partly in its grassroots engagement with local communities. Only when the communities themselves embrace the approach as helpful and acceptable can it have any viable economic or social impact. However, how does an organisation access local communities in which, for the most part, they have never worked before?

Most organisations choose to enter local communities through village elders, traditional village assemblies (shuras) or the Community Development Council (CDC).⁴² CDCs are councils that were mainly established through the National Solidarity Program, located at the Ministry of Rural Rehabilitation and Development.⁴³ These councils were introduced to draft “community-development plans and develop...proposals for village-level development projects which, subject to basic criteria being met, have been funded by NSP through the disbursement of block grants”.⁴⁴ While CDCs are distinct from traditional shuras in that they supposedly create gen-

42 “NSP has created gender-balanced Community Development Councils (CDC) through secret-ballot, universal suffrage elections. Once constituted, CDCs have drafted community-development plans and developed proposals for village-level development projects which, subject to basic criteria being met, have been funded by NSP through the disbursement of block grants.” See: Beath, Fotini, Enkolopov, 2015.

43 Mansuri and Rao evaluate in their book decentralization attempts with a specific focus on participatory development projects, such as the World Bank funded CDCs in Afghanistan. They refer to both aspects of community participation and government structure/donor inputs, pointing especially to the differences in organic versus induced participation. See: Mansuri, Ghazala/Rao, Vijayendra. 2013. Localizing Development: does participation work? The World Bank, Washington D.C.

44 Ibid.

der-balanced through secret-ballot and established a new interface with the villages, in most cases the interviewed organisations used the terms village shura and CDC interchangeably and saw them as so closely connected that it made no difference which one to approach. This mirrors the finding of a recent NSP evaluation report that “there is no evidence that NSP changes the composition of local leadership or introduces new leaders into the core group of village decision makers”.⁴⁵

“Most of the time we went through the maliks (leaders) or CDCs, they are identical. We tell them about the approach and we ask them for permission, because otherwise it brings problems if you don’t go through them.”

ORG. H., KABUL, INTERVIEW

Some organisations contacted the CDCs through the regional governor or through the district government to achieve a favourable introduction. Some found it helpful to conduct an inception workshop with different stakeholders from the government and other regionally active NGOs:

“It starts from the mobilization stage, where we get an official letter from the governor’s office to the CDC. The CDCs consist of family members, mostly men. When the facilitators go and talk with the CDC, they carry this message about the program to their family members, both male and female.

And after mobilization and many meetings with the CDCs they accept and agree to the program. “

ORG. C., MAZAR-E-SHARIF, INTERVIEW

Working through the CDCs or local shuras was mainly seen as amiable and supportive, as the CDC is embedded within the community and knows the community members, their needs and capacities. However, it was also believed by many organisations as the only way to properly enter a community:

“I really believe that if you don’t work with the CDC, you cannot work in the village, because you will have no support in the community. The CDC has their own list of who is vulnerable in the community. We asked them to provide the list and compared with our list of criteria whether they were eligible.”

ORG. L., KABUL, INTERVIEW

While this was the opinion that was supported by the majority of interviewees, one organisation decided to circumvent the shuras/CDCs and went directly to families, asking them whether the women living on one street could gather in one of the houses. The organisation, which championed this approach experienced no negative effects in circumventing the community leadership. According to their national coordinator:

“We start a survey in one street with around 30–40 houses. But this is not official. We do not give pen or paper, nothing, just knocking on the door and asking to participate. We introduce ourselves and say that we have something to say about is-

sues on women and we would like to come tomorrow and talk. But we do not explain the concept. We only ask them to come and participate. We also target one house, where all women can come together...On the third day we propose our concept and ask them to go home and talk with their husbands and families to get permission to participate.”

ORG. A., KABUL, INTERVIEW

While this organisation’s approach appears to be the exception, the size of their SHG programs and the length of time they have been implementing them (more than a decade) suggests the approach is workable. It therefore seems that there are multiple ways to approach a community, either through the local shura/CDC, or directly by addressing the target group (for beneficiary selection, see [3.1.2. Relevance/Needs Assessment](#)).

Interestingly, though it is the most popular approach, working through the local shuras/CDCs appear to have some serious drawbacks. Sometimes, the CDCs were seen as domineering the selection of beneficiaries. An open discussion about the dominance of leaders or CDCs was seen as a difficult balancing act, which was not always possible to achieve:

“One of the problems is whenever we went to the communities, the head of shura will select two people of this family, two of this family. This will create a problem, because these people do not trust each other. It would be better if the selection of the SHG would be done by us. If we were to choose ourselves, then we could see who needs

45 See: Beath, Fotini, Enikolopov, 2015, p. 7.



Supply material for decorations that are made at home and sold in the bazaar in Herat and Kabul

this program and who has the ability to implement it. But unfortunately, it is the head of shura who chooses and this creates problems. If we say something against that selection, then maybe others from the community won't come and the project will collapse in this community. The most important thing is the selection of good beneficiaries. The problem is that the interference of the shura and the community will arrest (bind) our hands and will not allow us to do good work."

ORG. B., HERAT, INTERVIEW

"Of course, there were instances when the CDCs were pushing for their own people. But we experienced that from the government as well. There was a head of department, who told us, 'go to this one village and here is a list of 20 women and you can work with them.' People were intervening, but we tried to minimize it. I really believe that if you don't work with them you cannot work in the village."

ORG. L., KABUL, INTERVIEW

Some interviewees traced problems in working with the local shuras/CDCs to a culture of aid dependency in which CDCs were used to receiving cash or machinery from organisations or government agencies with which they interface. Past experience of support by international organisations can make working through local CDCs, as well as working more generally with local communities, more complex. Managing expectations means the implementing organisations will need to focus more strongly on a good mobilization phase in which they explain the

project and its benefits well. Some organisations experienced initial resistance in some communities as they did not bring with them financial support (especially in the pure approach where the organisation gives neither financial nor material inputs). But later, upon seeing the positive impact in neighbouring communities, some communities returned to the organisation of their own volition:

"After a long mobilization process and after many discussions, they accepted what we had to offer them. Our program didn't have anything physical to give to them, just the formation of the saving group. After some time, some people left the group because they said that it doesn't have any benefit for our people. But some others accepted to work with us. Now after 4 years, they have come and requested by letter to start the program in their village, too, because they had seen in another village how it worked. It needed the success that they could see for them to realize what they could win from this." ORG. C., MAZAR-E-SHARIF, INTERVIEW

One of the key elements in communicating successfully with the shura/CDC seems to be clarity in vision for the project and a willingness to pull out and implement it in a different community. In this way, the community can learn about the advantages of the project and weigh whether the effort is worth their while.

"We first complete our information gathering and then we sit with them. We get their ideas, but we keep all our work in our hand. It doesn't belong

to the CDC or the village shura. We work closely with them because in the future we need to work through them... We keep all our work according to our criteria in our hands. In some areas, there are district governors or CDCs that are creating a monopoly. Everything will be under their control. In such a situation, I cannot work. We clearly need to explain the rules and regulations and our main goal to them. If they agree, we work in their sector, if they don't agree, we go and work in a different place. Therefore, it is important to clearly explain the project to them." ORG. E., JALALABAD, INTERVIEW

Problems in interfacing with the village shura/CDC were only reported in the KIIs, but not in the FGDs, where all participants were positive about the support they received from their community shuras/CDCs:

"We did not face any opposition from the CDC. In fact, they helped us when we faced problems. Women were harassed and couldn't come to the weekly meetings. They spoke with the men and supported us." FEMALE FGD, JALALABAD

"We like the SHGs in our neighbourhood. They support the women and their families. I think there should be more of them." FEMALE CDC, HERAT

While this flawless, positive image mirrors many places where SHGs were successfully established with the help of CDCs, it is clearly due to a selection bias: the FGDs were conducted within func-

tioning SHGs, which means that in most of the cases the community shuras/CDCs would have had to be supportive for the creation and functioning of the SHG in the first place, which would have been achieved through an organisation negotiating with the shura/CDC first. This is similar for the CDCs, which were interviewed in areas where they had supported the establishment of SHGs.

This research shows that although addressing a community through the shura/CDC is portrayed through most organisations as the best way, it is not the only viable access point, and it can also offer serious drawbacks as evidenced in the examples above. The other way of going directly to the community is possible as well. However, circumventing existing power structures does not come without risks, and it seems best feasible when a whole-community inclusive process can lead to an end result.

Community Acceptance of Women's Participation

One of the main points for working through the CDC/shuras that was stressed by the interviewees was to gain the trust of the community so as to let the organisation work with the women in the community. The community leaders and the CDC were thereby seen as the gatekeepers who enable an organisation to access the possible female SHG participants:

“At the community level we first need to talk with the mullah, with the arbab, to convince them, that the women should have their own project. If you don't change the attitudes of men you cannot change the attitudes within the family. You see

that in the community, even when you work with the SHG, they look towards the shura for guidance. They take care to protect their community. So they will be the one to facilitate meetings with the community. Without facilitation with the men and elders, women can't be reached.”

ORG. K., HERAT, INTERVIEW

In other cases, the shuras themselves acted as overall conservative barriers, preventing organisations from entering their communities. This seems to have been especially connected to organisations' attempts to focus their work on women in the community:

“First we talk with leaders and the village shura, then we need the families to agree with women going to the market. A lot of times there is a negative response from them, but in 15–20% there is a positive response from them [the shura], and then we can select that area. For example a month ago we wanted to cover one more province. There they said, if my woman comes into your beneficiary list, I will shoot you. We received a lot of negative responses there. So we will not work there. They said that they are working, no need for the women to work. We don't want them to go to the market.”

ORG. D., KABUL, INTERVIEW

The impact of existing gender roles thereby manifests in the decision of NGOs to access women in the respective communities through the (mostly male) CDCs or through gaining approval to work with the women first from male family members and rel-

atives. NGOs stated that they were not able to work with the women of a given community without the explicit support of the male members of that community, a statement that was mirrored unanimously by FGD participants in that all of them had to obtain male family member approval before women were able to attend the regular SHG meetings.

“In the past, the women didn't go out of the house. It was a good way to get the women to come outside of their houses. Brothers and fathers first didn't allow this, but when they learnt about the project, they agreed and now they are glad about the project.”

FEMALE FACILITATOR, JALALABAD

Furthermore, occasional threats against SHG participants were also reported. However, each example showed that mostly local community engagement was able to overcome the threats that were made, which might also be due to the fact that these threats were usually linked to locals' disagreement with the program and not with an overall assault from insurgents:

“Sometimes it has happened that they have beaten women of the groups. Sometimes men have given warnings to community facilitators. Sometimes they don't have any opinion about businesses and women are not allowed to start businesses. It depends on the community. But now the CLA women work in many communities and they are doing a great job in the community that even I cannot believe it.”

ORG. A., KABUL, INTERVIEW

“We have contact with the local female CDC here. They meet 3 times in the month and we can go there as well to share problems with them, if they occur. Sometimes there were problems when women wanted to come to bring money to the box, men were disturbing them, telling them not to go to the group, wondering what they are doing there. These kinds of problems with relatives we shared with the CDC. They then helped us and told the men that they should let the women attend the gatherings.” **FEMALE FGD, JALALABAD**

Organisations stated that the main ingredient to overcome community reservations was persistent community engagement, and showing successful projects in which women had been empowered in a way that was seen as culturally acceptable.

Security

Another aspect that can seriously affect the success of an SHG project, or to be fair, any project in Afghanistan, is the question of security. Some interviewees posited that security was a determining factor in how well they were able to supervise the groups, and that the lack of supervision due to security diminished the effective establishment of well-functioning groups:

“The model worked better in Mazar-e Sharif and Herat than in insecure areas such as Farah and Kunduz. I would also say that insecurity affected the implementation of the project as project staff could not so easily go repeatedly into in-

secure areas to check on the groups and to give them guidance.” **ORG. I., KABUL, INTERVIEW**

One organisation detailed how they changed their community engagement strategy and whom they employed due to practicability and security concerns. They opted for exclusively employing locals as SHG facilitators, as they would know the area best in which they would work, and they would be able to navigate security risks more delicately:

“Our facilitators all came from Mazar-e Sharif before. But that was not practical with the travel back and forth. So we started hiring them from the community. That’s also better because they know the security situation and the community well.”

ORG. F., MAZAR-E SHARIF, INTERVIEW

Generally, however, organisations seemed to work without serious threats, which might be due to the fact that they chose to work in urban areas, where they are generally more protected, and to engage closely with the community, which gives local support in security concerns as well. Only a very few organisations working outside of regional capitals in rural areas reported incidents such as this interviewee:

“We have contact with the Taliban and we even work in areas where the Taliban are in control. They threatened us with a threat letter because we were working with the women. But then I responded to this and told them that we are coming to explain about hygiene, about health, how to

regulate numbers of children. Afghanistan is an Islamic and religious country. These are sensitive issues. We just told them that we received funding from the people and that’s how we work in the community.” **ORG. B., HERAT, INTERVIEW**

The organisation was ultimately given permission to continue its work.

3.2.2. Influencing Factors

Once these outside factors are taken care of with establishing a supportive relationship with the community council or the community overall, and the community is situated in a geographical location that can be supervised safely by the organisation, other project-internal aspects come into view for a successful implementation of the SHG approach. The four most relevant influencing factors to an effective implementation are time, financial/material support, training components and viable market linkages.

Time

One of the main characteristics that sets the SHG approach apart from other development approaches is the timeframe necessary to make Self-Help Groups successful and sustainable. In addition to effective training components and a well-defined exit strategy linked to a viable future market for participants’ products, time was seen as the Achilles heel of the SHG approach, which can make or break the project, as experienced in this example:

“It’s difficult to make a Self-Help Group in a short time. First, we had 8 SHGs, established in 2009/10. We supported them. They had some savings. After they started some small businesses. We trained them. When we stopped supporting them, these SHGs became weak and disappeared, because we stopped to support them. Why did it disappear? The reason is that those SHGs were in remote areas, the people are illiterate. Secondly, there is no trust among these people, so it is difficult to keep the SHG. Furthermore, the saving is very low if you only collect 20 AFN per week. How long should they collect the money until they can use it for their businesses? That’s why when the organisation did not support them, they disappeared. If you want to make a Self-Help Group, the support should be long term. If you try it in short term, then they will disappear when you pull out. When you support them for longer, then they will have more saving, they can have business plans and with their small businesses their problems can be solved. We supported them for 6 months. That was not enough. We had 15 workshop sessions with them, but now they don’t exist.” **ORG. B., HERAT, INTERVIEW**

Careful discussion with all participating parties shows that time is of essence as the SHG approach is not only giving out a material good such as loans, but is aiming at effecting behavioural change in its members: to see themselves as part of a social support network that can help itself through its own capacity without being dependent on an outside organisation (see 3.5.2. Safety Network and 3.5.3. Social Impact).

Two different timeframes were suggested by the interviewed organisations: the time necessary to establish a strong, independent Self-Help Group, and a longer timeframe necessary to establish broader structures that can support SHGs in the future such as Clusters and Federations, and make the SHGs sustainable through the embedding into a wider regional and structural network. Generally, most organisations thought that 3 years was a feasible timeframe for establishing strong, independent SHGs.

Some interviewees suggested that the necessary time depended on the level of exposure of beneficiaries to education, literacy or financial transactions. This was seen sometimes in contrast to other countries where organisations were implementing the SHG approach. It was furthermore also seen as an obstacle that the organisations attempted to address with additional trainings:

“Every year we have meetings with our donors. Our donors are inviting us and say that one year is enough. When you want to talk about sustainable work, if you are thinking that this is a long-term project, you should think at least 3 years. For 3 years, we can do it in Afghanistan. We can establish a strong SHG. One year is not working with this concept. And they accept it. In other countries it is easy because the women are literate. But here are illiterate women, there are cultural barriers, here is war and conflict, it’s difficult.” **ORG. A., KABUL, INTERVIEW**

“The timeframe is different from each group, depending on their literacy. You can see that in the

book keeping. When you say, 1,000, write saving, write loan, and they are not able, then they need more time. We have on the job training for this. And each time facilitators comes, they check in with them and helps them. We visit them more. Literate groups we visit once in a month and illiterate ones we visit once in a week, when everyone in the group is illiterate.” **ORG. C., MAZAR-E SHARIF, INTERVIEW**

While the 3-year timeframe still fits into normal project cycles, most interviewees suggested that the SHG approach needed a long-term commitment of organisations and donors to fully succeed, which lies rather in a 6 to 10-year development framework. Many positive social impacts are visible in the first years of implementation, such as the development of group solidarity and social as well as economic networks that can support individuals and families. However, to guarantee the long-term sustainability of the Self-Help Groups, especially with scaling up in Clusters and Federations to have a broader civil society impact, a longer timeframe is desirable:

“The Self-Help Groups are not a quick fix. It is not a target oriented but a process-oriented approach. Step by step we hand over the responsibilities and tasks for them to be self-sustainable. 7–8 years is a good time frame, but that depends on whether you are in urban or rural areas.”

ORG. H., KABUL, INTERVIEW

“This approach needs time, because the goals that are envisioned take time to materialize. 5 years is

maybe not enough to really successfully establish it. It maybe takes 10 years to set this up sustainably. I feel bad for the ones who became organised and then there was no follow up or further support for them. There should have been either an organisation or government entity to take on the facilitation and support of this otherwise very successful approach.” **ORG. I., KABUL, INTERVIEW**

SHGs in themselves can be set up rather quickly. However, to achieve the needed behavioural changes, to embed the saving structure with the communities and to offer them a viable future outlook in regional connectivity through CLAs and Federations takes longer time. This comparatively long timeframe of 6–10 years mirrors what one interviewee discussed as a general shift in the outlook of his organisation from a project to a program-based perspective on development:

“In 2007, we shifted from project to program, which means in a project they would dig 10 wells and then go out. In a program, we go to a community and identify all the risks, look at the budget and then design the program. For example, we say that we will establish a livestock program or silk production company only after establishing a Self-Help Group.” **ORG. K., HERAT, INTERVIEW**

Funding

One of the main points of disagreement among interviewees in this study has been whether the organisa-

tion, which supports the SHGs, should pay additional funding to the groups which they can then use as a revolving fund.

The defenders of a ‘pure’ SHG approach allege that paying any kind of money to the groups will lead to increased dependence and expectations from the beneficiaries. They advocate for playing the long game, and to work with whatever community resources are available in building up the financial base in the saving box. This might involve the facilitation of contacts to sellers and markets, offering information concerning the purchase of material and skill training, but then trusting in the communities’ ability to help themselves in running sustainable small businesses. In this view, the payment of top-ups or financial additions to the community-intern funding diminishes the community’s intrinsic feeling of ownership and motivation to save money:

“We provided the training. We provided the facilities. We are responsible for this, providing the transportation cost or other aspects of this. That belongs to us, we support this. But when they start their own business, it’s their own money, and it will be their own income that they get...We just transfer the skills, but then it is their job. After that they can run by themselves.”

ORG. E., JALALABAD, INTERVIEW

“We don’t give them money. If we give even one pen for an SHG, then we send them the message ‘you are very poor’. Even though we provide some note books at the beginning, we tell them

that this is a gift from the organisation, and afterwards you will be responsible. Our SHGs are buying their own books.” **ORG. A., KABUL, INTERVIEW**

On the other end of the spectrum are the organisations that have decided to give money to the self-established revolving fund of the group, which enables beneficiaries to take bigger loans faster than they would have been able to do without the funding. The money is usually given by the organisations in the form of a one-time grant or a multiple-time top-up of the existing community-fund. All interviewed organisations stated that they gave the monetary input after the groups had shown the ability to save their own money for several months. In this way, the SHGs had already demonstrated a feeling of ownership and competence to repay the loans that individuals had taken.

“They are poor people, and they want to start big businesses, too. With their own money, they can only start small businesses. Once our organisation gave them money, they were able to start bigger businesses that have a stronger impact. I think it’s good to have the financial support by our organisation because the businesses they can establish, change. They still have the same projects, but with the bigger loans, their businesses grow. One of our beneficiaries is called Kazima. She has a small business in her house to make clothes and sell in the city. Now with a bigger loan her husband made a shop in the city. She has big machines and she sells clothes not only through her husband but also to other shops.”

SOCIAL ORGANISERS, JALALABAD, GROUP INTERVIEW

However, the giving of money was unanimously reflected in beneficiaries' demands for more money – which contrasts with the FGDs conducted in SHGs that did not receive additional funding.⁴⁶

“It would be good if the amount of money from the organisation would be more. Maybe 60,000AFN. It's not good that we want something from an organisation, but what we want is to have a sustainable economic system. If we have vocational training and the necessary tools then we can sustain ourselves.” MALE FGD, JALALABAD

“We need support. We need more Vocational Training Courses, such as sewing, carpet weaving and confectionary for the women. But we also need more funds in our treasury box to expand our business. If we have more money we can have a good business.” MALE FGD, HERAT

A few organisations take the middle ground between a 'pure' approach and the decision to give money, by offering packages that contain the necessary material for the skills that they taught in the trainings. This can either take the form of scheduled sharing of material that an organisation provides among a group of several participants, or in receiving individual tool kits:

“We give information, training and primary goods. They don't have the money to buy those. To 5 women we give 1 carpet loom, and then they can work in shifts on it. 3 in the morning, 3 in the afternoon. It depends on the culture of the community as well.” ORG. K., HERAT, INTERVIEW

“Credit giving was tried out but that didn't work. Now we are giving out tool kits depending on the enterprise. Included in the tool kits are for example machines, but not consumable items.” ORG. F., MAZAR-E SHARIF, INTERVIEW

Either camp has their rationale for deciding to give or withhold funding: The supporters of a 'pure' approach suggest only giving training and in some cases material support, but no financial support, as this would perpetuate a hand-out culture that leads to dependencies. Supporters of giving loans or 'top-ups' maintain that this would enable a faster business development as the bigger revolving funds enable bigger loans. The decision for either approach might lie with either an ethical conviction or the time horizon that an organisation chooses for pursuing the SHG approach.

Trainings

While the question of outside funding for the SHGs has been a contentious issue, all organisations were of the same opinion when it comes to offering trainings to the SHGs. The basic concept of SHGs is to save money and to offer loans to their members which can be repaid in instalments without added interest. The

economic rationale for offering these small (and with time, increasing) loans is to establish small to medium enterprises for parts of the population that were previously jobless. The trainings are provided mainly to women, who might have a marketable skill but no expertise in running a business, marketing their products or connecting to a customer base. It is necessary to teach these skills to the beneficiaries to effectively support the success of these budding businesses:

“It was not only about making a saving group, but also about the technical skills, as well as the enterprise and marketing skills we provided, these networks that offered inputs.”

ORG. L., KABUL, INTERVIEW

“When I went a few days ago to the community, a woman had taken a loan from the box but she didn't understand how to contact the market and reach customers, how to start a business. Both me and the group members gave her ideas on how to do it. Now she is starting a business in a low stage, but she is on her way. She does tailoring but she didn't know where to buy the machine, how to connect with customers. Now she understands it. It is necessary to give business training, but at the time when we gave it, she was absent in the group. That's why we had to give her extra training.”

SOCIAL FACILITATOR, JALALABAD, INTERVIEW

Some organisations not only offered business trainings but went with a more holistic approach that

⁴⁶ The latter did not voice any expectation from the organisations to provide them with additional funds, but underscored their own independence.

included trainings on water, sanitation, and health as well, or which taught the technical skills which are marketable themselves:

“We organised trainings for women and men in WASH and also health education, birth and safe the life skills, and also business development training. We arranged technical trainings about embroidery and bead working. That gives them what they need to succeed.” **ORG. E., JALALABAD, INTERVIEW**

This, however, has been a question among organisations: whether and how many vocational courses to offer. While there is a great number of women who already have marketable skills that can be enhanced or used for production, others need courses in which to learn skills. Offering vocational courses is a financial question as both the trainings themselves and the provision of material are expensive. The interviewed organisations have dealt very differently with this question. Some decided to set strict selection criteria to focus on the most vulnerable households and only train a small percentage of their overall beneficiaries in the skills, who will be able to benefit the most and who will be able to establish additional income streams for their family through participation in these courses.

However, the interviewed beneficiaries of this organisation generally demanded a higher percentage of their members to be taken into vocational courses, a point of critique voiced both within the FGDs as well as in individual interviews:

“The needs in our communities are Vocational Training Courses for men and women. We had some training course that were very useful. Unfortunately, the training courses finished and we want the office to restart the training courses in our community.” **MALE FGD PARTICIPANT, HERAT**

Other organisations have attempted to approach this problem in different ways. Two of the interviewed organisations decided to form saving groups based on underlying vocational training themes: each saving group had to decide for a specific skill that they would develop and then practice this skill either individually or as a group:

“The saving groups were based on the vocational trainings that we were providing: saving group in confectionary, saving group in embroidery, saving group in tailoring. But we didn’t push them to work together. They could but they did not have to. While they were doing the saving together, they also shared knowledge with each other, which was really helping.” **ORG. L., KABUL, INTERVIEW**

Alternatively, an organisation could identify one or two people during training sessions, who show special skills and then later offer them extra training so they can eventually take over the training role. Then they can continue the training themselves and the trainers could receive a little money as payment for conducting training sessions.

“Thanks to your office, now we know, now we have learnt it. We took the small business training as well and now we know how to start such a small business. I’m thankful to my teachers. I want to have such a group in different houses. Now I am good in my professional life. I’d like to work as a teacher myself, if the organisation gave me the opportunity. I would create a group like this in my house and support it.” **FEMALE FGD PARTICIPANT, JALALABAD**

Another organisation did not offer vocational trainings, but organised exposure visits to different small businesses, in which the specific ideas of the business were discussed and in which all participants could learn a skill that was transferrable into a possible home business, such as making jam, or pickling. Overall, beneficiaries were overall thankful for both the business and vocational trainings that they received and found that these enabled them to set up and lead their businesses effectively:

“We have been offered trainings through the organisation as one of the new initiatives. We have gotten training on how to make soaps. We think it would help us if there was more training. Trainings such as: tailoring, sewing, bead sewing, preserving food, pickling, and a bit marketing to find market for our products. Some of the changes that we experienced through the groups and trainings are: We have a stable saving procedure, we are able to save money, and we are also feeling more stable, that we have money here.”

FEMALE FGD PARTICIPANT, KABUL

“My daughter graduated from the vocational training. She took a loan from the box and she has a small business at home with embroidery with which she can make money. She makes clothes and sells them to neighbours and in the market. Our economic situation is improving.”

FEMALE FGD PARTICIPANT, JALALABAD

Market Linkage

Last but not least, a viable link to a target market, where products from SHG beneficiaries can be sold, was seen as a major component in influencing the effectiveness, success and ultimately, sustainability of Self-Help Groups. One aspect of establishing the market linkage is a market assessment that should have taken place before the start of the project and before beneficiaries were advised about the production of certain items within their businesses (see 3.1.2. Relevance/Needs Assessment). Another aspect is the human to human component — introduction to traders or to people in the private sector where beneficiaries can sell their products. Some organisations linked the producers to supermarkets, others to companies, which collect the produce from them:

“According to our lessons learnt, after phasing out after 2 to 3 years, we have learnt that in some areas when the project finishes, the SHG collapses, when there is no strategy with the community to prepare a phase out strategy. Meaning, when this project goes out, how can it be sustainable? Saving box, training, and marketing, especially a linkage

to the market, a linkage to the cooperative in the district, and a link to the private sector, those are important. If you follow these important points, then your SHG will be sustainable. If you just establish a Self-Help Group and then like a blind person, who doesn't know, go out, then it will collapse.” ORG. K., HERAT, INTERVIEW

Lacking to establish such market linkages was pointed out as contra-productive to the overall project and approach. Not only are the producers not able to sell their products and make a profit, it can furthermore affect how the project is seen by the community and other neighbouring communities. If members if the SHGs save money and establish businesses, but are not able to reach a market, they will lose money and might not be able to pay back their loans. Furthermore, as successful implementation of SHGs is also linked to the overall perception of SHGs and successful implementation has been shown in this report to be linked to communities' openness to the approach overall.

“It's not only important to transfer the skills, but also to develop the chain of marketing from their products, to the bazaar. We help them to sign agreements with traders in the bazaar in Jalalabad city. They provide material, and beads, they have their own technique and plan, they can order the tchador or clothes, and the benefit belongs to them. They need specific trainings to increase their capacity and to let them understand the market. If there is no market for what they produce, their main work,

it will have a negative impact on their work, because they spend their money [without receiving anything in return]. The marketing link is important. They need to recognize and analyse the market and the demand of the people. Afterwards, they can use their capacity and their skills to market their products.” ORG. E., JALALABAD, INTERVIEW

While all of these parts individually support an effective implementation of the SHG approach, one of the interviewees underlined that these different aspects also need to be considered from a holistic perspective to ensure the success of an SHG project. It was neither the saving itself, nor the training components in isolation, but rather the whole engagement and learning experience within the SHG context, which made the approach successful:

“For me it's like a puzzle. You need all those pieces to put it together so it works. I have an impression that some organisations are only doing it for the saving groups, but we were giving them those technical skills, on enterprise development, etc. So over the time they found it useful to share information not only on technical skills, but we found that it had a huge impact on the reduction of domestic violence. The evaluation report showed that it had a huge impact on self-confidence...But for that, you need to do more than establish saving groups, you need the other layers, the support, the trainings, that's what makes it successful. You need the whole package to make it successful. ORG. L., KABUL, INTERVIEW



Herat: Shoes of the participating SHG members at a meeting next to a weaving loom

3.2.3. Financial Processes

The research surveyed SHGs in different stages of maturation, from recently established SHGs that had just been running for a few months to established SHGs that were well networked with CLAs and Federations. How well the financial processes (loans, savings, investments, etc.) were established depended both on the time they had been running, the attention and support they had received from the respective organisation as well the community's own drive to participate.

The amounts that were used by the SHGs either for social or for economic investments varied vastly between the surveyed organisations. Some organisations arranged agreements with their beneficiaries in which the money that the participating members put into the saving box would be free to use either for social or economic causes, while the money given from the organisations could only be used for businesses. Other organisations have set a specific amount of the SHGs savings itself which needs to be utilised for business purposes, while again other organisations left it completely up to the SHGs to determine what to use the money for:

“The Self-Help Group has monthly meetings. And after each meeting, they transfer 40% of their savings to the community bank and this is only for business purposes. The remaining 60% is mostly used for social welfare, when someone becomes ill, they get money for treatment from the saving groups and they pay it back after a while without interest.” **ORG. C., MAZAR-E SHARIF, INTERVIEW**

Generally, financial processes seemed well established in the SHGs that were visited and in which the FGDs were conducted with only a sparse minority of the FGDs reporting any problems in repayment of loans or in the loan cycle overall.

“We don't face any problems with this. We can pay it back. One woman took money for the treatment of her father, but now he is fine again and they paid back the money that she took for his medical expenses.” **FEMALE FGD, JALALABAD**

“The process of loan giving and saving is good and we haven't faced any problems yet. Some of SHG members who have taken loans repaid without any problems but some other repaid with difficulties. They didn't bring the money on time. They claimed that they forgot or that they did not have money.” **FEMALE FGD, HERAT**

The few FGDs that did report problems in loan repayment noted the problem was usually solved by giving more time to the borrower to repay the loan. In some cases, especially when the economic base of the loan repayment had been damaged (for example through the death of an animal), the group decided to extend a second loan to enable the group member to repay the loan amount. The established trust in the group thereby helped to overcome adversity that in other cases, for example with conventional loans, might have led into a loan spiral from which it might be difficult to recover. Loan repayment problems seems to have only led in very rare cases to the re-

moval of participants from the groups, which in these cases was a decision taken by the group itself:

“They extend the time if someone is late in paying back. Extension depends on the sector. If they work in agriculture, then we give them time to sell their products before they pay back. For example, if the cow died, and they cannot get the milk to sell in the market, then they give more time or they might give another loan for buying another animal. If we pressure them and, for example, they have bought one kilogram [of a good], then they will sell this one kilogram under price and that will not be good for them. We work on economic development, and if we pressure them, then we are not going to see any development.”

ORG. C., MAZAR-E SHARIF, INTERVIEW

“They are very poor, that's why sometimes they take longer time. Their business might not always improve directly. Sometimes it takes longer, 6 or 8 months. Afterwards they pay back.”

FEMALE FACILITATORS, HERAT, INTERVIEW

One of the challenges to the efficacy of financial processes is literacy. Afghanistan has an overall literacy rate as low as 39%, according to WHO.⁴⁷ In urban areas, however, the literacy rate is higher, around 53.5% for urban residents, 68.7% for males

⁴⁷ See: WHO Country Cooperation Strategy Afghanistan, 2017, http://apps.who.int/iris/bitstream/10665/136852/1/ccsbrief_afg_en.pdf

and 37.9% for females.⁴⁸ The gender disparity in the literacy rate is reflected in many organisations' experiences. How they respond to the overwhelming number of women in their groups who cannot read or write, differs from organisation to organisation. Some decide to couple their general SHG trainings with literacy training, while others decided to give more directly facilitated support:

“The timeframe is different from each group, depending on their literacy. Literate groups we visit once in a month and illiterate ones we visit once in a week.” **ORG. C., MAZAR-E-SHARIF, INTERVIEW**

“I see three kinds of benefits that I get from attending this group. One is that I didn't know how to write and learn. Now I know, because I attended the literacy classes provided here. The second profit is that I didn't know how to sow something, like dresses, but now I know it and I can do it. And the third profit is that now I can take a loan.”

FEMALE FGD, JALALABAD

Other organisations decided against providing literacy trainings to their SHGs. On the one hand it was seen as a huge financial investment. On the other hand, some organisations argued that even the illiterate SHGs were able to find solutions to these problems if they were given the opportunity to approach it creatively through activating family resources such as literate sons or daughters of

48 See: National Risk and Vulnerability Assessment 2011 (NRVA 2011), p.78.

SHG participants. This was furthermore portrayed by organisations as one of the aspects in which SHGs showed their own problem-solving skills and independence as a group:

“We sometimes have trouble. The rate of literacy is very low in Afghanistan and most of the women are illiterate. But we encourage the women to ask for help from their own children, daughters who come to the groups to volunteer. Some groups say their children are too busy, but then they give small money to boys and girls to come to the groups and help them. They find their own way.”

ORG. A., KABUL, INTERVIEW

Another development that was found especially among female SHGs in Jalalabad was that while financial processes were generally stable and worked, however, loans were not used by the women themselves but by their male family members and relatives. While this issue surfaced in other cities as well,⁴⁹ the frequency with which it occurred was substantially higher in Jalalabad. While the higher frequency might be due to a sampling bias of the FGDs, facilitators also supported the impression that women often took the loan for their male family members, or if not directly for them, then for a family business in which the men were involved to a substantial degree in the production or market linkage:

49 Examples surfaced also in the FGDs in Kabul for example with women taking loans for their sons and husbands.

“I took loans for credit cards for my brother to sell. She got a loan for her sons to sell vegetables in their shops. This other member took a loan for her sons for a new business. She cooks rice in the house and the son sells it in the bazaar.”

FEMALE FGD, JALALABAD

“I took it for myself to make milk, and then my sons sell it in the market. The loan was 20,000AFN.”

FEMALE FGD, JALALABAD

“My father is very poor and weak. I helped him through buying a rickshaw with the loan. We took money from the loan together with other savings in our family.”

FEMALE FGD, JALALABAD

Project organisers with long-term experience in implementing SHGs, however, argued that while they had experienced this phenomenon in the past themselves (in Kabul and Mazar-e Sharif), they saw it as a stage in the empowerment of women, which will be surpassed with sufficient time once the family has established a better financial base. The women are then already implicated in the businesses through taking the loans and through participating in income-generating activities, so that further steps of involving them as the producers are easier to take than from the start:

“Another dilemma that we have had was that the women said, for example, that their husbands were shoemakers and he wanted to open a shop, they'd need a machine for him. So then the woman

would get the loan for the man. On the one hand, it is their money. On the other hand, they should start businesses themselves. You can criticize both. In the long run, the women should get active themselves.” **ORG. H., KABUL, INTERVIEW**

3.3. Efficiency

The criterion of efficiency measures the qualitative and quantitative outputs in relation to the inputs: “It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results”.⁵⁰ The questions in this part focused on assessing whether the activities were cost-efficient, whether objectives were achieved on time, and lastly, whether the approach was implemented in the most efficient way compared to alternatives.

One of the difficulties in evaluating whether the SHG approach is cost effective is the unevenness of funding invested into SHGs. Some organisations supporting ‘pure’ SHG approaches argue that they are cost-effective solutions to wide-spread financial and social problems. Other organisations, which deal with a combination model of the groups’ own savings together with financial or material input by the organisation itself, point out that both the additional funding and the training components are expensive additions to an otherwise simple financial program. However, they still evaluate these additions as important, worthwhile and compared with other projects, cost-effective.

50 See: <http://www.oecd.org/dac/evaluation/dacriteriaforevaluatingdevelopmentassistance.htm>

The cost for setting up SHGs can be conceptualised in different categories: community material for saving and record keeping (cash box, passbooks, record keeping book), salaries for community facilitators, salaries and material for trainings, cost of additional funding from the organisation (also called top up, additional revolving fund, grant, capital seed), and general administrative costs.

The cost of the physical inputs (cash box, passbooks, record keeping book) are relatively small in terms of set-up. The cash box with locks is only a one-time investment, and the cost of the passbooks and record keeping book are negligible. In most cases, organisations bought the first ones for the SHGs as a starter gift with the clear understanding that the SHGs would have to buy their own books in the future.

The salaries for community facilitators varied markedly due to completely different salary scales, depending on whether they were employed by a locally-based NGO (first two examples) or part of a government or UN-facilitated project (last example). This makes them, unfortunately, incomparable:

“The whole approach becomes very efficient money wise, because the facilitators get 5000 AFN to 6000 AFN (equalling 71–86USD) and they have 15–20 groups whom they facilitate.”

LOCAL NGO, ORG. H., KABUL, INTERVIEW

“For many community facilitators, now their salary is around 8000 AFN. In the beginning it was 2000 or 3000 AFN.” **LOCAL NGO, ORG. A., KABUL, INTERVIEW**

“We have a provincial facilitator and a village facilitator, trainers, M&E, MIS, CED, Islamic banking trainer, access to finance staff. And then we give them on average 50,000AFN per month. We pay around 40,000 AFN for our community facilitators.” **ORG. C., MAZAR-E SHARIF, INTERVIEW**

While the aforementioned costs varied widely, so did the budgets for each organisation to implement the SHG approach. One organisation, which has a more than 10-years of experience in setting up SHGs in Afghanistan, pointed out that, as the project grew, their overall budget for implementing SHGs has changed markedly. They initially only employed a couple of coordinators and community facilitators, but with a marked increase of overall SHGs (around 1000 currently running), they are now employing 16 coordinators, a gender and a children specialist, and the overall administration.

Other organisations mentioned in the literature that was surveyed for this report had developed cost-sharing agreements with the SHGs that they set up, in which responsibility is consecutively shifted from implementing organisation to the SHG groups, which take on shares in the salary payment.⁵¹ None of the organisations interviewed for this report had developed cost-sharing agreements like this.

51 See: Cramer, Sarah, Hervé Nicolle, and Nassim Majidi. “Self-Help Group Programme Evaluation.” Kabul, Afghanistan: Samuel Hall, 2012, p.25: “(They have) an established payment sharing structure for the salaries of Community Facilitators (CF) that gradually shifts responsibility for CF salaries from Mission East to the SHGs... It is structured in such a way that groups begin by making small contributions to the CF’s monthly salary (2,000 AFN/ 40 USD), and every six months the share that groups contribute increases and Mission East’s share decreases.”

The cost for salaries of trainers, material for trainings as well as the cost of additional funding from the organisation for the revolving fund of the SHGs, varied depending on the trainings given, the needed material and the amount of the grant.⁵² None of the interviewed organisations had made any cost benefit analysis per SHG, usually due to the fact that they received an overall budget for the project in which the individual project items (such as salaries or trainings) were specified, but not broken down to the cost of each SHG. However, all organisations that were still running SHGs currently were of the opinion that the SHGs were a cost-effective choice to affect social and economic development in their partner communities:

“SHGs are comparatively cost effective. You only need a project coordinator, a few facilitators and you can start. If you already have other projects and you have an office set up, then it is something easy to add to your running projects.”

ORG. H., KABUL, INTERVIEW

3.4. Sustainability

Sustainability measures “whether the benefits of an activity are likely to continue after donor funding has been withdrawn”.⁵³ Sustainability is thought of here

52 For an analysis of these differing choices, see 3.2.2. Effectiveness/Influencing Factors.

53 See: <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

both in terms of institutional stability as well as financial sustainability. Part of the evaluation was to determine which factors influenced the achievement, or non-achievement, of sustainability of programmes designed with the SHG approach.

3.4.1. Continuation and Independence vs. Dependencies

One of the main questions in terms of sustainability is whether the project-based, grant-dependent business models that most NGOs function under, allow for long-term self-sustainability of the SHGs that they establish. The general perception of organisations’ staff such as organisers and managers of SHGs was that they are a sustainable model that supports the independence of beneficiaries, because they provide tools to organise themselves in their communities and to build support systems over time.

“I learned in projects before that people become dependent on projects and money. They didn’t care about what they spend it on. But we decided here that it’s important what will happen after phase out. We know that in the future, money will not always be available, and to have money is just once chance. But how can you use this opportunity to make your community sustainable? That is through Self-Help Groups!”

ORG. K., HERAT, INTERVIEW

One major weakness in the perception that SHGs were self-sufficient was an assumption among organisations that have had SHGs in the past, but are currently not establishing or overseeing them, that

their SHGs were still running. In all but one case there was no follow-up to verify the assumption:

“The design of the project itself was perfect, but the implementation faced challenges, depending on where we tried to implement it. For example, after the conclusion, after 5 years, there was no follow up, that was one of the flaws, and that of course affects whether this kind of system stays. Our organisation contracted a local NGO to continue following up with the groups and they did that for a while. We believe that there are still some people who do the savings and who have continued”

ORG. I., KABUL, INTERVIEW

“It was nice to see that most of the groups took ownership and developed these rules and decisions on their own. After the first phase the evaluator said that the saving groups had reached their maturity and the final evaluator said there was no need to talk about the saving groups as they were working. These saving groups are supposed to go on. Every now and then I check with them, our former colleagues who are still there, and they tell us that they are still meeting.”

ORG. L., KABUL, INTERVIEW

Indeed, the SHGs that were visited especially in Mazar-e Sharif and Kabul, which did not receive support from any organisation anymore, were still active and running by themselves. The women were meeting, putting money aside for savings and supporting each other’s business ventures. It also appears that when there is a certain group spirit estab-

lished, that the effect might spread: not only were groups in Mazar-e Sharif still active after phase-out, but they also gave their knowledge further to other women and supported neighbours in establishing their own SHGs without any organisation's input. This spirit of ownership was evident in one woman's statement from an SHG in Jalalabad:

"Even if the organisation would not give money any more, we would still meet with each other and help each other. We are one family now. We are close friends." **FEMALE FGD, JALALABAD**

Other organisations, however, maintain that it is important to stay in contact with the SHGs and to support them, also to learn for future implementations of the approach.

"We stopped the formation of saving groups in January 2015. We first want to get the result of the SHG groups and then we will start in the next phase of the program with the formation of new SHGs. From 2011 to 2016 we provided saving books, loan books and now they buy it themselves. One of our indices is transactions. If they do 8-10 transactions successfully, then we know that they know how to do it. There are groups that tell us, no matter whether you come or you don't come, we will meet and save." **ORG. C., MAZAR-ESHARIF, INTERVIEW**

Assessing sustainability is further complicated by the relationship between facilitators and host community. Some organisations pointed out that this

relationship can develop into a dependency in itself, especially when the facilitator takes on the role of the community's book keeper in the absence of literate SHG members.

"We had groups established but then it showed up that the facilitators were doing the books. The books were done nicely, but they were dependent on them. We asked and there were 4-5 women who could read and write so we told the facilitator that she needed to teach them how to keep the books. Then they can do it themselves. Our facilitators sometimes felt that they might lose their jobs if they train the others too well. Maybe that's also a problem with us that we have not set a time target on how long the project will last. They might want the project to go on forever and ever, like a government job. But there should be a time-frame, 5 or 6 years. That's what we initially missed."

ORG. H., KABUL, INTERVIEW

As mentioned in this example, the implementation of the SHG approach not only necessitates a change in the thinking of beneficiaries but also in the staff of the implementing organisation. This has been a constant theme in one way or another of this research, emphasising that SHG moves both communities and organisations away from an entrenched 'handout' culture, in which organisations provide finances or material to needy communities.

"The implementation can be difficult as well with the staff. Usually there might be the establishment

of shelter or handouts and everyone is happy. But this is a totally different approach. What we fight with, the staff might think that they are the facilitators for the groups, but they make the groups dependent on them. That's what we are currently fighting against." **ORG. H., KABUL, INTERVIEW**

3.4.2. Exit Plan

Most organisations pointed out that a clearly defined exit strategy is a major component of establishing SHGs as sustainable entities after phasing out external inputs and assistance. This strategy should furthermore be communicated clearly with the community in which the SHGs are being implemented so that the community is aware of the scope and timeframe and ending of the project, as well as how to continue after the organisation has left:

"When we talked with the community we clarified in the agreement what is our responsibility is and what is their responsibility. We mentioned the phase out plan right then at the beginning as well, because we cannot stay forever in the community. At the very beginning, we discussed with them the duration, after which the community can accept ownership." **ORG. E., JALALABAD, INTERVIEW**

Two main points emerged during interviews as vital to a successful exit strategy. The first aspect is the establishment of a viable access to a market to ensure that the produce of the beneficiaries reaches customers. The ways to establish this connection to the mar-

kets varied (see also part 3.2.2. **Effectiveness/Influencing Factors**). Some organisations developed collection centres where the produce was collected for redistribution to shops (such as dairy centres and milk collection points). Some other organisations connected producers and traders directly to establish a business relationship. One organisation opened shops in which the products from different SHGs could be sold collectively, putting one woman in charge who is a member of an SHG group. The organisation organised exit workshops in which shop keepers were invited to link them with the producing groups.

The second aspect that emerged as a vital component of a successful exit strategy was the establishment of overarching structures such as CLAs and/or Federations that can support the SHGs in their weekly functioning even when the implementing organisation has pulled out.

While the establishment of Clusters or overarching federations was seen by interviewees as an important part, only a handful of the organisations had successfully established these structures so far. This might be due to the fact that the Clusters and Federations are the next level in the development after the establishment of mature, self-sufficient SHGs, which by itself already takes a considerable amount of time. Clusters are not immediately stable institutions within themselves, but require training and support to get them into a stable position to support the SHGs.

“If there was another funding, I would focus on that, but the timing was too short. It took 3 years to build up the groups and make them sustainable.

You don't want to confuse them and build them up into something else before you have them in a stable phase. I know many organisations do it, but with the women you need twice as much time as with men and it's a long process because of the mobility and illiteracy.” **ORG. L., KABUL, INTERVIEW**

While CLAs and Federations have a stabilising force on their underlying structures onto which they are built, they take time and effort to establish, and should be factored into the initial project planning with time and resources.

3.4.3. Link to Clusters and Federations

Once individual Self-Help Groups are established with their respective economic mechanisms and as strong social support groups, several SHGs together can be formed into a cluster. Generally, 8–10 strong SHGs can come together into a Cluster Level Association (CLA) through selecting two members of each SHG to represent their group at the CLA. While the main economic focus of the Self-Help Groups is to enable saving as well as giving of loans within the group, the focus of the CLA is to mobilise resources for the needs of the overall community from government and non-government sources.⁵⁴

With the development of a greater number of SHGs, more CLAs begin to form. They in turn can come together on the Federation level. While the CLAs address the issues in a specific community, the goal of federations is to ensure “that the principles and

features of SHG are recognised and find their way to local, regional, and national laws and policies”.⁵⁵ Like in most other countries, Afghanistan also legally registers federations in the government within the Ministry of Justice.⁵⁶

“Our project is 36 months, which is enough time to work with the CDCs and establish the SHGs. We also started establishing associations⁵⁷ (e.g.: federations) last year but that was too late. Registering each association with the Ministry of Justice takes about 3 months. We would advise to maybe establish the associations earlier.”

ORG. F., MAZAR-E SHARIF, INTERVIEW

Just like with the first level of SHGs, the consecutive levels of Clusters and Federations should be approached with several caveats in mind.

The first aspect is that individuals who enter Clusters and Federations need their own specific training in addition to training provided at the SHG stage. Due to the different rationales for their existence and how they function, each level is not self-explanatory. It was found, that SHG members who had not been connected with a Cluster yet were generally less aware or articulate about their wider communi-

55 KHN, p.15.

56 Interviews, Hand in Hand (Mazar-e Sharif) and OP Mercy (Kabul).

57 Hand in Hand registered what they called 'associations', while all other organisations that registered any of their groups, registered their 'federations'. Hand in Hand did not have any other level of institutions above the association level, and by their function they can be equated with federations.

54 KHN Self-Help Group Manual, p.16.

ties' problems than women who had been introduced to the idea of Clusters and Federations. This introduction can therefore be conceptualised not only as educational, but also as awareness raising and ultimately as (socio-) political. While the focus of SHGs' engagement are the family needs, the CLAs attempt to tackle community problems such as water shortages, for example. While the CLA is focused on its particular community, the Federation level is focused on broader advocacy with the government.

In addition to the trainings that are geared towards building the understanding of the members as to their responsibility in participating in Clusters and Federations, organisations often decide to offer additional skills-building trainings and exposure visits for Clusters. This does not only enable the members of the Clusters to learn new techniques, but also to relay these back to their own SHGs and to spread information to a wider audience:

"It depends on the participation and the mix of women who are engaged in it, how long it takes for a Cluster to mature. Every week they have meetings and trainings, and then we organise exposure visits, for example to companies, how to make soy milk on their own, how to market and package things. Small information, just practical things."

ORG. H., KABUL, INTERVIEW

Another aspect of establishing Cluster Level Associations is that not all SHGs might be interested in getting engaged in the additional volunteer work that a Cluster or Federation level membership entails:

"First it was easy to establish SHGs. Then we said we wanted to start CLAs too. Let's select a representative. But then we realised that the women had no interest in this kind of work. So many times we worked with them and then dissolved the CLA. It is important that the women feel that the CLA is important for them. The ownership from the beginning is vital. Ownership is key." ORG. A., KABUL, INTERVIEW

While it cannot be wholesale fabricated and needs to come from the women themselves, ownership can also be enhanced through supportive measures by the organisation that establishes the CLAs and Federations. To further the establishment of a group identity, organisations took their Cluster and Federation members out to celebrate important milestones and to experience each other in a supportive group setting.

Conversely, women can be interested in joining a Cluster, though the SHG level has not matured enough to merit the additional establishment of Cluster Level Associations.

Clearly, CLAs and Federations are part of an important evolutionary process of the SHG concept but just as important is ensuring the successful completion of the SHG phase, in which CLAs can have a stabilising force on their underlying structures. All stages take time and effort to establish, and should be factored into the initial project planning with time and resources.

3.4.4. Link to Microfinance Institutions

Thinking about sustainability brings up the question of embedding of Self-Help Groups into other overarching structures of support and finance. Other coun-

tries, especially India and Bangladesh, where the Self-Help Group approach has blossomed, show linkages of Self-Help Groups with larger financial banking systems and especially an intertwining with Microfinance Institutions. This brings up the question of the definition of Microfinance generally, and in particular in the Afghan context, as well as its viability in linking SHGs with this sector in the future. To assess this link it is crucial not only to understand what Microfinance stands for, but also how Microfinance overlaps with Islamic Finance in Afghanistan.

Microfinance

In December 2006 the Bangladeshi economist, Mohammad Yunus was awarded with the Nobel Peace Prize together with his creation the Grameen Bank "for their efforts to create economic and social development from below".⁵⁸ His innovation was to "find a way to lend to the poorest of the poor who have no collateral — no house, no car, no tangible asset against which to borrow. People whose only nominal personal wealth would probably be in the form of land, where the collateral is undocumented and legally unenforceable."⁵⁹ The foundational idea was to take these local communities of interdependence and trust and to convert trust into collateral. According to the Grameen bank, they are currently servicing 8.92 million borrowers in 81,399 villages all over

58 see: The Nobel Peace Prize 2006, Website, https://www.nobelprize.org/nobel_prizes/peace/laureates/2006/.

59 See: Moyo, Dambisa. 2009. *Dead Aid*. p.126.

Bangladesh.⁶⁰ Many countries worldwide have adopted the Microfinance approach since its inception in 1983. Since 1995, the Grameen Bank itself decided not to receive any more donor funds, and today funds itself 100% through its own deposits.⁶¹

The way the Grameen model of Microfinance functions is rather simple: The bank lends 100USD to a group of traders. The first trader gets the money for one year and pays back the money usually within or after one year with an interest (between 8–12%). This first trader is solely responsible to pay back the loan. When the loan is paid back, the next loan is made to the group to the next trader. If the first trader does not repay, then the bank does not give further loans for the group.⁶² The base model of Microfinance does not entail a joint group liability, where the group as a whole would be responsible for the repayment of one member's loan. However, as the behaviour of one member affects the group's future ability to receive loans, the group has a self-interest to keep the loan cycle active. In practice, group members might contribute for their group members when difficulties arise with the intention to collect the money later.⁶³

60 See: Grameen Bank Website, numbers from September 2017: <http://www.grameen.com/introduction/>.

61 See: Moyo, Dambisa. *Dead Aid/Why Aid Is Not Working and How There Is Another Way for Africa*. London: Penguin Books, 2009, p.128.

62 Example adopted in simplified form from: Moyo, p.126f.

63 However, as the Microfinance model has been adopted in other countries, joint liability has become one of the tools that is being used by financial institutions: "In Zambia, as in other African countries where micro-finance has started to blossom, the risk of lending to the most risky is often reduced through joint liability – the notion that members of a group of borrowers are *all* liable for any loans that a micro-finance lender makes to them" (Moyo, p.129).

This way of thinking about lending procedures revolutionised thinking on how to lend to the poorest in society, and has enabled many poor communities, especially women, to take loans and start businesses.

Microfinance in Afghanistan

Microfinance has existed in Afghanistan since 2003, with an initially wide array of Microfinance Institutions that were offering services. Over the years, the number of institutions has shrunk to half a dozen.⁶⁴ An umbrella organisation, the 'Afghanistan Microfinance Association' (AMA), established in 2005,⁶⁵ provides services such as coordination and networking between different Microfinance Institutions (MFIs) and organisations supporting SHGs,⁶⁶ as well as advocacy, lobbying, capacity development and knowledge sharing between different actors. The sector of Microfinance was "initially started with the help of the government, through the Ministry or Rural Rehabilitation and Development, and then the responsibility was handed from MRRD to the Ministry of Finance".⁶⁷

64 For example: First Microfinance Bank, Finca, Mutahid, Oxus, IIFC. While there were many more institutions in the beginning, some closed, others merged together. According to the AMA, the microfinance market has now stabilised with these financial institutions.

65 While the AMA was established early, it was relatively inactive and lay dormant until its rejuvenation post-2010. See: AMA Annual Report 2016.

66 Not only SHGs though, but generally community-based finance models, which can range from Village Savings & Loan Associations (VSLAs), Self-Help Groups (SHG), Community-Based Savings Groups (CBSGs), to Savings and Credit Groups (SCG).

67 Interview, AMA, Kabul.

The initial fluctuation in the quantity of Microfinance Institutions and their quality of service delivery might have been due to the fact that the sector has not been regulated yet, which is also evidenced in the lack of any central government authority or guiding laws for Microfinance Institutions in Afghanistan.⁶⁸

As of the end of 2016, the microfinance sector in Afghanistan had a gross loan portfolio of 9,898.2 million AFN, with 227,429 active borrowers, and 11,826.2 million AFN loan disbursement during the year 2016.⁶⁹ To get a loan, an individual needs to provide a physical guarantee, which is another person, who can guarantee repayment. In case of high amounts (more than 1 million AFN), title deeds of property are also needed. Furthermore, clients who already have a business are usually preferred. In terms of existing capital, "their capital should be twice the loan amount that they are asking, if they already have a business. But some MFIs have started to give loans to start-up businesses as well."⁷⁰ The loan amounts of Microfinance Institutions can vary between 100 USD to 200,000 USD. Loans can be taken either individually or in groups.

68 The AMA was optimistic that these discussions about regulating the microfinance sector might also extend to SHGs as well in the future: "It will extend to SHGs as well, because we will be part of those discussions and we will tell them that not only MFIs are our members, but we have NGO based working on SHGs as well, so they will take them into account as well." Interview with AMA, Kabul, December 2017.

69 See: AMA Annual Report 2016. At time of writing the 2016 Annual Report was the latest available.

70 Information in this paragraph are based on interview with AMA in Kabul, December 2017.

“One loan category is individual loans. The other one is when they come as a group, like 10 or 15 of them (more than 10), entrepreneurs, either men or women. If they come together, then guarantors are not needed. Because in the group loan, everyone is guaranteeing each other. In that concept, everyone can receive 10,000, 15,000, 30,000AFN.” **INTERVIEW, AMA, KABUL**

“We give individual loans or to groups. There can be for example 3 women, who form a group with each other to receive a loan. In that case, no guarantor is needed. Their wakil-e gazar or head of the shura confirms where they live, and the head of their family, for example their husband, gives a photo of his ID card (tazkera) and of the head of the household. They don't need a bank account.”

FINCA, MAZAR-E SHARIF, INTERVIEW

“Our goal is to improve the economy of the society through supporting small and medium enterprises. We have individual loans from 50,000–500,000 AFN, and group lending with 10,000–50,000 AFN. The criterion is that the person should be a businesswoman or businessman with a fixed income. We require guarantors, but no bank account is needed as we give cheques that work with mobile banking.”

MUTAHID, MAZAR-E SHARIF, INTERVIEW



Many income-generating projects, such as custom-made tailoring, are the outcome of the support of the Self-Help Groups

One of the main critiques that microfinance faces in Afghanistan,⁷¹ and which has prevented most interviewed beneficiaries of SHG projects to reach out to Microfinance Institutions to develop their businesses, is the question of interest. This charge is levelled against normal banks as much as against Microfinance Institutions:

“If we take loans from banks, then they want interest and you need property. If you don’t have property, then you cannot get anything. We have not approached microfinance banks. They also ask for interest, just like the other banks!”

MALE FGD, JALALABAD

“When we need to have money urgently either for medical treatment or other important economic issues, we had to take a loan from the bank and repay it by instalments with the extra interests. And of course, this interest was against Islam. But since the SHG was established, we never referred back to the banks.” MALE FGD, HERAT

Microfinance Institutions have, however, started to react to this critique and are offering alternatives, especially through diversifying their financial products through the inclusion of Shariah compliant products.

71 Not only in Afghanistan has this critique been levelled, but also by Muslims in other countries such as India, see: Sabi, Manijeh. “Awareness and Perceptions of Islamic Microfinance among Microfinance Clients in Kyrgyzstan and Tajikistan.” *Central Asian Survey* 35, no. 1 (2016): 27.

“We are struggling with that critique. There are scholars against microfinance, because they say it is interest based and it is illegal, based on Islam it shouldn’t be allowed. These days MFIs are reacting to this and they are providing Islamic loans as well. They started offering the Islamic loans in the last 7 years. They have a palette of products like Mudarabah, Musharaka, and other ones. To some extent this has changed from the first days of Microfinance to now in Afghanistan.”

AMA INTERVIEW, KABUL

“We started to offer Islamic loans about 1.5 years ago. We have about 1000 clients by now who are financing their businesses through this way.”

MUTAHID, MAZAR-E SHARIF, INTERVIEW

Islamic Finance

Islamic Finance differentiates itself from conventional banking at the conceptual and socio-religious level, in their business model and governing framework⁷² as well as on the product level.⁷³ Conventional banks offer loans based on interest and all industries are financed, with exception of businesses deemed illegal by the respective laws in the countries where they function. Islamic banks, however, are described

72 Islamic banks usually have a Shariah governing framework in terms of a shariah advisor and/or Shariah Supervisory Board, which approves the transactions and products in accordance to Shariah rulings see: Usmani, Mohammad Imran Ashraf. *Islamic Finance*. Karachi: Maktaba Ma’ariful Quran (Quranic Studies Publishers), 2015, p.212).

73 Usmani, p. 212.

at the conceptual level as trading/investment houses that “work under the socio-religious guidelines that prohibit charging and paying interest and avoid all impermissible transactions like gambling, speculation, short selling, ... sale of debts and receivables”.⁷⁴ They are furthermore not permitted to finance “industries that cause harm to the society such as alcohol, tobacco etc.”⁷⁵ While conventional banks “treat money as a commodity and lend it against interest as its compensation”,⁷⁶ Islamic finance products are usually asset backed and all of their given loans must be interest free.⁷⁷

The question of interest (Riba)

“One of the forms of capitalism, that has been flourishing in non-Islamic societies of the world is the interest-based investment. There are normally two participants in such transactions. One is the Investor who provides capital as on loan against interest and the other is the Manager who runs the business. The investor has no concern whether the business runs into profit or loss, he automatically gets an interest (Riba) in both outcomes at a fixed or variable rate on his capital.”

USMANI: 21

74 Ibid.

75 Ibid.

76 Ibid.

77 Though critics of the Islamic finance architecture have pointed out that “nowadays ribā is an essential factor in the Islamic economic and banking system” and that this financial architecture does not escape the embedding within the larger global financial architecture. See: Dagestani, 2017, PhD thesis, p.105.

One of the main aspects that set conventional banks and Islamic banks apart is their view on and (non) usage of “interest”. Indeed, some analysts have set the “very strong dislike of interest by its exponents” as the starting point of “the enterprise called Islamic economics”.⁷⁸ In Islamic finance, the Arabic term that is used for interest is “riba”, which means excess, increase, or addition.⁷⁹ Riba “should be understood as any interest charged on a loan, regardless of the willingness of the borrower to enter into an agreement by which he or she will have to repay interest as well as principal”.⁸⁰

Riba is mentioned both in the Qur’an and Hadith,⁸¹ and has generated a lively debate among Islamic scholars.⁸² Although no specific reason has been pointed out in the Quran or in the Hadith for the prohibition of Riba,⁸³ “its negation lies at the very

heart of Islamic views of a moral economy — just as it looms large in the ideas of many Muslim intellectuals concerning the fundamental injustice of capitalism”.⁸⁴ Classical scholars of Islam perceived economic behaviour as part of moral behaviour, which was embedded in a moral cosmology in how to be a good human.⁸⁵ In this view, interest is an expression of “an imbalance in power and wealth between the lender and the borrower”, which “allowed the lender to exploit the needs of the borrower and to dictate the rate of return, maximising profits by further impoverishing the borrower.”⁸⁶ This exploitation of another person’s needs or misfortune was therefore rejected.⁸⁷ Riba is forbidden due to its associated distribution of wealth, as it “causes wealth to accumulate among a handful of people and it results inevitably in creating monopolies, opening doors for selfishness, greed, injustice and oppression”.⁸⁸

While Riba means literally increase, there is a clear distinction between an interest charge and the profits that would accrue from an economic transaction.⁸⁹ While the first type, interest, is forbidden and

rendered haram, the second type is permissible.⁹⁰ This is an important point in understanding Islamic finance systems and products, and the differentiation made between different types of monetary additions.

Islamic Microfinance

As already pointed out by the AMA: the Microfinance landscape in Afghanistan has been changing, especially in terms of including Islamic financial products. This is analogous to a growing trend that sees the inclusion of Islamic finance instruments into Microfinance, nowadays also sometimes termed Islamic Microfinance. A recent article details this new development and its impact even in non-Muslim countries:

“Islamic Microfinance is a confluence of Microfinance and Islamic Finance. Microfinance, by its very nature, is perceived to be compatible with Islamic Finance principles; both are aimed at empowering the marginalized...The features of Islamic Microfinance make it attractive even to those who do not insist in Sharia compliance of the Microfinance products they use. Profit — and loss — sharing products available in Islamic Microfinance are beneficial to those who cannot afford the fixed interest products of traditional microfinance.”⁹¹

The phenomenon of Islamic Microfinance is rather new in the Microfinance literature, just as the market

78 See: Azhar, 2010, p. 279: “It perhaps will not be lost on any student of Islam and economics, or Islamic economy, that the enterprise called Islamic economics began as a result of a very strong dislike of the institution of interest by its exponents on the presumption that it was precisely the same thing as ribā. So much so that one can even conclude that the enterprise stands or falls on the validity or otherwise of that presumption.”

79 Usmani, p.61. There are two types of Riba, called ‘Riba An Nasiyah’ and ‘Riba Al Fadl’: “‘Riba An Nasiyah’ is defined as excess, which results from predetermined interest (sood) which a lender receives over and above the principal (Ras ul Maal) in any loan transaction. This is the real and primary form of Riba.”

80 See: Tripp, Charles. *Islam and the Moral Economy/The Challenge of Capitalism*. Cambridge: Cambridge University Press, 2006, p.126.

81 See: Usmani, chapter 4, p.49–59

82 See: discussion on changes in interpretation what interest is and when it should be forbidden: Tripp, 128–133, Also: Azhar, 2010, chapter 9.

83 See: Usmani, p. 65

84 See: Tripp, p. 126

85 Skype Interview with Islamic economics expert Sami Dagestani, January 2018.

86 See: Tripp, p.127.

87 Usmani, p.65.

88 See: Usmani, 22.

89 See: Tripp, 126.

90 See: Usmani, 62. See also for this: Dagestani, PhD thesis, p.102. mentioning for this distinction: Qur’an 2:275. See also sūra 2 (al-Baqarah) verses 275, 276, 278, sūra 3 (‘Ali’Imrān) verse 130, sūra 4 (al-Nisā’) verse 161, sūra 30 (al-Rūm) verse 39.

91 See: “Why Non-Muslim Nations are Adopting Islamic Microfinance Institutions”, October 23, 2014, <https://www.technavio.com/blog/why-non-muslim-nations-are-adopting-islamic-microfinance-institutions>.

of Islamic Microfinance is still comparatively small: it is estimated that there were only 1.28 million Islamic Microfinance clients in 2013, and about 82% of them lived in three countries: Bangladesh, Indonesia, and Sudan.⁹²

Types of Islamic microfinance

Adopted from Khan (2008) and Usmani (2015)

Term	Description
Murabaha	<i>Cost-plus-markup sale contract: asset-based sale transaction used to finance goods needed as working capital</i>
Musharaka	<i>Equity participation in a business venture, in which the parties share the profits or losses according to a predetermined ratio. Musharaka can be used for assets or for working capital</i>
Ijarah	<i>Leasing contract typically used for financing equipment, such as small machinery.</i>
Mudaraba	<i>Trustee financing, in which one party acts as financier by providing the funds, while the other party provides the managerial expertise in executing the project.</i>
Qard-hassan	<i>Interest-free, 'benevolent' loans, often offered as a form of charity rather than supporting a business from one person to another</i>

While there is a wealth of different Islamic financing tools that have been developed and refined over the past decades, only a few of them have taken root so far in the product palette of banks and Microfinance Institutions in Afghanistan:

“In Islamic based loans, there are many different financial products. This one is called Murabaha. There’s also Mushabaka, which is like a partnership between client and MFI. Whatever benefit or deficit they are getting from that business is shared between the two, the bank and the client. The percentage is based on their negotiation and a contract. But this is not popular in Afghanistan. Murabaha is the most popular, especially in the provinces.” **AMA, INTERVIEW, KABUL**

Indeed, Murabaha is generally one of the most commonly used modes of financing by Islamic banks and financial institutions overall with approximately 66% of all investment transactions.⁹³ Murabaha is in the direct sense not a loan with interest, but a particular kind of sale. In this kind of sale, the seller discloses the cost of the commodity and the added profit margin. Commodity price including profit margin are paid back by the buyer in deferred payment/instalments.⁹⁴ However, the buyer does not receive the money itself, but the commodity that he wants to purchase:

“Murabaha in banks involves the purchase of a commodity by a bank on behalf of a client and its resale to the latter on cost plus-profit basis. Under this arrangement, the bank discloses its cost and profit margin to the client. In other words, rather than advancing money to a borrower, which is how the system would work in a conventional banking agreement, the Islamic bank will buy the goods from a third party and sell those goods to the customer at a pre-agreed price.” **USMANI: 145**

Evaluation of Microfinance Offer for SHGs

Only some organisations that were interviewed for this research had experiences with Microfinance Institutions and banks. However, most unequivocally saw Microfinance not as a viable option. Some had contemplated linking their SHGs with Microfinance Institutions, but shied away from it due to the practice within Microfinance to work with an added interest.

However, recent developments within the Microfinance sector in Afghanistan and globally have seen the introduction of Islamic financing tools, which created a sub-sector of Islamic Microfinance. This sector has established itself in Afghanistan’s urban areas and offers, especially with the Murabaha sales transaction, a viable option to extend small budding businesses in a Shariah compliant way.

Apart from the concerns of Shariah-compliance, communities that so far benefit from SHGs are usually largely illiterate and have no prior experience in even opening bank accounts. For them it is difficult to evaluate the different contracts on offer and to

92 See: Riecke, J. 2015. “Set To Grow In 2015: Islamic Microfinance.” Center for Financial Inclusion Blog, January 12. <https://cfi-blog.org/2015/01/12/set-to-grow-in-2015-islamic-microfinance/>.

93 See: Usmani, p.145.

94 Interview Islamic Finance Expert Jalal Khan, January 2018.

navigate the landscape of different offers from Microfinance Institutions and banks. An organisation that wants to link their beneficiaries with any of these options in the future should keep in mind that this process might need more than a formal introduction to financial institutions.

A few organisations, that are supporting SHGs in Afghanistan, are already linked up in a network through the Afghanistan Microfinance Association (AMA), which offers possibilities to exchange information with each other, not only about the Microfinance option itself, but also about experiences in establishing and supporting SHGs.

Microfinance Institutions seem to be generally positive about the outlook of having SHG members as future clients:

“It is possible to link SHGs with Microfinance, we have done it before. MFIs are happy with those clients, because they are well trained, they know about the loans, about the repayments and lots of other mechanisms. It’s a piece of cake for them.”

AMA INTERVIEW, KABUL

While there are possibilities to connect SHGs, especially with the budding Islamic Microfinance sector, many communities are suspicious not only of Microfinance, but of banking in general. Afghanistan has experienced a number of banking scandals in the last decade, most notable the embezzlement of 1 billion USD of funds in the Kabul Bank alone. As a result, there is a general mistrust of the banking sector. This will be an additional hurdle to overcome if an organ-

isation wants to successfully connect SHGs with the Islamic Microfinance sector.

3.5. Impact

The criterion of impact measures “the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended”.⁹⁵ Impact relates thereby to positive and negative outcomes in the social, economic, or environmental areas. The questions in this part focus on accessing on what has happened as a result of the implementation of the approach and what real difference has the activity made to the beneficiaries’ lives.

3.5.1. Economic Impact

The SHG approach sets out to support economic development and social well-being of communities, that strengthens especially poor and vulnerable groups.

The economic impact was felt differentially, depending on how long the SHGs had been operating, how much capital had been building up and could be used in the respective groups. In the beginner groups which had only been operating for a few months, the amounts that the members could borrow were comparatively small. Some groups therefore decided that only a few group members would take a loan and others would wait until their loan was repaid or until more money had accumulated through the weekly and monthly saving. This reflects the logical process how the SHG system works and it also interlinks with

95 See: <http://www.oecd.org/dac/evaluation/dacriteriaforevaluatingdevelopmentassistance.htm>

the question of time needed before “change” is visible- first members can take small loans already within few months since the inception of the group (e.g. the ones who have already a business idea takes the loan, others approve of it)- the rest waits. This also fuels the shared responsibility and inherent control mechanisms, as it is everyone’s interest that the loans are taken for viable business ideas, which enables the loan to be repaid: once the money is back in the cash-box the next person can take a loan for his/her business idea:

“The SHG is very helpful for us. My husband is very old. Through the SHG I can support my family.”

FEMALE FGD, HERAT

“Most of our problems have been resolved through SHGs. The beauty of these is that the problems are resolved through us; by us. Not a lot of us have been using these funds for business; most of us have been using it for personal issues but there are also some of us who are doing business but they are less. We are much more comfortable in terms of living now, whenever we have a problem and are economically stressed, we are able to come and resolve our problems.”

NEWLY ESTABLISHED, KABUL, ORG. H.

“Yes, it improved our lives a lot, both in our economic and social life. Everyone of us knows something in which we are professionals, but how can we start a business without money? Through our groups, we can take loans from the saving box and can start

a small business. This is how we improved our economic situation.” JALALABAD, FEMALE FGD

All FGD participants spoke of a diverse range of jobs and occupations that they had started due to the interest-free loans that the members could borrow from the SHGs. The list of occupations that were taken on by beneficiaries was clearly gendered.

Women were engaged in food production such as yoghurt, pickles or jam production. Some women had businesses in which they made bolani or soy milk. Many were furthermore engaged in running beauty parlours, producing handicrafts, tailoring, or carpet weaving. There was an overlap with male correspondents' occupations in tailoring, livestock and saffron production (the latter however only in Herat, and also embedded in a cooperative structure that exceeded the initial SHG groups). Men were furthermore engaged in motorbike, car or mobile phone repair, and worked as general mechanics.

“We bring the material from the city from a bulk producer and then we make the handicraft and give it back to them. Each one of us knows something either sewing sleeves, tailoring, or different things.” MAZAR-E SHARIF, FEMALE FGD

“Some people took loans from the group. One took a loan of 5000AFN to start a small business to sell credit cards in the city, depending whether I sell them in Afghani or Pakistani rupees, I can make more money if I sell them in Pakistani rupees.”

MALE FGD, JALALABAD

“I have started tailoring, a lot of people have started tailoring. By tailoring, I have been sewing cloths and get the profit for sewing the cloths. Some have started bead sewing. She has started a Beauty parlour here.” MAZAR-E SHARIF, FEMALE FGD

“We have gotten the loan and have bought a cow and the entire village is using the milk products. We have bought animals for livestock and the neighbours are buying the products.”

MAZAR-E SHARIF, FEMALE FGD

The differences in female and male SHGs was perceptible in the economic realm especially concerning expectations that men expressed towards organisations' support for their groups. Most women were satisfied with the level of support that they received through the organisation, because they were able to establish small businesses that they could mainly run from home. Occasionally, FGDs brought out discussions on whether more money should be given by the organisation, and women were generally in favour of that. However, more often than not the women also said that they would meet no matter whether they would get further financial inputs, and that they themselves were their greatest resource.

Men, however, expressed greater levels of dissatisfaction with the SHG approach, demanding more money from the organisation to start their businesses as a top up to their own saved revolving fund. Notably, most organisations who solely worked with women did not offer financial support for their SHGs, while all organisations working with both male and female

SHGs had opted for giving a monetary incentive for starting businesses.

As already discussed in 3.2.3. (Effectiveness/ Financial Procedures), finances that the SHGs saved were used by the SHGs either for social or for economic investments. The percentages used for either, however, varied vastly between the surveyed organisations. Some organisations arranged agreements with their beneficiaries in which the money that the participating members put into the saving box would be free to use either for social or economic causes, while the money given from the organisations could only be used for businesses. Other organisations have set a specific amount of the SHGs savings itself which needs to be utilised for business purposes, while again other organisations left it completely up to the SHGs to determine what to use the money for.

The money that was used for investments other than business development, however, also had a stabilising factor. Some interviewees stated that they had used the money to build houses, pay rent or to finance medical support for their family. While these are not directly economic investments, they enable the beneficiaries to stay stable with their businesses and to use the SHG funds as fall-back plans in times of crisis:

“I took a land to make a building on it. I am worried if I don't build a building they will take the land from us, therefore, I needed money for that”

MAZAR-E SHARIF, FEMALE FGD

“Another criterion that was softened over the years: the idea was that the money is only for busi-

ness investments. Women were saying what does the repair of my sewing machine help me when my child is ill and needs medicine right now? We discussed it, and decided to put 10% for an emergency fund, which also needs paying back. In the past it was not possible, but we changed this. One needs to be practical to implement it successfully.”

ORG. H., KABUL, INTERVIEW

“For example, I had to do a surgery for my daughter, I have been able to take care of this through this loan system. When there is no cash at home, then we come here.” MAZAR-E SHARIF, FEMALE FGD

While all of these aspects point to a positive impact in the economic realm, one needs to be cautious about over-emphasising the ability of SHGs to take care of communities’ needs. On the one hand, the establishment of a sufficient revolving fund (especially without input from an organisation) takes time, and the businesses that can be set up in the first years are rather small. A possibility to extend the funding platform for these budding businesses might be Islamic micro-finance loans (see 3.4.4. Sustainability/Link to Micro-finance Institutions). However, many beneficiaries of SHGs are illiterate and face considerable difficulties in accessing the banking sector or understanding the different loan systems that are on offer.

3.5.2. Safety Network and Trust

One of the main impactful aspects of the SHGs, which combines economic and social impact, is the creation of a safety network. The safety network within a Self-

Help Group operates on two different levels: group members get to know each other and build up knowledge of each other’s social and economic situation as well as of each other’s behaviour. This knowledge which is generated through interaction and exchange, and through seeing each other behaving responsibly with everyone’s financial inputs creates trust. This community of trust and interconnectedness supports each individual person’s economic ventures socially and economically. In case the individual experiences difficulties in their business, they have the ability to ask for support from the group — either in monetary terms through asking for deferred payment or an additional loan, or in social terms of knowledge exchange to support each other with insights how to address a specific difficulty.

Usually, SHG members did not know each other before joining the Self-Help Groups, even though they had lived in close vicinity to each other. This might be due to the urban context in which neighbourly ties are much weaker than in rural areas, and in some cases as well connected to limited female mobility:

“By participation in the SHG we have become aware of each other. We got knowledge of each member’s economical situation. Through that information, we could help member by member of this SHG by giving loans to them from the treasury box.”

HERAT, MALE FGD

“Before the group started, we did not know each other. We know each other through this organisation and this group. Now we even meet outside

of the group, when we are free. We work, but in the evening or on weekends, we meet each other.”

JALALABAD, FEMALE FGD

The development of trust was repeatedly brought up as a positive development through the establishment of the SHGs. Trust is thereby defined both as direct trust in participating in the loan-cycle that was established by the SHG, as well as broader community trust, which enabled the reciprocal reliance in emergency situations. Some groups decidedly emphasised that this trust did not exist before group establishment and that they were even sceptical whether such a bond could develop in such a group that was created by an outside actor:

“We don’t lie here, we trust. We are not giving any money to anyone outside of the group because we don’t trust them.” MAZAR-E SHARIF, FEMALE FGD

“The good thing that we learnt is to trust each other. For stance, if one of the SHG member becomes sick during the late night, and if he refers to the leader or cashier of the group to get a loan for medical treatment, they trust him and solve his problem during the night. This is a positive aspect that we have learnt through the participation in this SHG.” HERAT, MALE FGD

“One year ago, we were not so sure about this group. We were wondering if this will go well or not but now we are here and we trust each other and we are a team. We can resolve our daily prob-

lems, our small problems, and we are satisfied. We are more social and we know the society, we know the neighbourhood, and there a strong sense of trust between us. We are one team both in happiness and sadness, we are one body now.”

FEMALE FGD, KABUL

This development of trust was seen as a major asset in addressing personal problems that the members faced in their daily lives. Living a life in poverty at the bare financial minimum also means in Afghanistan that families find it difficult to address problems such as health care. As there is no established or well-functioning health insurance system in Afghanistan, families are left on their own to find the financial support to pay for medical examinations. This is one of the points in which SHGs have become an additional safety net whenever a medical emergency hits:

“Some knew each other before the group formation, but now we know each other better. And some we didn’t know at all. My small son is a newborn but he is sick. We don’t have money for the examination, but all group members collected money for my baby. We went with my baby to Pakistan and now he is fine. We could discuss this in our weekly meetings and I am happy from our group members that they helped me with this. We are close friends. We are one family now.”

JALALABAD, FEMALE FGD

Members reported in the FGDs that they were able to ask the group for support and favours even out-

side of the normal meeting times if necessary. This was seen as an indicator of a developed social network, which extends its support outside the normal group parameters in which members meet and engage. This support network stabilizes economic transactions and social as well as economic standing of individual families:

“The SHG is addressing our needs, for example, I needed money during the week and was able to get a loan without the group meeting. I did not have to wait: I came and got the money. I gathered all the members and took the money in the middle of the week and I solved my problem.”

FEMALE FGD, MAZAR-E SHARIF

“The Self-Help Groups help us to resolve our problems on an instant basis. For example, if there is an urgent sickness in the family, we would come to this group and ask for a loan, same goes for problems and challenges. We have a sense of being stable, because if we don’t have money and try to get loan from other individuals, they won’t give us any money.”

KABUL, FEMALE FGD

3.5.3. Social Impact

The impact of the establishment of Self-Help Groups can not only be measured in economic terms. As already pointed to in [part 3.5.2](#). (Safety Network) the social aspect of SHGs on the one hand supports the economic ventures of the SHG members. On the other hand there are further social changes perceptible in the communities in which the SHGs operate.

Some changes are direct behavioural changes, such as learning about the impact of saving and implementing saving procedures not only for the groups but within their general lives. Most of the Afghans reached with this approach had never had a bank account in their lives and were using as much money as they had at any given time. They however remarked that the learning experience in the group enabled them to see the positive impact that saving can have and to realise that while they were poor, they had within those limited financial means still some resources that they could mobilise.

“The positive impact of the SHG is that we pay 50 AFN per week which is not a big money. And now after almost 2 years, each of us are the owner of 5000 AFN. This is a positive impact. We learnt how to save money and get the knowledge how to increase our money.”

HERAT, FEMALE FGD

“Through participation to this SHG we learnt to be more economic and learnt how to do our daily expenses. For stance in the past, when we got 20,000 AFN salary, we used to spend it all. But now we think economically and use the money in the best economic way where needed.”

HERAT, MALE FGD

Furthermore, some participants reported that there had been a collective shift in what group members focus on. A new focus on learning, work and development has emerged. They see the group as a place to exchange knowledge and learn from

each other, or even as a place to gain courage to make changes in their surrounding:

“These groups can bring social change into our lives. We see different people and learn about varying ideas. We sit with them and get different ideas about business or about our society. Before we started coming to the group, we didn’t know each other. Now we meet and we talk with each other. We used to sit on the street without work, but when we joined this group, we focus on business and education, and how to invite others to this group or to join our group. Before we were not working, and when family members asked us for help, we couldn’t help them. But now we are able to help.” **FEMALE FGD, JALALABAD**

“Some of the people did not allow girls to go to school. For example, myself, my brother did not let me study and was telling that till 9th grade is enough for a girl. Then my mom joined this group and was able to convince my brother and now we are almost graduating High School and even thinking of going to the university.” **KABUL, FEMALE FGD**

The group has become for many members a knowledge hub, where they can bring their questions and get support from others who might have the necessary expertise that they are still lacking. Some participants had prior knowledge of running businesses or how to connect to different customer bases. Meeting regularly and exchanging with each other about the ideas for the budding businesses opens up not only

a platform to exchange with each other about the financial transactions such as taking loans, but also about questions and problems faced in the process. This peer-to-peer knowledge transfer enables learning not only from outside actors such as NGOs but also within their own groups, which becomes a resource in itself. One male group in Jalalabad described the most important impact of the group as “becoming united” as a group, which can give support both within and outside the group and act as a node point for information and exchange. Other FGDs phrased it in this way:

“We sit together every week, we share our ideas. For example, I have the money and I studied a little, but I don’t know, how I can contact and deal with the customers, how can I connect to the market? But the group members gave ideas for me, and I followed up their ideas and now I’m a good seller. I know how to deal with the customer and I’m in contact with the markets. This is a social profit for me.” **JALALABAD, FEMALE FGD**

“We help each other to solve our problems. When someone needs something, another person or we as a group, help. That is our social life now. We are experts on this now, we know how to run the group and to share problems and ideas to solve the problems, too.” **HERAT, FEMALE FGD**

The SHG groups furthermore have a gendered impact. First, visiting the SHG meetings extends the movement radius of many women. Most women who are being reached with the SHG approach don’t have

a job for which they leave their homes, and in more conservative communities, women mainly stay at home to look after the children and the household. The association with the Self-Help Groups and their regular meetings therefore already expose the women to an extended network of other women in their vicinity. This network also led to meetings of women outside of the SHG context, through mutual invitations to social occasions.

“Previously we did not have permission to get out of the house, now we are able to come here and go to neighbours and actually get out of the house.”

KABUL, FEMALE FGD

“Sometimes it’s difficult to see the change, but when others from the outside point it out, then we see, how far we have come with this approach. One man asked ‘what happened in this area? In the beginning, no woman could walk and now it is a crowd of women here!’ He said, ‘you know here are a lot of women, and the organisation started this program. These women are very clever now. You cannot deceive them.’” **ORG. A., KABUL, INTERVIEW**

“Before our intervention into the rural areas, the women were not allowed to go to the society, to go to meetings, to go out for shopping, for trainings or workshops and conferences. But now all of them come out for the workshops, seminars and trainings. They even go out of country for exhibitions and trainings. Lots of social changes are there.”

ORG. C., MAZAR-E SHARIF, INTERVIEW

Another aspect that was pointed out by several organisations was the perception that the SHGs helped in decreasing gender-based violence. While this finding is in this report anecdotal through the interviews, it merits a more thorough investigation in the future whether, and how the socio-economic involvement in SHGs changes the social environment in households to decrease violence against women. One of the linkages that was drawn from the engagement within SHGs and the reduction of gender-based violence was the development of assertive communication skills and being able to draw on a support network of other women:

“It was a women’s economic empowerment program, but the social impact that it had on the side was just beautiful. It was something we didn’t intend. It was called women’s empowerment program, and then we saw that it had such a social impact that we introduced some social measures into the log frame, too. One third of the women reported some form of domestic violence prior to the project, and of this 1/3rd, 95% reported a reduction in violence, which is brilliant. If you have programs that focus on social empowerment, you won’t have this kind of outcome as we have seen in this project.” **ORG. L., INTERVIEW, KABUL**

“There are women that are so shy that they can’t even get up and say their name. It is immense to see them after a year. It’s a great success to see them engaged, and to even share with each other and

us that there are problems with gender-based violence. You need trust to voice something like that. It gives them courage.” **ORG. H.; KABUL, INTERVIEW**

Women are furthermore enabled to engage in income generating activities. As already noted, most women did not have income generating jobs before participating in the SHGs. While this gives them on the one side an additional burden next to their household chores, they sometimes experience a change in perception by their male family members or community at large:

“The CDC members started to turn to our women for advice as they became knowledgeable, because they knew about technical topics, savings, human rights. It flipped, the CDC members started to approach the saving group members for advice. The men saw that their wives knew something and this changed the relationships between husband and wife, as well as fathers and daughters. Because suddenly they were not considered useless at home anymore. They started to produce something that was valuable at home, they started to sell or barter it, there was some income and all of the sudden they knew things. In the livestock area, these were things that not even the husbands knew. We got feedback from the women, for example when a cow got ill, and the woman came and said, the cow has these symptoms and you need to get this medicine, go to the doctor to get this vaccine. The men were dumbfounded that they gained this knowledge.”

ORG. L., KABUL, INTERVIEW

While these examples point to a development in their societal role, this study found that the impact on the changes in decision making was not as pronounced as expected on the base SHG level. Women were empowered to be bread winners as well and to engage with the other women in their groups. This might have led to a change in their assertiveness within their families:

“The program has had an impact on decision making. The women in our project have reported in our last assessment that they can make decisions in their households and that they feel empowered.”

ORG. F., MAZAR-E SHARIF, INTERVIEW

However, it generally did not lead directly to a different position for women within their communities at large. Women report that the participation in the SHGs has given them a heightened sense of purpose and (group) identity, and facilitators observed that women have become more self-assertive over time as they engage in SHG activities. These developments can be seen as precursors of the development that is visible within the Cluster and Federation stages, in which women become community changers and civil society aware due to their involvement in local and regional problems. While the base is being laid on the SHG level, where women become self-assertive and see themselves as active agents, they see the collective impact that they can have on their communities once they start to get organised on the Cluster Level.

A development in social roles was then perceptible on the Cluster and Federation Level, where women were made aware more about the impact that they

can have concerning their communities' problems. At this level, women saw that they can effect change if they get organised with each other and approach government offices or decision makers in the public realm. This expresses itself in changes of the women's position within the community, where women are empowered to approach local authorities to address community problems. Many women were proud to have achieved changes in their community infrastructure (roads, protective flood walls, mobile clinics, for example) that men were not able to bring before:

"In the SHGs we mainly focus on our own households and on our businesses. When we come to the Cluster meetings we talk about problems that we face in our communities. Many issues have been resolved through the initiative of our Cluster. In Daste-e Barchi we organised a mobile clinic that is coming there now." **FGD WITH CLA, KABUL**

"The association within that district/area has a lot of power. Most of changes happen through the association. When problems come up, it is usually shared with the representative of the area. There has been a problem with the irrigation at the river where we live in the Chillsetoon area. The problem was that the river was too big and in winter when it was raining, it started flooding. People were affected by the flood and had to run away from it. So our group decided to talk with the representative of the area, and we managed to get to the officials and to affect that they built two walls so that when it is raining and flood comes, everyone can be safe. This prob-

lem had been there for a very long time and men had not been able to do it. There was funds, money, gatherings/jirgas, but no one was able to get action to prevent this problem. It was through us women coming together, that we brought change to this."

FGD WITH CLA, KABUL

A change in position in terms of leadership might only become visible at the Cluster or Federation level, however, the bases for it needs to be lain on the SHG level, where women become self-assertive and see themselves as active agents.

Apart from this gendered impact, some organisations also described that the SHGs were engines of social cohesion in a society as diverse as that of Afghanistan, in bringing together different ethnicities and bridging sectarian divides:

"In Afghanistan there are two religious sects, Shi'a and Sunni, and we have different ethnic groups, like Pashtun, Uzbek, Tajik, Hazara. Now they come together under one roof to discuss with each other in meetings without any discrimination. That's happening in the SHGs"

ORG. C., MAZAR-E SHARIF, INTERVIEW

3.5.4. Negative Impact

There are only a few negative impacts that are perceptible concerning the Self-Help Group approach.

One negative impact can be the choice to either go through the local shura or CDC. While a lot of organisations reported positive experiences in utilis-

ing local power structures to enter communities, these shuras/CDCs can function as gatekeepers to resources. An organisation needs to be well set up in terms of their social facilitators and their contact to the local community to navigate the layers of hierarchy successfully. It lies outside the scope of this research to assess whether the dealing with the shuras/CDCs is enabling the establishment or entrenchment of monopolies of power in these communities, but it should be pointed out that it is a possibility. The fact that most organisations find it impossible to otherwise access local communities, and have selectively faced the abuse of this power, is indicative of an underlying tension.

A possible shortfall of the SHG approach is the amount of time and support it needs to get up running and sustain itself. While the general set-up is cost-effective and pretty straight forward, the approach really only unfolds its full potential when used as a long-term development tool. Some organisations have termed this a rather process-oriented approach, or have described the change that they have undergone as one from project to program.

Both the timeframe necessary to effect behavioural and perspective change in beneficiaries, as well as the input in terms of training, should not be underestimated. The SHG approach cannot be thought of as a short-term fix. If an organisation tries to establish these groups with short timeframe in mind and without thinking through an embedding into a sustainable overarching structure, they run the risk to see their efforts fall apart upon pulling out, and becoming just another well-meant development project like Afghans have seen many.

Another negative impact can be the inconsistency between organisations that give money as seed money, grants, or top ups, and other organisations that are not giving this kind of financial support.

The defenders of a 'pure' SHG approach allege that paying any kind of money to the groups will lead to increased dependence and expectations from the beneficiaries towards organisations. They advocate to play the long game time-wise, and to work with whatever community resources are available in building up the financial base in the saving box. On the other end of the spectrum are the organisations that decided to give money as an addition to the self-established revolving fund of the group, which enables beneficiaries to take bigger loans faster than they would have been able to do without the funding. However, the giving of money was unanimously reflected in beneficiaries' demands for more money — which contrasts with the FGDs conducted in SHGs that did not receive additional funding. The middle ground between a 'pure' approach and the decision to give money, is taken by organisations that do not pay money but offer packages that contain the necessary material for the skills that they taught in the trainings.

As the SHG approach is spreading in Afghanistan, this differential in its implementation is creating different expectations in beneficiaries. In other countries, where the SHG approach is already more formalised, governments have taken a lead in making those decisions uniform. For example in Sri Lanka, organisations that implement the SHG approach are not allowed

to give money.⁹⁶ They are only allowed to offer trainings and to support the groups with materials such as tool-kits that might be needed to start small businesses.

3.6. Summary of DAC Criteria

Relevance

- The approach was of high relevance to most communities that the respective organisations interfaced with. The communities that were chosen by the different organisations were mostly poor and had no assets with which to back the establishment of new businesses or gaining credits from banks. The SHG approach therefore offered a great opportunity for them to create a stable, financial base.
- Due to the different foci of organisations implementing the approach, relevance could mean different things: relevance in economic terms could be overshadowed by relevance in socio-political empowerment. Not all organisations chose to work exclusively with the poorest of the communities that they entered, but to support the ones who were most susceptible to the idea or that were approachable through their shura/CDC.
- The approach had a higher relevance for women than for men. While some organisations worked with both genders, it was found that the amount of support provided by the organisations was better tailored to the needs of women than for men, to empower them socially and economically.

- The study points towards the relevance of SHGs in integrating returnees/IDPs with host community. However, due to the fact that only PIN had a strong focus on this issue, and other organisations just serviced IDPs/returnees if they happened to be part of a community, comparative findings are lacking.

Effectiveness

- The effectiveness of the Self-Help Group approach lies partly in its grassroots engagement with local communities. Only when the communities themselves embrace the approach as helpful and acceptable can it have any viable economic or social impact. Most organisations choose to enter local communities through village elders, traditional village assemblies (shuras) or the Community Development Council, which they saw as an effective way to get introduced to local communities in an amiable way. However, in a considerable number of instances, going through the shuras/CDCs was experienced as problematic either for beneficiary selection or for entering the community overall. Although addressing a community through the shura/CDC is portrayed through most organisations as the best way, it is not the only viable access point. As one organisation demonstrated, going directly to the community and its women is possible as well. However, circumventing existing power structures does not come without risks. Both strategies bring their own difficulties and need careful consideration to make the approach effective.
- Some interviewees posited that security was a de-

⁹⁶ Interview UN-Habitat, Kabul, December 2017.

termining factor in how well they were able to supervise the groups, and that the lack of supervision due to security diminished the effective establishment of well-functioning groups. Generally, however, organisations seemed to work without serious threats, which might be due to the fact that they chose to work in urban areas, where they are generally more protected, and to engage closely with the community, which gives local support in security concerns as well.

- Timing: SHGs in themselves can be set up rather quickly, with a general timeframe of 3 years for a stable, mature SHG. However, to achieve the needed behavioural changes, to embed the saving structure with the communities and to offer them a viable future outlook in regional connectivity through CLAs and Federations takes longer. This comparatively long timeframe, 6–10 years, mirrors what one interviewee discussed as a general shift in the outlook of his organisation from a project to a program-based perspective on development.
- Funding Addition: The overall flexibility of the SHG approach, in terms of guiding philosophy and beneficiary profiles, translates into a flexible strategy. Some SHGs advocated for seed grants to help speed up the capital accumulation for businesses, while some argued avoiding outside funding was important to prevent dependencies. Those who received grants were more prone to asking for more grants but in the absence of these, their SHGs did not collapse. It seems managing expectations proved valuable for those organisations

offering grants: i.e. clearly stating from the outset that grant would be limited to one and perhaps one more follow-up.

Efficiency

- The cost of the physical inputs is relatively small in terms of set-up.
- The salaries for community facilitators varied markedly, depending on whether they were employed by a locally-based NGO or part of a government or UN-facilitated project.
- None of the interviewed organisations had made any cost benefit analysis per SHG, usually due to the fact that they received an overall budget for the project in which the individual project items (such as salaries or trainings) were specified, but not broken down to the cost of each SHG. However, all organisations that were still running SHGs currently were of the opinion that the SHGs were a cost-effective choice to affect social and economic development in their partner communities.

Sustainability

- SHGs that were visited especially in Mazar-e Sharif and Kabul, which did not receive support from any organisation anymore, were still active and running by themselves. The women were meeting, putting money aside for savings and supporting each other's business ventures. It also appears that when there is a certain group spirit established, that the effect might spread: not only were groups in Mazar-e Sharif still active after phase-out, but they also gave their knowledge further to

other women and supported neighbours in establishing their own SHGs without any organisation's input.

- In some organisations the relationship between facilitator and (illiterate) SHG showed to be developing into a dependency in itself, especially when the facilitator takes on the role of the community's book keeper in the absence of literate SHG members. On the one hand, training of key people within the group such as cashier, group leader, etc. facilitated the handover of the skills to the group themselves. On the other hand, developing a clear-defined phasing out time-frame and strategy for the facilitators are key to enable both the facilitator and the group to retain more well-defined roles.
- Most organisations pointed out that a clearly defined exit strategy is a major component of establishing SHGs as sustainable entities after phasing out external inputs and assistance. This strategy should furthermore be communicated clearly with the community in which the SHGs are being implemented so that the community is aware of the scope and timeframe and ending of the project, as well as how to continue after the organisation has left. A successful exit strategy includes the establishment of a viable access to a market to ensure that the produce of the beneficiaries reaches customers, the second vital component is the establishment of overarching structures such as CLAs and/or Federations that can support the SHGs in their weekly functioning even when the implementing organisation has pulled out.



Products made by Self-Help Group members

4. CONCLUSION OF EVALUATION

The report analyses the Self-Help Group approach through the application of the DAC criteria (see part 3). This part offers an evaluation of the SHG approach against the three thematic areas of institutional stability, social development as well as economic development. Additionally, the conclusion summarises findings in the cross-cutting topics that were addressed within the report, such as gender dynamics, suitability for target group(s) including IDPs, and the urban as well as specifically local – i.e Afghan – context.

4.1. Social development

The findings of this report indicate that the SHG approach leads to the social empowerment of its members through building communities of interdependence and mutual trust, which develop a social safety network that supports the economic ventures of its members.

Usually, SHG members did not know each other before joining the Self-Help Groups, even though they had lived in close vicinity to each other. This might be due to the urban context in which neighbourly ties are much weaker than in rural areas. The development of trust was seen as a major asset in addressing personal problems that the members faced in their daily lives. Living a life in poverty at the bare financial minimum also means in Afghanistan that families find it difficult to address problems such as health care. As there is no established or well-functioning

health insurance system in Afghanistan, families are left on their own to find the financial support to pay for medical examinations. Here, Self-Help Groups often functioned as a kind of insurance plan, where members could immediately receive support and pay back expenses later.

The safety network developed within a Self-Help Group operates on two different levels: group members get to know each other and build up knowledge of each other's social and economic situation as well as each other's behaviour. This knowledge, which is generated through interaction and exchange and through seeing each other behaving responsibly with everyone's financial inputs, creates trust. This community of trust and interconnectedness supports each individual person's economic ventures socially and economically. In case the individual experiences difficulties in their business, they have the ability to ask for support from the group – either in monetary terms through or in social terms of knowledge exchange to support each other with insights into how to address a specific difficulty.

The SHG groups furthermore have a gendered impact. First, visiting the SHG meetings extends the movement radius of many women. Most women reached with the SHG approach don't have a job for which they leave their homes, and in more conservative communities, women mainly stay at home to look after the children and the household. The association with the Self-Help Groups and their regular meetings therefore already expose the women to an extend-

ed network of other women in their vicinity. Women are furthermore enabled to engage in income generating activities. Apart from the economic impact that this has on their families, they sometimes experience a change in perception by their male family members or community at large, where they are seen as a resource. However, this study found that the impact on the changes in decision making was not as pronounced as expected. Women were empowered to be additional bread winners but it generally did not lead to a different position for women within their communities. A change was only perceptible with the successful introduction of Clusters and Federations.

The group has become for many members a knowledge hub, where they can bring their questions and receive support from others who might have the necessary expertise that they are still lacking. This level of groupness further extends to the perception of members of the SHG as a place to gain courage to make changes in their surroundings. However, actual changes in their respective communities and problem solving on the more extended local and regional level beyond individual income generation again only started for most women when they became engaged in Clusters and Federations.

4.2. Economic development

The Self-Help Group approach can lead in the medium to long term to the economic empowerment of its members. While it has to be said that the SHG ap-

proach is not a quick fix (see 4.3 on timeframe), SHG members were generally satisfied with the financial support they received and the stability they experienced through participating in their respective Self-Help Groups.

The economic processes of loans, savings and possible investments were decided within the groups in their regular meetings and were found by the SHG members to be fair and transparent. The groups collectively decided whom to give loans, in which intervals to pay back and whether members were able to defer repayment if needed. Generally, financial processes seemed well established in the SHGs that were visited and in which the FGDs were conducted. The few FGDs that did report problems in loan repayment noted the problem was usually solved by giving more time to the borrower. In some cases, especially when the economic base of the loan repayment had been damaged (for example through the death of an animal), the group decided to extend a second loan to enable the group member to repay the loan amount. The established trust in the group thereby helped to overcome adversity that in other cases, for example with conventional loans, might have led into a loan spiral from which it might be difficult to recover. Loan repayment problems seems to have only led in very rare cases to the removal of participants from the group.

The ability of Self-Help Groups to reach and empower poor segments of Afghan society is unique in that it helps them to strengthen interdependent communities of trust which can also be converted into collateral. Asked for alternatives to this approach in accessing loans, participants unilaterally answered

that loans from banks would take interest, which they judged un-Islamic. Furthermore, banks usually request some sort of collateral, which these poor communities simply did not have. Alternatives such as Microfinance loans were either not well known in the community or judged to be equally un-Islamic as other banking options.

Only some organisations that were interviewed for this research had experiences with Microfinance Institutions and banks, and had linked their SHGs to commercial Microfinance Institutions. However, most unequivocally saw Microfinance as not a viable option. Some had contemplated linking their SHGs with Microfinance Institutions but shied away from it due to interest-bearing practices within Microfinance. This might be also due to the fact that Microfinance in Afghanistan functions in the sense of the initial Grameen bank's approach to poverty alleviation, but sometimes resembles more a standard loan approach with smaller loans. However, recent developments within the Microfinance sector in Afghanistan and globally have seen the introduction of Islamic financing tools, which have created a sub-sector of Islamic Microfinance. This sector has established itself in Afghanistan's urban areas and offers, especially with the Murabaha sales transaction, a viable option to extend small budding businesses in a Shariah compliant way.

4.3. Institutional stability

One of the main characteristics that sets the SHG approach apart from other development approaches is the timeframe necessary to make Self-Help Groups

successful and sustainable. In addition to effective training components and a well-defined exit strategy linked to a viable future market for participants' products, time was seen as the Achilles heel of the SHGs, which can make or break the project.

Generally, most organisations thought that 3 years was a feasible timeframe for establishing strong, independent SHGs, though they pointed out that a longer timeframe is necessary to establish broader structures that can support SHGs in the future, such as Clusters and Federations, which make the SHGs sustainable through their embedding into a wider regional and structural network. Most interviewees suggested that the SHG approach needed a long-term commitment of organisations and donors to fully succeed, which lies rather in a 6 to 10-year development framework.

Preconditions for successfully establishing Clusters and Federations are the existence of stable and matured Self-Help Groups, that show a willingness to get involved in further volunteer work on the Cluster and Federation Level. Similarly to SHGs, Cluster and Federation members need their own specific training in addition to training provided at the SHG stage. In addition to the trainings that are geared towards building the understanding of the members as to their responsibility in participating in Clusters and Federations, organisations often decide to offer additional skills-building trainings and exposure visits for Clusters. This does not only enable the members of the Clusters to learn new techniques, but also to relay these back to their own SHGs and to spread information to a wider audience. One of the key aspects of

building up successful Clusters and Federations was establishing a group identity as members of these different associational levels. To further this aspect, organisations took their Cluster and Federation members out to celebrate important milestones and to experience each other in a supportive group setting.

Self-Help Groups were generally found to be mainly focused on their own economic and social development. The development of a group consciousness that transcends the local group and takes action within their wider community was, understandably, seen at the Cluster and Federation level. Those regional associations offer the possibility for active participation within civil society.

However, Afghanistan has at present no governmental structure to effectively deal or interface with SHGs. Unlike other countries, which offer departments that deal with Self-Help Groups, Afghanistan lacks any national policy, guideline or department with contact persons to oversee, streamline or guide the process of SHG establishment. Organisations complained about this lack as it would support the sustainability of existing SHGs after the pull-out of an organisation.

Most organisations worked selectively with different ministries, depending on the program component that these departments were responsible for. The vocational training component was usually aligned with the Ministry of Labor and organisations received support from the Ministry of Women's Affairs and the Ministry of Agriculture. These selective collaborations are encouraging in terms of future engagement between grass-roots level organisations'

work and possible future links to government agencies. It could be advisable to lobby for the establishment of a responsible department dealing with Microfinance or specifically with saving groups such as the Self-Help Groups. This could be possible in the Ministry of Finance (which might oversee microfinance in the future), Ministry of Justice (where federations can get registered), Ministry of Labor (which oversees vocational trainings) or Ministry of Education (which would align with other goals of the SHGs).

It needs to be stressed that an embedding of SHGs in the governmental structure brings the possible risk of a formalization in bureaucratic structures that can make the implementation inflexible. Instructively, governmental support was generally requested by organisations either in the function of giving initial guidance and information, or for the final hand-over of existing SHGs, Clusters and Federations, to offer a counterpart. Governmental support was not thought of as running, regulating, or limiting SHGs, but rather as a point of contact to provide information and a networking point for SHG implementers and SHGs themselves.

4.4. Conclusions for Cross-Cutting Issues

4.4.1. Gender Dynamics

Existing gender roles in Afghan society had a reciprocal effect on the implementation of the SHG approach in Afghanistan both in terms of challenges and outcomes.

The impact of existing gender roles manifests in the decision of NGOs to access women in the respective communities through the (mostly male)

CDCs or through gaining approval to work with the women first from male family members and relatives. NGOs stated that they were not able to work with the women of a given community without the explicit support of the male members of that community, a statement that was mirrored unanimously by FGD participants in that all of them had to obtain male family member approval before women were able to attend the regular SHG meetings.

Once contact was established with the women and the SHGs were running, however, the approach showed a direct impact in the first years of establishment, connected with mobility within their communities. Put quite simply, visiting the SHG meetings extends the range of mobility of many women. Most women who are reached with the SHG approach don't have a job for which they leave their homes, and in more conservative communities, women mainly stay at home to look after the children and the household. The association with the Self-Help Groups and their regular meetings therefore expose the women to an extended network of other women in their vicinity, whom they not only see at the SHGs but also visit for other social occasions. Furthermore, starting a business venture often brings the women in contact with sellers in bazaars or with other middlemen, and offers opportunities to acquaint themselves with other business-related places, which is a clear extension of their spatial mobility and social capital.

Subsequently, many positive social impacts develop, such as the development of group solidarity and social as well as economic networks that can support individuals and families. For many members,

their groups have become a knowledge hub where they can bring their questions and receive support from others who might have the necessary expertise that they are still lacking. This peer-to-peer knowledge transfer enables learning not only from outside actors such as NGOs but also within their own groups, which becomes a resource in itself.

Women stated that they developed “a sense of trust” among each other through which they could share private matters as well as economic grievances. Some organisations also reported that the empowerment of women in these groups enabled them to address or even minimize gender-based violence. However, the findings in this report are rather anecdotal and require further research to substantiate the claims.

Women report that the participation in the SHGs has given them a heightened sense of purpose and (group) identity, and facilitators observed that women have become more self-assertive over time as they engage in SHG activities. These developments can be seen as precursors to the socio-political development that is visible within the Cluster and Federation stages, in which women become community changers and civil society aware due to their involvement in local and regional problems. While the foundation is being laid at the SHG level, where women become self-assertive and see themselves as active agents, they see the collective impact that they can have on their communities once they start to get organised at the Cluster Level. This has also led in some cases to changes of the women’s position within the community, where women are empowered to approach local authorities to address community prob-

lems. Many women were proud to have achieved changes in their community infrastructure (roads, protective flood walls, mobile clinics, for example) that men were not able to bring before.

Generally, differences between male and female SHGs are perceptible in expectations that the gendered SHGs have towards the support coming from NGOs. While for most women the participation in SHGs leads them to their first income-generating enterprise, men have mostly been part of the job market prior to participating in SHGs. This experience and the expectation within Afghan society towards men to provide for their whole family makes the SHG participation an additional income source, but most often not the only one. Men usually expressed more strongly that they needed additional funding for larger enterprises and that the support they received from the NGO was a good starting point, but ultimately not enough. Men’s (un) availability and their general demands for higher financial support from the organisations shows that other inputs are needed to implement the same projects for men compared to women.

4.4.2. Afghan Context

The research shows that the concept of saving and mutual support groups in Afghanistan pre-dates the introduction of the formal system of Self-Help Groups. Saving groups exist in various Afghan communities, though mainly among extended families. The concept of SHGs as introduced through NGOs can graft itself onto the existing understanding and extend the reach through its inclusion of non-family members and additional trainings that build capacity.

Another aspect of the implementation of SHGs in the Afghan context is the work through gatekeepers such as CDCs and shuras. Most organisations choose to enter local communities through village elders, traditional village assemblies (shuras) or the Community Development Council (CDC). Working through the CDCs or local shuras was mainly seen as amiable and supportive, though some organisations reported difficulties in establishing initial rapport with the CDCs/shuras and had to cancel working with certain communities as they were prevented from engaging with the community under their own terms. One organisation decided to circumvent the shuras/CDCs altogether and went directly to families in a certain neighbourhood, asking them whether the women living on one street could gather in one of the houses. This research shows that although addressing a community through the shura/CDC is portrayed through most organisations as the best way, it is not the only viable access point, and it can also offer serious drawbacks. The other way of going directly to the community is possible as well. However, circumventing existing power structures does not come without risks, and it seems most feasible when a community-inclusive process can lead to an end result.

Another aspect of present-day Afghan context is the expectation by some Afghan communities of material and financial inputs from international organisations. Past experience of support by international organisations can make working through local CDCs, as well as working more generally with local communities, more complex. Managing expectations means the implementing organisations will need to

focus more strongly on a good mobilization phase in which they explain the project and its benefits well. Some organisations experienced initial resistance in some communities as they did not bring with them financial support (especially in the pure approach where the organisation gives neither financial nor material inputs). But later, upon seeing the positive impact in neighbouring communities, some communities returned to the organisation of their own volition.

One of the main differences between the implementation of the SHG approach in Afghanistan compared to other countries is the issue of interest. While in other countries interest is often added to the loan that an SHG participant pays back, in most Afghan communities interest is seen as un-Islamic. While there are exceptions to the rule, where Afghan SHGs have decided to levy a voluntary 'service fee' or allow for financial gifts to the group, most SHGs that were surveyed for this report refused a general, pre-determined interest payment.

4.4.3. Target Group

The SHG approach is used by various actors to address economic development and the social well-being of communities that strengthens particularly poor and vulnerable groups. The interviewed organisations stated near unanimously that their focus was the poorest of poor communities and that they saw the approach working well for this target group. Some of the findings indicate that especially poor communities lack the collateral that would enable them to take loans in "normal" banking transaction. The SHG approach, on the other hand, offers them the opportuni-

ty to generate trust as collateral with which they can build up economic and social backing for their business enterprises.

While poor communities were a top priority, most of the organisations also had an intersectional focus on working with women, and felt the approach was well suited for women in Afghanistan. Rationales for working with women ranged from economic to social or even political justifications. Economically, one of the main arguments for working with women was that they are an untapped work force and a more reliable target group. However, the SHG approach was used by many organisations to target social empowerment of women (see 4.1. and 4.4.1. for more detailed results). Meeting in the SHG groups showed an impact on women's mobility, on the extension of their social networks and the development of more assertiveness through the acquisition of skills and monetary resources to help them support their families. Especially women with a vulnerable background, such as orphaned¹ woman, were able to address their individual needs that were not attended to previously, through participation in the SHG groups.

4.4.4. Urban Context

The research found several aspects in which the urban context influenced the implementation of the SHG approach in particular ways.

Depending on whether the SHGs were established in rural or urban areas, there were differences in the occupational focus of participants' enter-

prises. Most implementers in rural areas, predictably, had stronger components of livestock and agriculture than their urban counterparts.

More importantly, social differences in both settings influence the implementation and impact of the SHG approach. In most instances, SHG members in urban contexts did not know each other before joining the Self-Help Groups, even though they lived in close vicinity to each other. This is likely due to the urban context in which neighborly ties are much weaker than in rural areas. While this aspect influenced the time needed to establish a functioning group where individuals trust one another, it also resulted in a stronger impact in developing social cohesion. The groups reported being surprised by how close they had become with each other, even 'like a family'. While this was the case in most urban groups, NGOs working in rural settings reported that pre-existing social rifts influenced the group development in negative ways that sometimes even inhibited group cohesion. Bringing these groups together in urban areas might thereby support the creation of new social networks that can help participants to navigate the urban environment, especially considering Afghanistan's pace of urbanization, with IDPs arriving in cities from increasingly insecure rural areas and returnees from abroad.

There seems to be generally more movement within urban settings — i.e. people moving due to housing costs and availability — while in rural areas people are more fixed in their local environment. This has sometimes led to more flux in the composition of the SHGs. However, once participants had under-

1 In Afghanistan, children who have lost one of their parents are considered orphaned.

stood and made use of the idea of SHGs sufficiently, they sometimes 'took the idea with them' to establish new groups, or they decided to stay in touch with their old groups.

Structurally, working in an urban environment offers opportunities for institutional engagement, such as with Microfinance Institutions. In Afghanistan, Microfinance Institutions mainly offer their services in urban areas. This means that after organisations have phased out, participants of SHGs could potentially make use of bigger loans through accessing Microfinance Institutions.

4.4.5. Displacement and Uprooted People

While most organisations surveyed in this report included IDPs and returnees, who in many cases fit the standardized selection criteria, these were not specifically targeted for recruitment. Most organisations that are based in Kabul shied away from working with IDP communities based on negative experiences with the Kabul Informal Settlements (KIS) population. The organisations stated that attitudes of KIS inhabitants showed an aid dependency which resulted in unmanageable demands for material and financial support from implementing organisations.

Only one organisation in this study, namely PIN, has used the SHG approach to not only address questions of poverty and gender, but also of migration directly. The findings from the mixed groups consisting of IDP/returnee populations and permanent residents are encouraging and show how the approach can be used as an integrative tool. While the establishment of mixed IDP/host community groups

sometimes took more effort initially, in part because of strong biases against them in the host communities, the outcome shows viable social and economic support networks and integration between both groups.

Cases in Jalalabad and Herat showed that the integration of IDPs and returnees into the host communities worked well and was supported by the establishment of SHGs. While movement might fluctuate in other countries more strongly among IDPs and migrants, the migration flow within the cities seem to support a more stable migration pattern in which, after initial movement, a family remains in the same place for prolonged periods of time. This enables their participation in SHGs as normal members, who can contribute just as any other member. Participation in the SHG groups enabled the IDP families to establish social connections to their new surrounding community, offering them social and economic stability and a support network, which they otherwise would have lacked.

4.5. Lessons Learned and Good Practices

Unlike other reports that evaluate one specific project or program, the evaluation of an approach with differing project implementations that vary considerably, brings the difficulty of outlining lessons learnt and good practices from projects whose insights sometimes contradict each other. This section therefore does not claim universality, but attempts to give options that can be important to consider in the establishment and development of a viable SHG implementation.

Background

While the formalisation of the SHG approach can be traced to inputs from India and Bangladesh, the general idea of saving groups and active social networks that support family and relatives is an indigenous concept well known to many Afghans. This offers an ideational foundation for the implementation of SHGs

Start

- Base the skill development that is offered on an actual local market assessment to find out what the need is which the SHGs can fill
- Needs assessments can be conducted either through cost-effective and participatory processes or through multiple stage assessments including data-sourcing from third organisations and ranking community members according to their vulnerability and/or resilience
- Clear communication with the SHG about the time and support scope of the project as well as the exit strategy is key to a clear understanding of expectations and limits of support
- It can be good to lead a thorough discussion with the community about any negative experiences that they might have had in the past, both in terms of other NGOs implementing SHGs or with Microfinance Institutions to determine expectations and experiences
- SHGs can be tools for successful integration of IDPs and returnees into host communities. This often necessitates a longer, planned out community mobilization and engagement

- Organisations chose to gain trust and approval through male family and community members first to be able to work with the women of a given community

Facilitation

- Female Facilitators for female groups, male facilitators for male groups
- Entering community through Shura/CDC is often practiced, though it can be done directly as well
- Clear guidelines for both facilitators and the SHGs are helpful to inform each party of their role in setting up and running the SHGs
- Upon visit from the facilitator to the group, the facilitator should ask the participants to name the amount of money in the saving box and to make sure that each member knows how much they have put in and how much money is currently available. This helps in keeping the accountability of the scribe of the group
- Choosing and training facilitators from the community themselves enables to support the community directly and can help to work in more insecure areas
- Organisations can find cost-sharing agreements with communities to gradually let the community pay a part of the salaries for the community facilitators if they want their continued support
- Additional funding for the revolving fund in form of a one-time grant or top-up money can support the faster growth of the revolving fund. However, this decision can further the expectations of communities. Some organisations chose to give material tool

kits instead to support the business development. If none of the support mechanisms are given (Funding or material), a longer timeframe needs to be envisioned for establishing viable businesses

Running the SHG

- ‘Passport’ Books for each member of an SHG to record how much they have paid in, how much they have loaned and when they repaid
- SHG log books keep overviews on how much money exists in the cash box and which participant of the group has taken out what amount as loans
- There should be an agreement with the community at the beginning that the SHG books and logs are a one-time distribution and consecutive books needs to be purchased by the SHG themselves
- Using community resources to overcome hurdles: asking daughters or sons of SHG members to help with the financial ledgers and record keeping if all members of the SHG are illiterate
- Setting up a SHG is done quickly, with a general timeframe of 3 years for a stable, mature SHG. However, to embed the saving structure with the communities and to offer them a viable future outlook in regional connectivity through CLAs and Federations takes longer time (5-8 years overall)

Market Facilitation

- SHGs can get introduced directly to traders in a bazaar. Conversely, an NGO might decide to support an SHG to open up their own shop, either individually or collectively with other SHGs

- Beneficiaries should be made aware of all possible markets or NGOs, private sector businesses and government departments that could offer support for their businesses even when the establishing organisation has pulled out

Registering/Government Interface

- There is currently no registration process for SHGs or associations
- Federations can be registered with the Ministry of Justice. The process takes roughly three months
- There is currently no department that is responsible for the overall management of SHGs in Afghanistan. However, NGOs have opted to selectively receive support from ministries/departments for parts of the SHG implementation (Vocational Trainings, Literacy Courses, etc).



Focus Group Discussion among Self-Help group members

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APPENDIX A – QUESTIONNAIRES AND FOCUS GROUP DISCUSSIONS GUIDES

Interview Guide for key informant interview 1 (KII –1): Implementing Organisations

Criteria / KII – Organisations

General

- **Inception:** For how long have you been using SHGs? In how many communities? How many SHGs were established (m/f), and how many are currently still running (in which stage of maturity)?
- **Definition:** What is your concept of SHGs, as implemented in your projects? What is your primary aim when establishing SHGs?

Cross-cutting Issues

- **Target Group:** What is your target group for implementing the SHGs? Have you worked with these communities previously? How have you identified your primary beneficiaries? How has the community understood and accepted the choice of target beneficiaries? Are you targeting any marginalized groups explicitly (which ones? How do you identify these communities and are there any assessments done beforehand? How do you include them?)?
- **Gender:** Do you see differences between male and female SHGs? If so, what are they? Have you heard of any problems or success stories concerning women mainly running the SHGs? What impact does the gender of beneficiaries have on their participation in the SHGs? What is the percentage of female to male SHGs that are currently active?

- **Local Context:** (How) have you adapted the SHG approach to the local context? If so, can you give some examples of the customization of the program?
- **Urban Context:** Do you run an equal number of SHGs in urban, peri-urban and rural settings? If not, in which setting do you primarily focus, and why? If you have SHGs in multiple places, do you see differences? How does the urban context influence the use of the SHG approach?
- **Displacement:** Do you work with internally displaced communities? If so, what are the main benefits of SHG membership for the displaced and uprooted people living in urban areas, if any? Are there any negative impacts?

Relevant

- **Consistency/Relevance:** What is your objective when using SHGs? What are the intended impacts/effects? Do you see them successfully reached? (if yes, how? If no, where do they fall short and why?) How does the use of SHGs fit into your organisations' overall aims? Are the beneficiaries aware of the objectives of the SHG?
- **Needs Assessment:** Which needs have you identified in the communities in which SHGs are implemented? How do the SHGs address these needs?
- Are the SHGs regularly meeting/used by members? Have members left the SHG, if so, why? What reasons are given by members who choose

to leave SHGs? After how many years have they left? Who are the ones who left? (newcomers, women, men, IDPs)?

- **Comparison of Alternatives:** Are there other viable alternative sources of credit available in these communities, and how do they compare to the SHG level loan system?
- **Inclusion:** Are there any IDPs that participate in the SHG? Are the operational requirements, impacts and effects of SHGs different when working with IDPs vs non IDPs?
- **National Policies:** Are there any national policies or efforts that your SHG approach falls under or addresses? If so, which?

Effective

- **Achievement:** Which objectives have you reached through the establishment of the SHG? Which other objectives have not been achieved (yet), and how do you plan to achieve them? How many beneficiaries did you envision vs. how many reached?
- **Influencing Factors:** What were the major factors influencing the achievement or non-achievement of the objectives?
- **Financial Processes:** In which stage of maturation are the SHGs you are currently running? How well established are financial processes (loans, savings, investments, etc.)? How many loans are being given/repaid and for what?
- **Outside Impact:** Do you see an impact of the local

context (security, group dynamics, history, local power structures such as elders or CDCs) affecting the outcome?

Efficient

- **Cost Efficiency:** What is the amount (per SHG/per beneficiary) to set up, train and maintain a SHG? How are these costs monitored?
- **Improvement:** How could the approach be improved?

Sustainable

- **Structure and Impact:** What do you see as long-term positive impact in the lives of SHG members and how do you measure this?
- **Dependencies:** Does the SHG program create any dependencies among members, or does it empower them to be self-sufficient?
- **Exit Plan:** If funding is still ongoing, is there a clear plan for phasing out external inputs and assistance?
- **Continuation:** Have SHGs continued to exist after outside assistance has stopped? To what extent did the benefits of the program continue after donor funding ceased?
- **Independence:** Are the groups able to operate independently without the facilitator's involvement? Are there any beneficiaries who you would categorize as dependent on the SHG for help, and who would rather benefit from another more sustained/substantial support?
- **Link to Federation:** Is there a plan to link up the SHGs on a cluster or national level? If yes, how far

is the development of these plans? If no, why not?

- **Link to Microfinance Institutions:** Is there a plan to increase/decrease the loan volume and link up the SHGs to microfinance banks or institutions? If yes, how far is the development of these plans? If no, why not?

Impact

- **Social Impact:** What positive social impact do you see on the lives of the beneficiaries (personal, household, community, regional level)? Can you give examples?
- **Group Impact/Trust:** Have you witnessed an impact on group interactions in the communities where you implemented SHGs? Do you see an impact on mutual responsibility and trust building at a group or community level?
- **Safety Network:** Does the SHG approach contribute to the establishment of social/safety networks?
- **Decision Making:** Have SHGs impacted household or community decision-making and engagement?
- **Problem Solving:** Does the SHG approach effectively help group/community level members to solve the problems they face? If yes, in which ways has this happened (meetings, link up to shura/jirgas)?
- **Economic Impact:** How many of the loans were used to establish a business? What types of businesses are most commonly established with these loans? [Sustainability: how many of these businesses can run or sustain themselves without the ongoing support of the SHGs?]

- **Negative Impact:** Have there been any negative impacts on a household or community level for members of SHGs?

Interview Guide for key informant interview 2 (KII-2): Community Leaders and Members Criteria / KII – Organisations

General

- **Inception:** For how long have you been using SHGs? In how many communities? How many SHGs were established (m/f), and how many are currently still running (in which stage of maturity)?
- **Definition:** What is your concept of SHGs, as implemented in your projects? What is the main focus of establishing SHGs?

Cross-cutting Issues

- **Target Group:** When the organisation approached you for establishing SHGs, had you heard about this approach before? What did you first think about the approach and whom they chose to participate? How have people reacted to the implementation of SHGs within their community?
- **Gender:** Do you see differences between male and female SHGs? If so, what are they? Have you heard of any problems or success stories concerning women mainly running the SHGs? What impact does the gender of beneficiaries have on their participation in the SHGs?
- **Local Context:** Do you think that the SHG is a good program for Afghan communities/your community? If yes, why? If no, why not?

- **IDP:** If your community has been displaced (additional question): Have you faced any difficulties concerning holding SHGs and implementing SHG loan systems, due to people's uncertain status in their place of residence? Are people moving or dropping out of the group?

Relevant

- **Consistency/Relevance:** What is your reason/goal for using SHGs? In your opinion, do you think that the SHGs are successful in achieving this? (if yes, how? If no, how not and why?)
- **Needs Assessment:** What are the needs in your community? Do the SHGs help in addressing these needs?
- **Participation/Drop Out:** Are the SHGs regularly meeting/regularly used by members? Have members left the SHG, if so, why/ (What) are reasons for members to leave SHGs? After how many years have they left? Who are the ones who left (newcomers, women, men, IDPs)?
- **Alternatives:** Are there other viable sources of credit available in the communities, and how do they compare to the SHG level loan system? Do you use them (if yes, who and for what, if you don't use them, why not)?
- **Inclusion:** Are there any IDPs that participate in your SHG(s)/Is your community internally displaced? If yes, does this have an impact on the use of the SHG (people having to move, stability of the SHG)?

Effective

- **Achievement:** What are the successes that you have seen through the SHGs working? Where do you think the SHG does not achieve its goals? What could be done better to achieve these goals?
- **Influencing Factors:** What were the major factors influencing the achievement or non-achievement of the objectives?
- **Financial Process:** How well would you say the SHGs function financially? Are financial processes (loans, savings, investments, etc.) well established or do you face problems in this regard? How many loans are being given/repaid?
- **Outside Impact:** Do you see an impact of the local context (security, group dynamics, history, local power structures such as elders or CDCs) affecting the outcome? How is the relationship between SHGs, elders, CDCs and other community members?

Efficient

- **Time satisfaction:** Are participants and community members satisfied with the time of establishment, disbursement, identification of projects and support to handle them?
- **Improvement:** How could the approach be improved?

Sustainable

- **Structure and Impact:** What do you see as long-term positive impact in the lives of SHG members, and your community? Can you give examples?

- **Continuation/Dependencies:** Is your SHG receiving any support from the organisation to sustain SHG activities? Is the SHG operating independently from facilitators or the organisation or do you need support? If you need support, what kind of support is necessary?
- **Collective Action/Link to Federation/Microfinance:** Has the social network and problem sharing in the group led to any collective action to change a problem that individuals or the community experiences? Are there problems you discussed which would need bigger loans or more outside help?

Impact

- **Social Impact:** Do you see positive social developments connected to the SHGs in the households, community or generally? Does the existence and work of the SHGs have an impact on the overall community? Does the community overall benefit from having the SHGs? How do SHG members interact with other members of the community? Can you give examples?
- **Decision Making:** Have the SHGs influenced any decision making in individual households or in the community at large? If so, can you give an example? If not, why not?
- **Problem Solving:** Does the SHG approach help to solve group/community level problems that its members face? If yes, in which ways has this happened (meetings, link up to shura/jirgas)?
- **Economic Impact:** How were the loans used? What kind of investments/projects were you able to support/enable due to giving loans in the SHG?

Were they one-time investments or are they still ongoing projects? Have the loans had a positive economic impact? How many of the loans were used to establish a business?

- **Negative Impact:** Have there been any negative impacts on personal household or community level for members or non-members of SHGs?

Overview Sheet to Fill out for each FGD

Name of Organisation that set up the FGD:

Place of Community City:

Place of Community/Area Name:

Gender of FGD:

IDP Community Yes/No:

Date of FGD:

Facilitator:

Note Taker:

Questions for Focus Group Discussions

Criteria / Category / FGD Questions

Relevant

Consistency/Relevance/ Needs Assessment/Comparison of Alternatives:

A) How long have you been practicing SHGs? (B)

What kind of outcomes/ effects do you see as a result of participating in the SHGs (1) socially (2) economically? (C) What are the needs in your communities? Are SHGs addressing these needs adequately? Which needs does it address and which ones does it not address? Are there any other options to address these needs or are SHG the best option?

EXTRA FOR IDP COMMUNITY:

Inclusion and Target Population:

For FGDs in IDP-communities: Does your current status as an IDP affect your involvement in the SHG (people having to move; stability of the SHG)? What are some of the positive/negative aspects that affect participation in the SHGs?

Effective

Financial Processes:

Are the processes of loans/savings/investments/re-payments working well, or have you faced any problems with them? What kind of investments/projects were you able to support/enable due to giving loans in the SHG? Were they one-time investments or are they still ongoing projects?

Outside Impact:

What are problems that you have faced in convening the SHGs and in implementing the regular proceedings? Were there any problems in terms of security? If so, what were they? What is the relationship between SHGs and community elders, CDCs or other community members? Did you face any interference/problems in this regard?

Sustainable

Structure and Impact:

Do you see long-term positive impact of the SHGs? What have you learnt and developed through participation in the SHGs?

Continuation/ Independence:

Is your SHG receiving any support from an outside organisation to sustain SHG activities? Is the SHG operating independently from facilitators and the organisation or do you need support? If you need support, what kind of support is necessary?

Link to Federation/Problem Solving/Possible link to Microfinance Banks

Has the social network and problem sharing in the group led to any collective actions/solutions to problems that individuals or the community experiences? Are there problems you discussed which would need bigger loans or more outside help?

Impact

Social Impact/ Group Impact and Trust/ Safety Network:

Has the social network and problem sharing in the group led to any collective actions/solutions to problems that individuals or the community experiences? Are there problems you discussed which would need bigger loans or more outside help?

Decision Making/ Problem Solving:

What are problems that you have faced as a group? How have you dealt with them? Have participants dropped out of the program? If so, why? And how has the group dealt with this?



Savings Box in Jalalabad, female Self-Help Group



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