

VISIT REPORT

**Report on a visit to Afghanistan on behalf of the
NRI/AKDN/RALF project:**

**“Innovative financial mechanisms
for improving the livelihoods
of rural Afghans currently
economically dependent
on opium poppy”**

November 25th - 29th 2006

Barry Pound

NRI code C1780; RALF code 01-08

Acknowledgements

I am grateful for the arrangements made for this visit by Seenivasan R, Henri Suter and the AKDN staff in Kabul, and to Dr Najib Malik and his staff at the ICARDA office for arrangements for the SHG workshop. We are grateful to the Ministries of Agriculture and Irrigation, and of Counter Narcotics for their contributions to the workshop and use of the MAI RAMP conference room.

Background

The current assignment was undertaken as part of the project “Innovative financial mechanisms for improving the livelihoods of rural Afghans currently economically dependent on opium poppy” (RALF 01-08). This project is funded by DFID under the Research in Alternative Livelihoods Fund (RALF) managed by ICARDA. The project is led by the Natural Resources Institute of the University of Greenwich UK, and implemented in partnership with the Aga Khan Foundation (AKF) and the Afghanistan Rural Micro-credit Programme (ARMP) of the Aga Khan Development Network (AKDN) in Afghanistan. The location of the project is Badakhshan Province in the north east of the country.

Visit Objectives

The main visit objectives were to:

- a) Conduct a dissemination and learning workshop with government, NGO, micro-finance and research organisations in Afghanistan
- b) Discuss and agree activities through to the end of the project (31st December 2006)
- c) Identify any follow-up activities

VISIT OUTCOMES

a) Dissemination and learning workshop

A joint AKF/NRI/RALF¹/MAI workshop was held in Kabul on 27th November 2006 with the following objectives:

- To inform interested parties about the results of the AKF/NRI project “Innovative financial mechanisms for improving the livelihoods of rural Afghans currently economically dependent on opium poppy”, the Self-Help Group methodology and its impact in Badakhshan
- To identify the place of the SHG approach among other micro-finance initiatives in the Afghan context (financial, social, developmental contributions)
- To discuss and identify next steps towards the consolidation and expansion of the SHG approach with respect to the specific situation in Afghanistan

The workshop was opened by the First Deputy Minister of Agriculture Engineer Mohammad Sharif, and Dr. Nabi Hussaini, Director of ALP Dept and Poppy Elimination Program, at Ministry for Counter Narcotics. Dr Fazl Fazluddin (head of agricultural extension in MAI), Dr Najib Malik (RALF Programme Manager) and Dr Henri Suter (head of community development for AKF) chaired the different sessions. In addition, senior representatives from different government departments, NGOs involved with self help groups and community development (CARE, CRS, Afghan-Aid, UN Habitat, AKF), ICARDA staff, Micro-finance institutions, Self-Help Group leaders from Jurm and Ishkashim and project members also participated.

The experiences of the AKF/NRI project were presented, including presentations by SHG farmer leaders from Jurm and Ishkashim Districts of Badakhshan. The UN-Habitat experience was also presented, and a detailed and lively discussion ensued on many aspects of the implementation of the SHG approach in Afghanistan.

This was followed by group work to explore the issues around microfinance in Afghanistan, and how these are addressed by SHGs using the following guide questions:

- What are the issues affecting successful implementation of micro-finance in Afghanistan?
- How are these issues addressed by the SHG approach?
- What are the main challenges for SHG initiatives in Afghanistan

Conclusions from the workshop

- The SHG approach is being used by a number of different practitioners in Afghanistan (CARE, UN-Habitat, AfghanAid and AKF). Implementation differs in each case.
- The AKF/NRI SHG research pilot in Badakhshan has been successful in demonstrating the potential for SHGs as a non-threatening mechanism for mobilising local resources, providing **affordable finance to poorer men and women** and providing social benefits (building self-reliance, capacity, social cohesion and empowerment of women).
- Despite good results, many challenges remain for the SHG movement.
- The Counter Narcotics Trust Fund welcomes proposals to scale up SHGs nationally
- There is interest, especially from NGOs, to form a Task Force that will meet and take the SHG movement forward in a coherent way, maintaining good relations with government.

The proceedings of the workshop are attached as Annex One to this report.

¹ RALF (Research in Alternative Livelihoods Fund) is a 3-year research programme, funded by DFID-UK, managed by ICARDA and implemented by 25 national and international partners in 17 provinces of Afghanistan. RALF Website: www.icarda.cgiar.org/RALFweb/RALF.htm

b) Action Plan for period from September - end December 2006

The action plan made in the previous visit was reviewed, as follows:

Action Plan September-November 2006

Action	By whom	By when	Comments
Agree Linkage Loan administration and procedure, and set service charge to Groups	Seeni and Henri	7 th September	Completed. Interest rate set at 0.75% per month (9% per year)
Roll out of linkage loans to groups	Seeni and team	From September	Started. 35 groups have received linkage loans by end November
Find out cost and suitability of dedicated accounting software and let Barry and Ana know. Barry to let Seeni know budget ceiling.	Seeni/Barry	7 th September	Done. Cost \$US5000. Software purchased and training done
Monthly and quarterly reports to NRI and AKF	Seeni	When due	Completed
Continuing development of SHG Group skills and awareness of opportunities (linking to AKF sections and other projects)	Seeni	To end of project	Continuing
Basic information table on 25 pilot villages (based on dataset specifications from Barry and Ana)	Seeni	End November monthly report	Aggregate data to end October included in quarterly report
Collation of SHG data (names of Groups, membership, gender, date of establishment, savings, internal loan values, purpose of loans, repayment time, size of first linkage loans – size and purpose of member loans after linkage funds received) and sending to NRI	Seeni	End of October	Not yet done
Possible recruitment of female SHA for Ishkashim	Seeni	End Sept	Completed
Draft proposal for ex-post evaluation of SHGs for additional RALF funding	Barry/Najib	End October	Need is agreed, but not yet agreed on funding
Draft concept note for replication/expansion of SHG model	Henri/Seeni	End September	To be finalised
SHG experience booklet	Seeni (first draft) then Barry/Ana	First draft by end October. Printed by Dec 8 th	Not done
Find out costs for publishing booklet in UK	Barry	End October	Not done (see above)
Preparations for Kabul stakeholder workshop	Seeni/Henri	November	Completed, and workshop held 27 th Nov
Final technical report for RALF (to include addressing concerns of Mary Underwood and Adam Pain)	Draft : Barry Comments: Ana/Seeni	Draft end Nov; completion 20 Dec	Ongoing; awaiting data from Seeni

Most activities have been completed as scheduled, apart from the drafting of an SHG experiences booklet, and the collation of SHG data. The latter is underway (see final action plan below).

Final action plan for RALF 01-08; November-end December 2006

Action	By whom	By when	Comments
Complete roll out of linkage loans to groups	Seeni and team	By mid-December	
Monthly and quarterly reports to NRI and AKF	Seeni	When due	
Collation of SHG data (see list in separate table below) and sending to NRI	Seeni	Dec 10 th	
Draft proposal for ex-post evaluation of SHGs for additional RALF funding	Barry/Najib	Mid Dec	
Draft concept note for replication/expansion of SHG model	Henri/Seeni	Dec 06	
Journal paper (see Outline below)	Barry, Ana, Seeni and Henri	Mid 07	
Distribution of Proceedings from Kabul SHG workshop	Najib/Henri	1 st Dec 06	
Final technical report for RALF	Draft : Barry Comments: Ana/Seeni	Draft end Nov; completion 20 Dec	Awaiting data from Seeni by Dec 10

The minimum dataset to be provided by Seenivasan R by December 10th was discussed, and is as shown in the Box below. Some of the information is already with Barry in the form of presentations, emails and notes. The rest, Seeni agreed to send to Barry by December 10th at the latest.

Minimum data set for Microfinance project (data to end of November 2006).

A. Description of the Groups (as at Nov 30th †)

Number of groups in each District

For each Group

District, Village and Group name

Month established

Have any Groups ceased to operate (give reason)

Number of members; Gender of members

Have there been any alteration in membership since establishment (give reasons)

Month by month accumulation of Group capital by Group

Month by month accumulation of Group capital by District – to enable generation of graphs showing capital accumulation, by District

Seeni agreed to supply this information by Dec 10th

B. Group bye-laws (for each Group) – (Barry to see Pass book file where most of this information is already provided)

District, Village and Group name

Men or women's group

Membership fee

Interest rate or other arrangement (any changes over time, and why)

Savings rate per month (any changes and why)

Contract with "linkage loan organisation". Conditions 0.75%; 11 months repayment term

C. Internal Loans (for each Group, specify if it's a mens or womens group))

Number of loans between establishment and Nov 30th

Purpose of each loan (useful to know if the purposes to which loans are put have changed over time) **Not possible to supply this information in time**

Amount of each loan (**max 10,000; min 4,000**)

Instances of late repayment (if possible describe circumstances). None

Repayment percentage (by District) – any comments. **All schedules honoured to date**

Any other information on internal loans

Any withdrawals of savings. **None to date**

D. Linkage loans

Organisations giving linkage loans to SHGs as at 30 Nov. **AKF**

Terms of Linkage Loans: **0.75%; 11 months**

Dates when Linkage Loans were given. **Nov 06. Delay was due to difficulties of arranging LL, lack of decision by ARMP and unacceptable conditions. 35 groups received – see email**

Amounts of linkage loans per Group (how that was calculated). **\$1000 average but related to size of savings/ other criteria – see presentation**

How linkage loans are being used, and what difference they have made to the Groups as a whole and their individual members (e.g. if extra capital has changed what people use their loans for). **Not possible to supply this as loans only just been given. Need follow up evaluation**

E. Resources devoted to the SHG programme (in financial terms where possible)

Staff (by District).

Vehicles. Pool, difficulties

Materials (pass books etc)

[Capital; \$100,000 (DFID)]

Any other resources

F. General information (per Group)

Any difficulties in establishment or implementation of Group activities (religious opposition, opposition from Khans, Maliks, etc, any conflict between Group members, any problems maintaining savings rates, any problems with attendance of Group meetings, any problems with the elected Group officers...etc.)

Any comments from Group members expressing satisfaction or dissatisfaction with the Groups or the approach

Any comments (eg interest in becoming SHG member) by non-members

G. Profiles of members – too difficult to obtain this for 1800 people. However, broad profiles by groups (perhaps to be made by Seeni or the District officers) would be helpful, e.g. women group composed by members dedicated to goat raising, etc.

Seeni agreed to send details for a sample of Groups (men/women) – by Dec 10

H. Impact on opium production or consumption – too difficult for our staff to gather without jeopardizing the project activities and staff safety

Any observational or anecdotal evidence of how the project is changing behaviour of members of SHGs (e.g. changes in the production or use of opium, changes in livelihoods, adoption of new enterprises, links with AKF programmes or with other development institutions...etc.)

Please send to b.pound@gre.ac.uk, bazzapound@hotmail.com, a.marr@gre.ac.uk, a_marr123@yahoo.com.uk

The Final Report format and lead writers were identified, and are given in the Box below:

FINAL TECHNICAL REPORT FORMAT

Executive Summary (Up to 500 words) BP

A very brief summary of the purpose of the project, the key research activities, the outputs of the project, and the contribution of the project towards improving livelihoods of the poor.

Background BP + Henri

Information should include a description of the importance of the livelihood constraint(s) that the project sought to address and specify how and why this was identified. A summary of any significant research previously carried out.

Project Purpose BP

The purpose of the project and how it addressed the identified development opportunity or identified constraint to development.

Research Activities BP + Seeni

Include descriptions of all the research activities (research studies, surveys etc) conducted to achieve the outputs of the project. Information on any facilities, expertise and special resources used to implement the project should also be included. Indicate any modification to the proposed research activities and whether planned inputs were provided.

How did the different stakeholders (lead institution, collaborating institution(s), the target institution(s), and, where relevant, farming communities) participate in the research process?

Include M&E activities (including small livelihoods survey to be conducted by Roomi in December 2006)

Outputs BP with inputs of data from Seeni

Research results and products achieved by the Project. Were all the anticipated outputs achieved and if not what were the reasons?

Research results should be presented as tables, graphs or sketches rather than lengthy writing and provided in as quantitative a form as is possible.

Include a qualitative assessment as to their quality and relevance as perceived by their intended users. Have target institutions adopted or are likely to take up the research outputs and how have they done this or plan to do this? Have the results of the research been validated as potentially effective at farmer level and how was this done?

Include: Mary Underwood review and Adam Pain concerns

Contribution of Outputs Henri + Seeni

Describe the potential longer term impacts of the research; the identified promotion pathways to target institutions and beneficiaries; follow up action/research necessary to promote the findings for developmental benefit; and plans for further dissemination, as appropriate. Identify any lessons from the project which may be replicable to other projects.

For projects aimed at developing a device, material or process specify: a) what further market studies need to be done; b) how the outputs will be made available to intended users; c) what further stages will be needed to develop, test and establish manufacture of a product; and d) how, and by whom, the further stages will be carried out and paid for.

Include: Evaluation of SHGs in July 2007; SHG Task Force; Dissemination materials and journal papers

Annex

Publications BP

List, only those published and in press i.e. accepted for publication.

Internal Reports BP

List reports and working papers with dates and address where copies can be obtained.

Other Dissemination of Results BP

Give details of other mechanisms of disseminating outputs from the project e.g. videos, media presentations etc.

Data Sets *Seeni to describe software and the datasets being generated by it, and the datasets held by SHGs*

Give a description of data sets generated and plans for storage (if applicable), specifying the likely users of the information in the future.

Appendices BP

Journal articles and other outputs in the grey literature.

Notes:

- 1) Length should be 15-25 pages.

Dissemination of project results:

The RALF Programme Manager is keen that the project results should be broadcast as widely as possible. The dissemination products agreed to in the Project Document are as follows:

1. *Workshops proceeding reports on discussions about design, implementation, progress and possible impacts and outreach of selected financial options.*
2. *User-friendly formats and reports, so that the lessons from successes and failures can be rapidly incorporated into government and NGO policies and programmes.*

To date the project has held, or contributed to, three workshops (October 2005, September 2006 and November 2006). It is intended to hold at least one further workshop (in Badakhshan, for stakeholders in that Province). In addition the November workshop started the process of forming a SHG Task Force that will continue to promote SHG approaches after the end of the project.

Written outputs to date have been in the form of internal reports, plus a report of a joint monitoring report that was translated into Dari (by the kind efforts of Dr Fazluddin Fazl) and distributed widely to in-country stakeholders at several events.

It is now the intention of the project to produce two or more dissemination materials, as follows:

- The design for a Poster (to include photos, text, table, logos, contact addresses/email). The poster would be printed by the RALF Programme and be used for dissemination events, such as the Final Programme Workshop
- Article for LEISA² Newsletter - Barry will write to LEISA to see if there is m/finance edition coming up in next year
- A **Journal paper**. This will be for an International academic Journal. An early draft Outline is given below. This will be refined over the next few weeks and shared with authors for comment:

² LEISA is the “Low External-Input Sustainable Agriculture” Network Newsletter that reaches a wide audience of development practitioners in developing countries

Outline for Journal Paper on AKF/NRI SHG experience

Academic paper to be authored by Barry, Seeni, Ana Marr and Henri during the first half of 2007.

Possible Journals: World Development; Journal of Microfinance, Journal for International Development, Small Enterprise Development, or Development in Practice.

Note: format, length and style (e.g. photos or not) will depend on the Journal.

Components:

Title: Mobilising local resources, enhancing social cohesion and reducing dependency on poppy with Self-Help Groups in Afghanistan

Authors: Barry Pound, Seenivasan R, Ana Marr and Henri Suter

Author profiles (50 words for each author):

Abstract: To be written last

Introduction and background: Review relevant international and “grey” literature, particularly related to poppy situation (Mansfield, Pain, UN, Theuss...), livelihoods in Afghanistan (Pain, Jo Grace, Pound...) and micro-finance initiatives (MISFA, ARMP, BRAC, CARE, AfghanAid, UN-Habitat...). Livelihood situation in the project area – including debt, opium cultivation and use, poverty, gender disparity, available microfinance initiatives (formal and informal), need for alternative microfinance solutions, need for alternative income generation options in Badakhshan; SHG movement in Asia. The RALF programme; AKF programme in Afghanistan – the justification for the SHG project. Objectives of the project, partners, research hypotheses.

Methods: Focus on the SHG activities. Approach; resources; location (description); choice of villages; awareness creation; establishment of groups (men and women) and office bearers; training of groups; group bye-laws; functioning of groups; linkage loan mechanisms.

Results: Quantitative and qualitative results

Discussion: Include feedback from monitoring, dissemination and learning events; future direction of SHGs in Afghanistan (Task Force, proposal to CNTF, Hand in Hand, other NGO projects...)

Conclusions: Successes, challenges, forward perspectives

References: Must be complete, accurate and correctly cited (citation method differs between Journals)

Acknowledgements: DFID, RALF, MAI. DFID disclaimer

d) Identify any follow-up activities

The SHG approach is very favourably viewed in the relevant Ministries (Agriculture; Counter Narcotics and Rural Development). There are also several NGOs implementing similar activities (AfghanAid, CARE, UN-Habitat), and at least one other with plans for substantial SHG activities in the future (the NGO “Hand-in-Hand”). There are good perspectives for the expansion of SHG activities in Afghanistan, especially through the Counter Narcotics Trust Fund. It is important that the Deputy Minister (Counter Narcotics) has encouraged NGOs to submit proposals for SHG activities through the CNTF. It is not clear at this point if NRI will be involved in such a proposal.

There is a clear need to follow up the AKF/NRI Self-Help Groups to determine the impact of the project in the short-term. July/August 2007 appears to be a logical time to carry out an evaluation. This would require additional funding, which has not yet been identified.