

THE ROLES, OPPORTUNITIES AND CHALLENGES OF SELF HELP
GROUP APPROACH IN LOCAL ECONOMIC DEVELOPMENT:

THE CASE OF JIMMA TOWN

AN IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
DEGREE OF MASTER OF ARTS IN REGIONAL AND LOCAL
DEVELOPMENT STUDIES

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There are many minds and ideas behind this research paper. As a person who has been involved in the SHG approach to development since 2002 in my country, Ethiopia, I had a dream to produce a systematically worked out research paper that, at least, serve as a benchmark for further researches and developments. This inside aspiration was constantly filled with external supports from families and friends. Furthermore, I am trained in the institute I have been dreaming for. So, I have passed the most successful and happy times during my study.

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Acronyms

ADLI	Agricultural Development-Led Industrialization
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AIDS	Acquired immune deficiency syndrome
CBO	Community Based Organizations
CLA	Cluster Level Association
CLA	Cluster Level Association
CRC	Convention on Child Rights
DED	German Development Service
EECMY	Ethiopian Evangelical Church Mekane Yesus
EFDA	Education For Development Association
EKHC	Ethiopian KaleHiwot Church
ERSHA	Ethiopian Rural Self Help Association
EU	European Union
FAL	Functional Adult Literacy
FBO	Faith Based Organizations
FCE	Facilitator for Change Ethiopia
FGA	Family Guidance Association
FGD	Focus Group Discussion
FGD	Focus Group Discussion
FP	Family Planning
FSCE	Forum on Street Children Ethiopia
GADA	Generation for Action Development Association
GDP	Gross Domestic Product
GTZ-OSHP	German Agency for Technical Cooperation-Open Self Help Project
HIV	Human Immune Virus
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome

HPAE	High Performing Asian Economies
HTP	Harmful traditional Practices
IFAD	International Fund for Agricultural Development
JeCCDO	Jerusalem Children and Community Development Organization
KG	Kindergarten
KNH	KinderNotHilfe
LCO	Love for Children Organization
LED	Local Economic Development
m.a.s.l.	metre above sea level
m.m.	millilitre
MCDP	Multipurpose Community Development Project
MDG	Millennium Development Goals
MFI	Micro Finance Institution
MHIS	Micro Health Insurance Scheme
MoFED	Ministry of Finance and Economic Development
MYRADA	Mysure Rural and Agricultural Development Agency
NGO	Non-Governmental Organizations
OPRIFS	Organization for the Prevention and Rehabilitation of Female Street Children
OSSA	Organization for Social Services of AIDS
PASDEP	Plan for Accelerated Development to End Poverty
PRA	Participatory Rapid/Rural Appraisal
RH	Reproductive Health
ROSCA	Rotating Saving and Credit Association
SAG	Self Affinity Group
SHG	Self Help Group
SME	Small and Micro Enterprises
SMEPO	Small and Micro Enterprise Promotion Office

SNNP	Southern nations and Nationalities People
TNCDW	Tamil Nadu Corporation for Development of Women Ltd
TVET	Technical and Vocational Education and Training
VoCDA	Vision of Community Development Association
WSO	Women Support Organization

Abstract

This paper explores the roles, opportunities and challenges of the self help group (SHG) approach to local economic development. As this SHG approach to local development is a new venture in the country, the study draws on case study research of 16 randomly selected SHGs in Jimma town. The study has further contacted purposefully selected government institutions, micro finance institution, implementing non-governmental organizations (NGO) and individual members from the selected SHGs.

The findings demonstrate that the SHG approach to local economic development has contributed to improvements in the living condition of the target population, mainly through employment creation, awareness raising, and linking with other LED actors. The SHG approach introduced regular saving, regular meeting and discussion, bookkeeping, internal lending, mutual support systems and links the SHG/CLA to development partners in the area. The approach encompasses the social, economic and political empowerment process by organizing the local people into their own institutions. The inclusion of health, child rights, women participation and education into its economic development agenda makes it important in the process of poverty reduction and local development.

It is a pro-poor approach because it exclusively focuses on the organization and capacity building of the marginalized women. As a result, destitute and marginalized women, who were not able to employ in any formal private and/or public enterprises have opened their own and their family businesses.

The approach also installs democratic leadership style, equal participation and equal opportunity to all of the members. The approach can also be applied to other community groups at a larger scale for greater impact. Hence, NGOs and local governments can adapt the approach for its positive contribution to local development and empowerment of the destitute.

CHAPTER ONE: Introduction

1.1. Background of the Study

The term local economic development is becoming very common in many works. This is realized through partnership formation among local actors. In recent decades, governments invite the private sector to be involved in locality development. The partnership between government (at federal, regional and local level) and the private sector have become the cornerstones of local development. Government support to private sector is necessary to initiate new ones and complete the on going development activities in any locality. The support must include such tangible incentives from government side as access to soft loans, subsidies, infrastructure availability and tax holidays (Blakely and Bradshaw, 2002).

The general goals of local economic development programs are threefold [ibid]:

- Building quality jobs for the current population that takes into account the different skills the local people possess
- Achieving local economic stability through building the competitive capacity of the local area by up dating the local people to use global technologies and compete in the local and global markets and
- Building diverse economic and employment base through persistent job creation in the area

Nevertheless, most literatures in the field have argued that the leading objective of local economic development (LED) is to bring employment benefits through creation of new jobs for local residents. This is always positive because residents prefer being employed at a market wage to being unemployed (Loveridge, 2007, Bartik, 2003, Blakely and Bradshaw, 2002).

The World Bank (2004) in its local development discussion paper elaborated that community based local developments are preferred to what the governments of developing nations used to follow conventionally for their sustainability, reaching the worthy targets and bringing rapid impacts. As a result, preference is made either to decentralized sectoral, local government or direct community support approaches to enhance local development.

Blakely and Bradshaw (2002) have further identified four strategic approaches to realize local economic development goals. These options focus on infrastructural development, business development, human resource development and community based employment development.

Communities and their organizations, according to Helmsing (2001), have three important roles in local economic development. That is, people in the area act as consumers, micro entrepreneurs and workers. In fact, they can act as individuals or organized groups.

By referring to practical examples, such as the initiatives of the Guraghe Road Construction Association since the 1960s, GTZ-OSHP (2002) indicated community based organizations in Ethiopia have long history, perhaps with out evidence as to when they started their work. These organizations are different type and have various features. Some of these institutions are NGOs, parents' associations, Equb, Idirs, professional associations, saving and credit groups and self help groups. These institutions have their roles to play, among which provision of social services; education and promotion of local development are the major ones. SHGs are gatherings of volunteer members who are identified by PRA methods.

From the above discussions, it is possible to take sustainability, effectiveness and equitability as the major achievement indicators of community based local economic development approaches. Perhaps, it is also possible to take these points as the governing features of community based LED.

The SHG has ideally 15 to 20 members. Structurally, 15 to 20 individuals form a SHG, while 10 to 12 SHGs form their Cluster Level Association (CLA) and about 200 to 300 SHGs form Federation (Gariyali and Vettivel, 2005).

These self help groups are contributing their share to the development of their areas by themselves or in partnership with governmental and non-governmental organisations or by themselves. They can evolve as vibrant voluntary institutions that base and serve the specific locality (GTZ-OSHP, 2002).

1.2. Statement of the problem

Among the various actors of LED is SHG as it is a community based institution of that specific community. In order to grow into vibrant community institution and thereby contribute to local development, the SHG must be recognized by and establish partnership with the local government, policy makers, NGOs, other community based organizations, the private sector and the community as one of the LED actors.

The number and forms of community based institutions is large in Ethiopia and their social and economic contribution is huge. However, there is a problem of taking the various community based institutions as key local development partners and this has limited their roles and contributions in development. Particularly, the legal frame work of voluntary associations in Ethiopia is lacking/or ambiguously articulated. Furthermore, development strategies have failed to incorporate them and have received little attention by the policy makers (GTZ-OSHP, 2002).

Given the number of existing community based institutions that would contribute to local economic development, as stated above, however, there is a new style of forming community institutions that are believed to empower the local marginalized people to ensure sustained local economic development. Two Ethiopian local NGOs [JeCCDO and EKHC] have adopted the SHG approach from India in 2002 in partnership with KNH. The approach was started in Debre Birhan and Nazareth towns. Currently, there are 15 NGOs that implement the SHG approach in both urban and rural areas. Currently, the total number of SHGs in the country has reached 1700 and the number of SHG members exceeds 25,000. There are positive claims about the SHG approach such as addressing the marginalized, creating employment opportunity, improving the living condition of the destitute community groups and supporting the poor to participate in the process of local economic development.

Despite the emergence of the SHG approach and the positive claims in development, the approach is faced with a number of problems that are worth investigating.

First, the approach is a new for the country and it is not adequately known by local governments, the grassroots community, policy makers, the private sector and most other NGOs. Because of this limited information on the nature and development role of the approach, the local community, field workers and some times local governments face difficulties in understanding and accepting the approach in the development of the nation.

Second, the conventional way of establishing community based organizations, their objectives and legalization procedures are different from this newly emerging approach. Hence, legalizing people organized in SHG is one of the problems that hinder its sustained contribution to local economic development.

The above mentioned fundamental problems exist because there is limited knowledge and resources available in the area of SHG in Ethiopia. There is no (if at all insufficient) research work on the field and there are no documented country experiences that serve as references and background for those who want to learn about it, develop it further, and replicate the approach.

Because lack of adequate information and knowledge affects the positive claims and limits the contributions of the self help group approach in the process of local economic development and the higher level policy makers, local community and several other LED actors must be well aware of the approach so that its salient features are considered in the process of local development, it is important to investigate and document the roles, strengths, opportunities and challenges of SHG approach that prevail in the study area.

By taking into account the prevailing knowledge gap and little information on the SHG approach, this exploratory research, therefore, is intended to investigate and document the contributions, opportunities and challenges of SHG approach to local economic development in Jimma town and hopes to provide basis for further development and use of the SHG approach.

1.3. Objectives of the study

The main objective of this study is to examine the roles/contributions of the SHG approach to local development. The specific objectives of the research work include:

- To identify the salient features of the SHG approach
- To assess the major development areas of the approach in Jimma town
- To assess the effectiveness, sustainability and equity aspects of the approach
- To point out the major strengths and challenges of SHG being implemented in Jimma

1.4. Research questions

The aforementioned research objectives were managed by answering the questions listed here under.

- What are the dominant features and characteristics of the SHG approach?
- What are the development areas of the approach the self help group approach in Jimma town focuses on?
- What are the major achievements in terms of effectiveness, equity and sustainability?
- What are the strengths of self help groups of Jimma town?
- What are the major challenges these SHGs have encountered and are encountering?

1.5. Significance of the study

There is no sufficient research conducted in the field of SHG approach so far in our country. This shows the limited references available that instigates further study. With maximum level of ignorance, this research study is one of the first few academic exercises conducted on the SHG approach in Ethiopia. Hence, it can be used by different individuals, institutions, policy makers and development actors as a reference material. It is also hoped that the study area will benefit from the study by identifying the shortcomings and problems of the approach. To state briefly;

- a) The academia and academic institutions can fetch background information about the SHG development approach in Ethiopia from this study. The document can also serve as a reference material for future studies. It further strengthens the efforts of scholars who try to explore the contribution of various community based local institutions for local [economic] development.
- b) It serves the policy makers to be aware of the existence of this form of community institution in Ethiopia that would contribute for the poverty reduction efforts of the country. Hence, policy makers use this research out come as a spring board to find new ways of designing development strategies.
- c) It also benefits local governments, NGOs and the local community because it gives useful lessons of the approach that would be replicated by other community groups. Local people and the government can further use the document as a reference for future correction, refinement and development of the approach. By documenting experiences, challenges, opportunities, nature and characteristics of the approach.

1.6. Research methodology

1.6.1. The study design

Through thorough consideration of the means of data collection, time availability, financial resource and related factors, this research was decided to be a case study. The research has used both quantitative and qualitative methods. Randomly selected CLAs and SHGs were sources of information for the study. Purposefully selected SHG members and government offices, micro finance institution and implementing organizations were also participated.

1.6.2. Population and sampling

Population

The study population was those SHGs established in Jimma town between 2003 and 2005. Focusing on those SHGs established within the specified period of time was deliberate since these SHGs have passed through reasonable period of time so that assessing the contribution of the approach in LED is possible. The SHGs established in 2006 and later were not part of the sample population for two reasons: first, it was better to take those SHGs established earlier to point out the contribution of the approach to local economic development (time factor) and second, it was important to reduce the difference within the study population by taking those SHGs established within few years time.

1.6.3. Sampling design

The sampling frame: SHGs are the population of this study. In order to find the number, inception date, size, and geographical distribution of the SHGs, the quarter, biannual and annual reports of the implementing organization and minute books of the SHGs were reviewed. From these reviewed materials, the sample frame (see annex VII) was produced.

The reviewed materials contained complete information necessary for the study such as the names of SHGs, inception dates, locality (or village) and size of the groups. Because the information was appropriate to serve as a sampling frame, there was no need to prepare a new sampling frame for this particular research activity.

Samples and sampling techniques: There were 131 active/functional SHGs in Jimma town during the study. However, the total number of SHGs established within 2003-2005 was 55 and they were clustered into six cluster level associations.

From the six cluster level associations, three were selected randomly for the study. During the study period, on average; one CLA had 11 member SHGs. The smallest size had nine members while others had 12 members each, making the total number of SHGs for the study 33. From these 33 SHGs, 16 SHGs were selected randomly as a subject for this study.

In addition, one successful (high performing) and one ordinary member, a total of 32 individuals, (16*2) were purposely selected to collect additional information. Sampling was purposeful because it was important to get balanced information on the strengths and limitations of the approach. This form of research design has allowed an in depth analysis of the approach.

Further data were collected from other organizations with which the SHGs and CLAs under this study had networks and working relations. These organizations were eight government organizations, two implementing NGOs and one Micro Finance Institute (MFI). Selection of these organizations was purposeful targeting those that have work relations with SHGs and CLAs. The selection of these organizations was guided by the linkage analysis (Venn diagram) outcome of CLAs.

1.6.4. Data sources and collection techniques

Data Sources

The sources of data for this research paper were both primary and secondary ones. The primary sources of data were collected from the selected CLAs, SHGs, government bodies, micro finance institution and NGOs that have direct working relations with them. This primary data was the prime source for the research work. The secondary sources include relevant documents written on SHGs such as reports, plans of actions by the implementing organization, concept papers and magazines. The secondary data were included to substantiate the findings from the primary sources.

Data Collection Techniques

Quantitative and qualitative data collection methods were applied in this research. Focus Group Discussion (FGD) was used to collect data from the selected SHGs and CLAs. Semi-structured face-to-face interview was applied to collect data from the selected 32 individuals. Finally, data from organizations and institutions that work with SHGs and CLAs were collected through key informant interview. Other data collection techniques include Venn diagram and proportional piling methods.

Instruments

Selection of data collection instruments was dependent on the types of information needed and types of respondents. While designing instruments, attention was given to answer the research questions and objectives set to be achieved. Following are key instruments applied to collect the required data from the subjects of the study.

a) Focus Group Discussion (FGD)

Data from the selected SHGs and CLAs were collected through FGD. Guiding questions were prepared and the researcher has facilitated 19 FGDs (16 SHGs and three CLAs). The participants of the FGD are all the members of the elected SHG and CLA.

b) Semi-structured Interview or interview guide (SSI)

This semi-structured interview was presented to the [32] individual respondents in a face-to-face interview method. The questions developed were both open and close ended.

There was a pre-test applied on 10 SHG members to check the understandability of the questions and to estimate the necessary time to complete one interview. Based on the feedback from the pre-interview exercise, adjustments were made on the interview guides prepared.

c) Key Informant Interview (KII)

Data from government offices, micro finance institution and NGOs working with SHG were gathered through key informant interviews. The key interview questions have both open and close ended questions.

d) Venn Diagram and Proportional Piling

There were situations where participatory rural appraisal tools must be applied to get the most relevant information from the respondents. Identification of the various organizations that have working relations with SHGs and CLAs under this study was possible through Venn diagram linkage analysis methods. Another PRA tool used was proportional piling where 20 seeds were given to the key informants so that they use their knowledge and understanding of the issues raised to weigh against the number of seeds provided. It measures relative changes observed on a particular issue over the course of time.

1.6.5. Data analysis and interpretation

While analyzing and interpreting the collected data into usable information, due attention was given to make it less technical and more understandable without compromising on the quality of the research outcome. Percentage, range and mean were the major ones. As to the presentation of the findings, charts, tables and figure are used as per necessary.

1.7. *Study variables*

Variables are measurable concepts that are included in the study. Among the focal points of this study, household income, asset creation/accumulation, business formation and management and employment opportunities are considered as vital elements. Furthermore, points such as mutual support/help, services by the institution (SHG/CLA) and institutional linkage are reviewed.

1.8. Delimitation/scope of the study

The topic of the research is wide. Covering all the issues in the SHG development approach needs more financial, human, and material and time resource than the researcher had at the time of the study. The social, political and economic empowerment agendas of the approach deserve further study and resource.

Because of the resources constraint, therefore, the scope of this study is delimited to the following:

1. As a new community based institution in the country, the SHG approach to local economic development may have various elements for study. However, this research work focuses on assessing the roles of SHG to local economic development.
2. The few NGOs that work on the SHG approach have both rural and urban projects. Because of this, there are rural and urban SHGs in the country. However, this study is limited to urban area mainly because the researcher has urban experience than the rural one.
3. The SHG approach is again widespread in various urban areas. Among are Addis Ababa, Nazareth, Debre Birhan, Jimma, Shashemene, Awassa, Dire Dawa and Debre Markos. But because taking samples from these towns is very much expensive and time taking, this research is conducted in Jimma town alone.
4. There were about 131 SHGs in Jimma town established since 2003 to the period of the study. However, the scope of this research is delimited to those SHGs established within 2003-2005 because the SHGs under the study need to have a reasonable period of experience as well as they shall not have wider differences in experience.

1.9. Selection of the study area

This research work was conducted in Jimma town of the Oromia National Regional State. Jimma is located at about 335 km from Addis Ababa (details are presented under chapter three, section 3.2). There are various development initiatives by different development actors in the town at best to alleviate and at least to minimize the socio-economic ills of Jimma. Of the various actors to LED initiatives, SHG is one.

Jimma is purposefully selected for this study because of the following three reasons:

- 1) It is one of the pioneer places to pilot the SHG approach in the country
- 2) The SHG work is going on there and the cases are abundant from senior to fresh and
- 3) The number of SHGs and number of members is large enough to conduct the research

1.10. Organization of the paper

In this research paper, there are three chapters. The first chapter contains the introduction part of the research work. In it, discussions are made about the background of the study, statement of the problem, objectives of the study and the significance of conducting the research work. Furthermore, this section of the paper explains the research methodology, scopes of the work and organization of the paper.

Chapter two, on the other hand, reviews related literature works. This part of the paper contains the works of other scholars that have relevance to this research work. The focus areas of the literature review are the concepts, goals and approaches of LED, the different actors in LED and the roles of community based institutions in local economic development. This chapter has four sub sections: definition of terms, theoretical review, empirical review and it highlights the policy environment.

Chapter three, at the end, contains the presentations and discussions of the data collected. In this part of the paper, attempts were made to analyze and interpret the gathered data in accordance with the set research objectives and questions. This section concludes the research work by presenting the key policy implications the SHG approach potentially has.

CHAPTER Two: Literature Review

2.1. *Definition of basic terms*

Conceptual Definitions

Local government stands for the municipal level government irrespective of whether it is a city, town, country or municipal corporation (Blakely, 1994: xvi)

Household income is any form of income to the household gained through socially acceptable way **Business formation and management** refers to the expansion and scaling up of existing ones and formation of new businesses.

Employment/job creation refer to all activities in which locally based organizations engage to increase employment opportunities in a specific community, especially for the disadvantaged and unemployed (Blakely, 1994: xvi).

Institutional services refer to those social, economic, legal and other services rendered by the institution concerned

Local Economic Development (LED) is the process where development actors come into partnership to administer local resources to improve the employment and economic situation of the local people (Blakely and Bradshaw, 2002, and others). It is a process where local governments or community based (neighborhood) organizations engage to stimulate or maintain business activity and/or employment primarily aiming to stimulate local employment opportunities in sectors that improve the community, using existing human, natural and institutional resources (Blakely, 1994: xvi).

Local refers to a particular place or area where something is taking place or lives (Oxford dictionary)

Community based institutions refer to those formal and informal organizations established and administered by the community but have their own rule of law, regardless of the purposes of their establishment and current activity type.

Community based LED refers to development (change in human life) initiated and managed by the local government, private sector and community institutions of that locality.

Community based organization refer to both membership and non-membership organizations of the community including NGOs, Idirs, Equb, Mahiber, Senbete (GTZ-OSHP, 2002).

Operational Definitions

House hold income stands for any income of the study population

Asset refers to the cash and household equipments that can be used for consumption or income generating activity either individually or in group by the study population

Employment creation refers to the job opportunities created by the SHG and/or members themselves and/or their families through the creation of new jobs, expansion or by scaling the existing ones.

Institutional service refers to the social, economic and other services SHGs/CLAs give for their members and the community around

Institutional linkage deals with both temporal and/or relatively permanent network and collaboration created between SHGs/CLAs and other institutions regardless of the places where the institutions are located

LED refers to all forms of development initiatives initiated and managed by the public or private sector to bring about positive changes in the lives of the local people.

Local refers to the study area i.e. Jimma town

Community based institution stands hereafter for SHGs and CLAs unless specified

Community based LED refers to the planned efforts of the community and community based institutions (in partnership or standalone) aimed at bringing desirable changes in the lives of the local residents as a whole

Community based organization and institution are used interchangeably with no implication in meaning in this research work.

2.2. Theoretical review

2.2.1. Overview of local development

For Eversole et al (2006), development means doing something about poverty which demands the active and sustained participation of the people around, specially the poor. This aspired popular participation is, however, endanger because the local people and higher level professionals and policy makers have no similar experience, understanding and definition of poverty. This diverse experience, understanding and definition of the same concept lead to the identification of different ways of solving the problem that erode participation.

In recent decades, especially when the need arises to reduce the size of governments and their respective roles in economic development, they started inviting the private sector to be involved in the development of localities. The partnership between government (at federal, regional and local level) and the private sector are pivotal in local development. Whatsoever the level, government support to private sector is necessary to initiate new developments and complete the on going development activities in any locality. The support must include such tangible incentives as access to soft loans, subsidies, infrastructure availability and tax holidays (Blakely and Bradshaw, 2002).

ROSCAs¹ are widely popular among the poor and in times of economic fluctuation but yet it is a system that significantly contributes to growth and development even in an economy that is undergoing significant modernization. ROSCAs further provide a captive membership that can be harnessed for other purposes. Men's are often kept out of women's ROSCA for feeling uncomfortable. And women prefer their own ROSCA for they need the money for purposes other than domestic that shall be covered by husbands. Whatever the form and the purpose, ROSCAs have flourished all over the world with varying impacts in the lives of the members and the economy (Andener and Burman, 1996).

Blakely and Bradshaw (2002) have elaborated that assets such as land are so important and failure to successfully control such assets and inability to furnish suitable physical infrastructures such as buildings for the most selected and feasible projects would result in thwarting local development initiatives. As such these important tasks are in the hands of governments and governments have the duties of managing such resources productively.

¹ ROSCA refers to the rotational saving and credit association

2.2.2. Theories of local economic development

As Blakely (1994) mentioned, there is no single theory that adequately explains local economic development. Generally, local economic development is a function of various types of resources such as natural resources, labour, export market, transport, etc and capacity to utilize such resources. However, neoclassical, economic base, location, central place, cumulative causation and attraction model theories can serve as a base to talk about local economic development.

Blakely and Bradshaw (2002) have later discussed the theories of local economic development in a slightly different manner. For them, local economic development is the product of resources and capacity ($LED=c*r$) where c is area's capacity such as social, economic and technology and r is its resource (such as available natural resources, location, labour, capital and entrepreneurial skill). Giving more emphasis on resources with out paying attention to the capacity of the locality is not as such developmental. They rather emphasised on the capacity side of the local economic development formula and stated that a strong community has high level functioning social, political and organizational capacity. Cronyism, corruption, disorganization, ineptitude and self interest are some of the behaviours of weak community, when applied to any of the resources decrease their value and utility and finally hamper development.

Later on, Cécora (1999) has mentioned the importance of external and internal (i.e. exogenous and endogenous) resources are very important for regional and local economic development and taking one without considering the other gives a partial view of economic development process.

Although it could be enough to focus on the theories that are believed to be more relevant to this research work, it is sometimes important to touch on what areas each of the above theories focus to bring local economic development (Blakely1994, Cécora 1999 and Blakely and Bradshaw 2002).

The Neoclassical economic theory states that free movement of capital enhances the natural equilibrium of economic systems. This happens because capital flows from the high cost area to low cost area for its own sake that will make all areas equal in their economic performance and status. Capital formation and mobility are crucial points (Blakely 1994, Cécora 1999 and Blakely and Bradshaw 2002).

The Economic base theory believes that the economic growth of a given area depends on the demand for its goods, services and products outside the economic boundaries of the area/locality (Blakely 1994, and Blakely and Bradshaw 2002).

Product cycle theories focus on the diffusion of new and profitable products from their origin (advanced nations) to their destination (less developed countries) in due course. In the process, the creative and innovative ones can make lucrative money before the products become standardized and produced by many others (Blakely 1994, and Blakely and Bradshaw 2002).

New markets theory explains that finding new markets at national and international level serve as an economic base for the locality (Blakely 1994, and Blakely and Bradshaw 2002).

Location theory dictates that the locations of the firms are important to maximize the profits and benefits of the firm and investment is encouraged in such environments. The cheapest transport cost for raw materials and market can be considered as key elements in economic growth (Blakely 1994, Cécora 1999 and Blakely and Bradshaw 2002).

Central place theory believes in that urban centers are sources of innovation and growth and in turn are movers of the rural and peripheral economic growth through diffusion. Each central place has several other smaller centers that serve as sources of raw materials and market opportunities (Blakely 1994, and Blakely and Bradshaw 2002).

Attraction theories view the community as products that should be packaged and displayed properly so that they can attract entrepreneurial skills from outside. The entrepreneurs create new jobs and wealth to the area they entered into (Blakely 1994, and Blakely and Bradshaw 2002).

Cumulative causation theory argues that better of areas have greater attraction of capital and other resources that reinforce their growth where as the backward areas lose their resources including skilled labor so that their growth is lagging behind (Blakely 1994, and Blakely and Bradshaw 2002).

Endogenous growth theory stresses on the importance of local potentials for sustainable local economic development. It further argues that increasing the marginal productivity of the locally accumulated capital ensures sustained local economic development. Measured by the

level of schooling and training of the local people, knowledge and know-how are the most important factor inputs (Cécora, 1999).

These theories have their own backgrounds to explain local economic development. Because there lack one complete theory that explains local economic development, as mentioned above, it is necessary to choose an eclectic approach to explain the SHG approach in this research work.

Attraction theory, endogenous growth, cumulative causation and new market theories partly explain the approach. The focus is on local capacity building, local resource utilization and partnership development for local development.

2.2.3. Local economic development

Blakely (1994) explained that in a depressed economy, jobs are neither created nor maintained. The attention of the higher policy makers is not on local people and local job losses. They rather focus on global market forces and similar national and international factors of economic growth. The local markets created by bigger firms, if at all, do not fit to the local people and the locality. The relatively educated and better experienced individuals usually migrate to wealthier areas where there are jobs, leaving the uneducated and women in the losing local places. The burden of improving the living situation of the local people, therefore, rests on the local governments and community based institutions there. The community development perspective focuses on the social factors of people living in close proximity and the extent to which they formed cohesive communities unlike the concept of local development that emphasizes on town planning and physical development of an area. It has therefore sociological and psychological perspective in it. This perspective to local development focuses on people's development, not area development. But both points explain local economic development.

The World Bank (2004) in its Local Development Discussion Paper elaborated that community based local development are preferred to what the governments of developing nations used to follow conventionally for their sustainability, reaching the worthy targets and bringing rapid impacts, given the limitations in coordination and integration with the wider

public sector and service provision. This has further put the institutional capacity of those that receive international development aids. As a result, preference is made either to decentralized sectoral, local government or direct community support approaches to enhance local development. With all the ills in coordination and integration as well as differences in understanding and lack of unifying framework for it, however, the shared objectives of choosing these three alternatives is for the purpose of increasing local access to public infrastructure, public services and economic opportunities; increasing the empowerment of local actors; and enhancing the sustainability of local development processes.

Economic regeneration-increasing employment, encouraging business growth and investment, and tackling economic disadvantage – is an important activity for local authorities and their partners. It contributes to the local community strategy in advancing the economic well-being in an area and underpins joint approaches to tackling deprivation through neighbourhood renewal (Audit Commission, 2003).

The primary objective of local economic development (LED) is to break the vicious circle of poverty that impedes growth. According to World Bank (2006), the vicious circle of poverty starts from poverty itself. The poor have no access to productive assets, quality education, better health facility, and do not attract other regions for further investment. The problems that emanate from these bundle of lacks is more costly for the poor than the rich. Those who have no access to land, finance, quality education and health facility have less prospects of mobility, attractiveness and productivity. To take one example, education increases mobility, productivity on one hand and reduces mortality and child morbidity. These two opposing characters have strong impact on the local community and the locality at large.

Audit Commission (2003) has derived indicators of local economic regeneration in the given locality. According to this view, there are four indicators with their own elaborations. These are 1) strengthening and diversifying the local economy; this does imply the fact that an intervention should strengthen the local economy by way of diversification 2) improving skills and access to quality employment; this may mean the quality of trainings given to the local people, marketability and the way these training schemas were selected 3) revitalising town and district centres; this is related to are development which may follow people development and 4) tackling deprivation and lack of economic opportunities: This may go rightly with the creation of economic opportunities, perhaps through employment creation, so that people can boost their economic performance and better their life situation.

The central ideas here are, therefore, converting the vicious circle into the virtuous circle where poverty reduction efforts boost growth and growth reinforces further poverty reduction efforts. And the smart game relies on choosing the appropriate intervention that changes this statement into action. And as the World Bank (2006) put it, choices of policies and institutions can lead to major improvements.

Thomas (2005: 13) has put LED primarily as a pro-poor development approach. The reason behind this statement is that economic development in poor areas is linked to social-welfare programmes and that the private sector has primarily an altruistic role to play which is impracticable in the real world. Pro-poor LED shall therefore focus on infrastructure development, service delivery, job creation, increasing the levels of education and improving the quality of life. This type of LED is well understandable where the poverty level is high as the case is in developing countries like Ethiopia. It is explained that LED efforts should largely focus on areas where poverty is most acute, which once again reduces the scope and possibility of the private sector to identify and pursue economic and investment opportunities in the areas.

The general goals of local economic development programs, as mentioned by Blakely and Bradshaw (2002), are threefold. These are: building quality jobs for the current population that takes into account the different skills the local people possess, achieving local economic stability through building the competitive capacity of the local area, say by up dating the local people to use global technologies and compete in the local and global markets and finally building diverse economic and employment base through persistent job creation in the area

Smith (2004) has indicated that LED programs are diverse and target to improve the human capital of individuals, financial and in-kind subsidies, developing enterprise zones, and allowing tax subsidies to attract particular businesses.

Loveridge (2007) and Bartik (2003) have confirmed that local economic development is all about reducing poverty or making a region a better place in which to live. Many actor local developments follow different approaches including local governments. When they think of local development, local governments have hidden agendas in choosing the strategies and instruments that may not be crucial from local economic development point of view but this is determined based on the socio-political situations.

Bartik (2003) has further explained that an economic development strategy that emphasizes on new small businesses is justifiable because this creates a large proportion of jobs and hires persons who are hard to employ. That helping individuals to become entrepreneurs through supporting new interventions is another rationale for the small business developments.

Blakely and Bradshaw (2002:55) have summarized the objective of local economic development as 'to increase the number and variety of jobs opportunities available to local people'. For this to happen, local government and communities must play an active rather than passive role in initiating the local economic development activity.

Development approaches in the past were more of macro level guided by the national policies and international political and economic atmospheres where the local people had little or no control. This does not mean, however, that local development can not occur unless these national and international conditions are suitable. Development at village or local level occurs by involving people with varying socio-economic status, different levels of ambition, awareness and insight, occupation, skill and educational status through the use of physical, human and financial resources (Burkey, 1996).

As Blakely and Bradshaw (2002) indicated, the increased income inequality observed in the world has caused both economic growth and considerable immigration of people from place to place. This immigration is caused by non-balanced growth among regions so that people from the less developed areas move to those developed areas. Hence, they pointed out, development should consider the capacity of the local community and shall be community based local development. LED is an emerging field which is more of a movement rather than a specific economic model with specified approach. For this reason, there lacks a theory or set of theories that adequately explain it but only partial theories point to an underlying rationale. Put it shortly, those several partial LED theories focus on the product of area's capacity and its resources in the local and regional development process. They have further explained that an area may have neutral capacity, strong capacity or weak capacity to perform development activities. An area with weak capacity has low functioning social, political and organizational leadership may be because of cronyism, corruption, self-interest, disorganization or ineptitude that negatively affects the output of the resources if multiplied by them and hampers development. The strong capacity area exhibits the opposite and the neutral capacity area neither adds nor detracts if applied to the available resource in the area.

2.2.4. Community-based institutions and LED

The term community based institutions, according to Kanungo (1998), refers to grass roots organizations that are generally informal and organized at the level of groups comprising the smallest aggregation of individuals or households. These community based institutions, also called the third sector, lack formal systems of operation and by far distrust the introduction of the formal system of control. This informality makes community based organizations prone to excessive dependence on the existing leadership and leads them to problems of succession and gradually monarchy.

Institutions could be defined as humanly devised constraints that shape human interaction. They can be formal where people devise the rules and informal where conventions and codes of behaviour shape human interaction. They are constructs of the human mind. It is possible that institutions can either be created or evolved through time. Institutions as constraints prohibit individuals from doing certain things or put conditions under which people are allowed to undertake activities. Created or evolved, as constraints, institutions impact on human choices and as such they affect economic performances by their effect on the exchange and production costs (North, 1990).

The World Bank (2006) has clearly put the importance of vibrant institutions in growth and development, at least in combination with other policies. Among other factors that deserve significant attention as a potential policy complement is institutional quality. Institutions, understood as the rules and norms constraining human behaviour basically establish the rules of the game for a society. More recently, it has been argued that growth-enhancing policies, including in the areas of human capital accumulation, are less likely to be effective where institutions are weak. As a result, these arguments continue, the adverse effects of weak institutions on economic performance are reinforced by their interaction with other policies. As the quality of institutions improves, the negative impact of regulation on macroeconomic performance and growth disappears. Clearly, many countries may be limiting the effectiveness of some of their poverty reduction policies by not improving the effectiveness of their institutions.

According to Adesina et al (2006), aid agencies and international financial institutions are unable to bring the desired changes in Africa for the reason that they do not consider the peculiar circumstances of the continent while planning for development. This lack of local consideration is repeatedly coupled with conditionality. Africa to determine on its destiny by herself needs to have vibrant indigenous organizations. They stated that in the long run, aid's influence potential exceeds its resource contribution. Though there are practical challenges to do the right thing, the more Africa relies on its own resources, the greater the likelihood that it will determine its destiny. This is an indication to the need for local resources to local development (whatever the form of resource).

Development economists are unable to explain the prevailing economic development disparities and inefficiencies of the market despite their relentless effort for decades surely because they overlooked the role of institutions in the process of development that focus on human coordination and cooperation (North, 1990).

Community based economic development (Helmsing, 2001) basically implies the reduced role of the state and an increasing roles of the urban entrepreneurs and rural farmers in the economic development activity in the area. The major intervention strategy of the people for community based development is economic diversification, both as a means to accumulate property and as a coping mechanism where specialized economic activity is less secure. Economic diversification is, therefore, a key strategy for livelihoods in both urban and rural communities, especially of the poor.

Blakely and Bradshaw (2002) have explained that community based development initiatives and activities involve all those that focus on serving particular social groups in a locality. The term locality implies that people who collaborate for development are located in the same geographical area whereas their efforts could be well organized. Their organized effort aims at promoting labour intensive projects whereby socially useful outcomes are desired at cost recovery or ambient profit margins through continuous improvements of the employability of the local people, with the notable saying that knowing how to fish is less desirable to owning the pond and fishing the fish. Community based activities are neighbourhood economic initiatives where the work place and residence are almost placed in the same area that probably bears difficulty though there is a general understanding that local ownership of development projects is ensured by the neighbourhoods themselves.

Sustained and shared growth ensures economic growth and stability. Various strategies have been followed by various countries. High Performing Asian Economies (HPAE) experience revealed that contested-based competition served as a base for their rapid and sustained growth. Experiences show that almost all these nations have applied both fundamental and interventionist policies to achieve their clearly stated objective of rapid and shared growth. However, existences of strong institutions are crucial in fulfilling the set objectives by the nation. Furthermore, their experience disclosed that accumulation of productive assets, cooperation between firms and government/the private sector and demographic transitions as important elements in the development of those economies. Financial saving and investment constitute the physical assets. These physical assets are explained by demographic change, policy environment and presence of viable institutions (A World Bank, 1993).

Institutions have their own forms assumed to serve the function they are established for. The actual structure of the community based institutions must be dependent on community circumstances of that specific locality and, in principle, form must follow function. Successful community based organizations, therefore, should possess the authorities and resources to command over and the communities there must select the form of their organization, regardless of size, in order to meet real community needs (Blakely and Bradshaw, 2002).

Local economic development, being defined as the process of making partnership among local governments, community based groups and the private sector, has three categories of initiatives. These local economic development initiatives have different objectives, characteristics, and approaches. Of these three, community based local economic development refers to the concept whereby the middle point is to facilitate diversified household economic activities aiming at improving the livelihoods thereby reducing poverty and vulnerability in both rural and urban settings. The key issue under community based economic development is income diversification as a means to reduce vulnerability, poverty and thereby improve livelihoods (Helmsing, 2001).

Local economic development, Blakely and Bradshaw (2002), are activities that bear challenges of implementation and sustainability, because both work place and residences are located in the same area. In order to reduce, at best to resolve totally community based organizations must be established. These community based organizations may have the forms

of community Development Corporation, community cooperatives, local enterprise agencies, employee/worker ownership and/or community employment and training board.

And this neighbourhood activity needs, according to (Hope and Timmel, 1996), weaving together of the local people as an important actor to their development. Among the skills needed in the emerging society are communication, listening, self expression, diagnosing needs together, analyze the causes of the problem, plan and act together. One very fact in life is that real liberation and development must rise from the grassroots up. And nobody transforms somebody. Small socio-economic achievements are important because they build confidence and make the next steps possible. People must do liberating activities to keep themselves free of exploitation. This is possible through the formation and building up of people's organizations that increase the bargaining power, establish linkages, and ensure community solidarity.

This community based economic development initiative focuses on rural and urban poor who have direct experiences of feminization/poverty, over crowded settlements with deficient services, lack of basic services, poor housing condition and insecurity of income and work. Community groups that are especially vulnerable, say women, have deserved the special attention in community based economic development intervention for various reasons. They [women] have multiple burdens of reproductive roles, caring for children and other dependents, shouldering the responsibility of heading households. The economic challenges for such community groups is not limited to inability to engage in full time activities but extended to the problem of patterning those economic activities consistent with their other tasks (Helmsing, 2001).

Informal constraints reduce the costs of human interaction compared to a world of no institution because information and computational ability are very much limited. The existing formal rules established based on the informal constraints are seldom the obvious and immediate sources of choices in the daily human interaction. Informal constraints bring order and smoothes communication/human interaction and reduce costs of exchange and transaction. The point of disagreement comes when these informal constraints exhibit pervasive features in the modern economies as they can be extensions, elaborations and modifications of formal rules_ political and judicial, economic rules and contracts. These formal rules might have been enacted to modify, revise or replace informal constraints (North, 1990).

Among several other components of community economic programs, stimulating community economy rests on three pillars. That is, people in the area act as consumers, micro entrepreneurs and workers. In fact, they can act as individuals or organized groups. However, regulatory policies should work on reducing barriers from informality as the poor are poor market parties because they have limited and insecure resource base and can not face the fierce market competition in the unequal market exchange (Helmsing, 2001).

If at all organizations (trade union, farm groups, congressional committees etc) exert their effort to unproductive activities, it is the institutional constraints that have provided the incentives for such activities and the third world economies are moving poorly because their institutional constraints do not encourage productive activity (North, 1990).

The central difference of this institutional approach to development from that of economics is that the later ignores the behaviour and sociological factors that affect transaction cost while institutional approach to development has tried to see the effects of this lack of vibrant institution.

2.2.5. Concept and development of self help group approach

Self Help Group (SHG) is 'A small, economically homogeneous and affinity group of rural/urban poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per the group's decision and for working together for social and economic uplift of their families and community' (TNCDW, 2003: 1)

The urban and rural poor people identify a range of local institutions that are active where they live, and more effective and trustworthy than government or private sector institutions. While these religious and community based institutions are valued, poor people also say they are frequently excluded from participating in them. Poor women are particularly marginalized from most community activities, but to overcome such social and economic exclusions they have developed their own organizations (Narayan and Petesch, 2002).

These grassroots organizations are alternative entrepreneurs and innovative models created to avoid the twin perils of bureaucracy and oligarchy. These can be called the third sector organizations, which especially at their inception periods provide distinct alternatives to private and public enterprises. Their innovation is popular in participative methods, shared perception of common set of objectives, decentralized goal setting method and their intense interactions (Kanungo, 1998).

The 1997 world micro credit summit statement reads like this 'The time has come to recognize micro credit as a powerful tool to struggle to end poverty and economic dependence. We have assembled to launch a global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self employment and other financial and business services, by the year 2005'. According to TNCDW, therefore, this sort of statement was the spring board for IFAD and the Tamil Nadu government of India to start the lab-experiment of SHG approach as an option to reach the poor and fight poverty (Narayan and Petesch, 2002).

The seed of the SHG development approach was put into the undeveloped (less fertile) land in 1989 in India, Dharmapuri district of Tamil Nadu state, through the IFAD assisted pilot project. The 1996 terminal evaluation of the project result has brought five fold lessons that cause for the expansion of the approach through out the country: (i) financial operation (ii) institutional arrangements and cooperation (iii) empowerment and self help groups (iv)

sustainability and (v) income generating activities. Although IFAD had quitted the project, regardless of the invitation from the state government, the Tamil Nadu state government has used the evaluation out come as a benchmark to launch a state wide program with out even any assistance from the government of India. Gradually, the program has transformed from mere social mobilization to economic and political empowerment, by giving an increased emphasis in entrepreneur development programs. As it was dominantly a rural program in Tamil Nadu state, Chennai is soon poised to become the biggest and most effective urban anti-poverty program in the world, covering 2000 slums in order to improve the quality of life, using the SHG approach. The middle point to the success is actually the convergence of schemes, resources and human power from government and NGO offices around the SHG (Gariyali and Vettivel, 2004).

Informal moneylenders, NGOs and caste panchayats are among the top valued local institutions in Andhra Pradesh state, India. Recently however, SHG are flourishing in the state with nearly 100,000 state registered SHG in the state. Now, '*SHGs are rated among the top one or two most important institutions*' (Narayan and Petesch, 2002:169). They mobilize local resources through savings, lend the fund to members (on rotation or demand-based and are the only options for the landlessness or those who lack other collateral means), serve as catalysts to start new community initiatives to address local needs, provide important links to government and private sector institutions and bring further resources into the communities [Ibid).

Kanungo (1998) takes origin of grass roots organization to Bali and India. These grass roots organizations are known by following traditional organization models and management of common property resources in these areas mainly focusing on water resources because irrigation for Balinese Hinduism is not only the canals to distribute water but also a manifestation of the divine. Therefore, common property resources such as irrigation and the sacred nature of water were maintained by farmers and water temples overseen by local priests. These grass roots organizations perform better with small and homogenous membership and the presence of diverse members increase conflicts weakening the shared social norms that endanger trust and overall commitment to shared objective.

When planned, implemented and monitored by the local people itself, development activities become successful. And people's participation on a sustained basis is only ensured by building appropriate community based institutions, of which the Self Affinity Group (SAG) is an example (MYRADA, 2001).

The SHG development approach has a nature of empowerment from below and above. It happens from below when individuals are mobilized and organized into SHG, trained and capacitated, strengthened through saving, accumulate money to lend, members relieved from lack of money and money lenders' exploitation, and when they get additional funds in the form of revolving loan fund, credit linkage with micro financing institutes. The empowerment process happens from above when the SHG establish external contacts with banks, NGO, government offices, know the government officials personally, form and attend cluster level associations and federations, and get recognition from local authorities and when SHG represent themselves in higher official meetings (Gariyali and Vettivel, 2004).

MYRADA (2001) has defined the term group as a gathering of people who have common interests to pursue in a specific place. This affinity group has [15-20] members in it. This size is chosen to make it manageable. Group members are homogeneous exhibiting similar characteristics such as caste, creed, sex, occupation, geographical area, and place of origin, language, income levels, age and other variables. It is explained that for affinity to exist, some sort of homogeneity is necessary, but all homogeneous groups may not be affinity groups and vice versa.

Affinity groups are those groups of people who are bound by mutual trust, respect and affection. This sort of selection is preferred to avoid any form of exploitative relationship among group members. This affinity group can exist in the community or can be created during the development intervention period. What exactly matters is the provision of unconditional equal opportunity and treatment of all group members (MYRADA, 2001).

The basic idea of forming an affinity group in the development effort is to share responsibility and authority between members of the group thereby avoiding any form of obstacles in achieving their objectives. This group is not only affinity, but also homogeneous and is established on voluntary basis. Well functioning groups have certain common structures and characteristics. Some of them include manageable size of 15 to 20 members

per group, economically vulnerable (poor), bound by affinity, exercise rotational leadership², voluntary in nature, democratic and non-partisan, develop own rules and regulations and keeps books of accounts. This is an informal institution that is socially viable³ (MYRADA, 2001).

The self help group conducts weekly meetings, regular optional saving, lending and repayment; maintain books of accounts, endeavour common action program, linkage and net working, training and capacity building, and monitoring activities. Saving in SHG is optional and sacrificed in a sense that income minus saving equals expenditure. The lending and repayment exercise starts from the saving to increase the common fund of the group which is interest bearing. Loan priority criteria are fixed because capital is small and members shall use the money on fair and just manner. Interest rates are fixed by members and loan decisions are passed in the meeting (MYRADA, 2001).

To say it rightly and boldly, the formation of the first SHG was too challenging partly because SHG members were suspicious that the promoting organizations can run away with their savings and partly because there was no government support. Above all, the challenge was emanated from its newness. However, the expansion of the SHG approach has relieved from challenges and suspicion when the first SHG established the second, the second established the third and later, neighbouring individuals requested promoting organizations to come and help in organizing into SHG (Gariyali and Vettivel, 2004).

Practical experiences have proven that in order to make development interventions sustainable, there is no better way than assisting and supporting the emergence of people's institutions primarily of the poor. These institutions evolve their own rules and patterns of management which are appropriate to the resources to be developed and maintained, and impose sanctions which they can enforce in their own area (Fernandez, 2002: 9).

² In the self help group approach, rotational leadership is one of the key tools to empower members by giving a leadership opportunity so that in every meeting, new leader elected, preside over the meeting, collect the saving and remit to the bank. It is a means to distribute power among members.

³ A group that internalize all the mentioned essential features of an institution such as vision and mission, possess adequate organizational management, financial management and organizational accountability and has established linkages with other institutions for learning and resource mobilization.

2.3. Empirical review

Self help initiatives, such as the initiatives of the Guraghe Road Construction Association since the 1960s, have long history of development partnering with local community and the government (at different levels). Their involvement in development initiatives such as economic and social development though have different identity and goals, has received due attention. Self help groups such as Idirs and Equbs have long history, perhaps with out evidence as to when they started their work. However, even the newly established self help associations are contributing their share to the development of their areas, some times in partnership with other governmental and non-governmental organisations (through horizontal and vertical linkages) or by themselves. And, they can evolve as vibrant voluntary institutions that base and serve specific locality (GTZ-OSHP, 2002).

The major contribution of the self help associations in particular and the civil society has scored significant recognition from the international community. In general, the contributions of such small institutions show that 7% of the total employment, nearly half as much employment as the public sector, about 28% of the citizen do voluntary work within third sector organization, 47% from charges and fees, 42% from the public sector, 11% from private donation. As a summary, it is clear and empirically witnessed that such social services, education and research, health, environmental protection, citizen and consumer interest and promotion of local development [ibid].

Experiences from East Asian countries have shown that the principle of rapid and shared growth has brought about miracle changes. This principle of shared growth that includes the non-elites was not achieved by mere adoption of the principle, rather the implementation has forced the search for and support to viable institutions. Although this has been made partly to ensure [political] stability and build national consensuses through legitimatizing governments, the approach has brought equitable, non-discriminatory and competitive based local development through the formations of institutions. One of the desired features of institutions was cooperation in almost all of these countries (A World Bank, 1993).

The self help group program----stands out as a shining example of successful initiative with far reaching social impact and creation of choices and opportunities for gainful employment. This model has been emulated by many states and also adopted by the government of India. - ----Real freedom means economic and social empowerment. This can be achieved only by transforming the SHG from thrift and credit institutions to viable micro enterprises (Gariyali and Vettivel, 2005: 114).

Though indigenous institutions are strongly recommended to bring the desired progress at a local or regional level, experiences did not show in the continent Africa. Adesina et al (2006) have mentioned that, for example, ECOWAS, just like foreign institutions, has failed to bring tangible economic progress for its member states in West Africa as was expected mainly because states parties lacked the necessary commitment to their sub regional progress, failed to meet their financial obligations, they were occupied by their internal crisis and had faced economic stagnation that further limited their commitments. Not only these. ECOWAS, unlike EU, has granted membership to all West African countries with out having screening criteria for membership and within ECOWAS, there is long bureaucracy that facilitated its failure.

Domestic savings are crucial in local development. In fact, domestic savings in sub Sahara Africa (both public and private) are lower when compared with other regions because their economic performance is poor (below 50% of their GDP). This saving gap could be filled through effective tax administration, development of financial institutions, community and postal savings system, and the institutions of pension and of provident fund (Adesina et al 2006).

In India, the recognition of NGO has become increasingly higher after the independence period and the restructuring of the government system in the 1963/64. The state government of Tamil Nadu has taken the advantage of the restructuring to involve NGO in the development process. Initially, the government itself has tried to address the needs of the marginalized people by its own. In fact, the problem was immense because the upper caste people took the high post of the organized people and there was political interference. In due course, the government has recognized the development role of NGO, especially in the sixth five year strategic plan of the country (1985-1990). Because NGO are informal, had identified with the poor, close to the community and used traditional methods to communicate their ideas, they did their development effort effectively, efficiently and

reached the intended beneficiaries fully. Furthermore, they formed and worked through community based organizations. The current grand achievement in the formation of 'Mathar Sangams' means 'women's association' has evolved from the practice of NGO who won the trust of the community. Today, the number of SHG is increasing (422,000 SHG in Tamil Nadu and the formation of another 2 lakh⁴ SHG is announced by the state government) and members are eager to do something and become somebody (Gariyali and Vettivel, 2005).

Burkey (1996: 40) has firmly stated, based on the research findings, an opposing statement to what many literatures and history may conclude. For Burkey, the 'harmony model' of community development with the sole assumption that local communities are friendly, warm hearted natives living together in harmony, oppressed by their poverty and perhaps also by their ignorance, but working together and trying to make the best out of a difficult situation leads to erroneous conclusion. Burkey has cited Gerrit Huizer's (1984) research result from India, a country that has tried a community development movement nationwide since 1952 with the assumption that individuals, groups, and classes in a village community have common interests which are sufficiently strong to hold them together, were proved to be unrealistic. The source of the problem in community development is the assumption that community projects treat the community or village as a whole entity, ignoring the differences and contradictions within the community. This finding contrasts the idea of having homogeneous community groups who have similar interests that bind them together.

From this small portion of the available literature works, we understand that the creation of vibrant community based institution is becoming an important element in LED initiatives. The SHG initiative, as a community based institution, has wide coverage in countries like India. As a newly adopted development alternative in the country, the role and contribution of SHG to LED initiatives deserves research and further refinement in the Ethiopian context.

⁴ One lakh is equivalent to 100,000

2.4. *The policy environment*

The contemporary local and regional development practitioners and policy developers have shifted their focus of attention from exogenous resource to local sources of development. The prime movers of this endogenous local development are local firms and community based institutions that are stationed in the area where the development is intended to take place. Therefore, the local economic structure that encourages the emergence and development of community based institutions and small and micro enterprises are in a better position than those depend on external factors of development. For this reason, policies of local development have become interested in harnessing endogenous potentials of problem areas. This happens either by establishing new firms or by inviting those which are already functioning but their branches to expand to the new area of development (Cécora 1999).

One of the focal point of our government policy frame work, as especially articulated in MoFED (2005), is to check the rapid population growth of the country that strains the economic progress, limits service delivery and that makes creating sufficient employment very much difficult. Urbanization is low in Ethiopia (16% of the total population lives in urban area) and the same holds true on the contribution of urban economy to the nation's GDP compared to Sub-Saharan Africa and low income countries.

The above measure helps the productive society, especially women, to turn their faces to 'recognized' household income generating employment activities. Those people who used to spend much of their time in domestic child rearing practices, fetching water, cooking for and managing the entire family can shift their working time to productive ones especially women.

MoFED (2005) has further elaborated the favorable institutional framework to achieve planned development activities. For example, looking at institutional framework to achieve the intended objectives of PASDEP (2005/6-2009/2010), government has promised such favorable environments like continued simplification of business processes and licensing requirements, working on financial sector reform, progressive withdrawal of state entities from areas that can be efficiently provided by the private sector, upgrading the skills of the workforce and maintaining macroeconomic stability. This provision adds value to the SHG approach simply because the target population can be organized into different development

units, mobilize local resources, establish firms and participate in local development activities. This enables women to form their own free associations that can suit their interest.

By and large, there is a 'National Policy on Women' developed in 1993. This policy commitment was renewed in the 1995 constitution of the country. The prime objectives of this policy are: 1) to facilitate conditions to ensure equality between men and women so that women can participate in the political, social, and economic life of their country with the right to own property. It also intends to ensure that their other human rights are respected and that they are not excluded from the enjoyment of the fruits of their labour and from performing public functions and being decision makers 2) to facilitate the necessary conditions whereby women have access to basic social services and 3) to eliminate prejudices as well as customary practices to enable women to hold public office and to participate in the decision making process at all levels. In fact, lack of women's grassroots organisations (absence of women's groups because of cultural taboos) prevents their practical participation in development activities (World Bank, 1998).

All the efforts made by the government with regard to policy revisions could help to widened women's opportunity to take part in the development process that would help them lead a decent life. For such tangible reasons, the policy environment seems favourable to the SHG approach, especially at this moment because it exclusively targets women.

Other practical measures the government has taken to improve the life of women include adoption and implementation of the gender policy, establishment of the ministry of women's affairs (from the federal to the district levels), ratification of the constitution, ratification of the family law and affirmative action taken to increase women's participation in education and employment (World Bank, 1998).

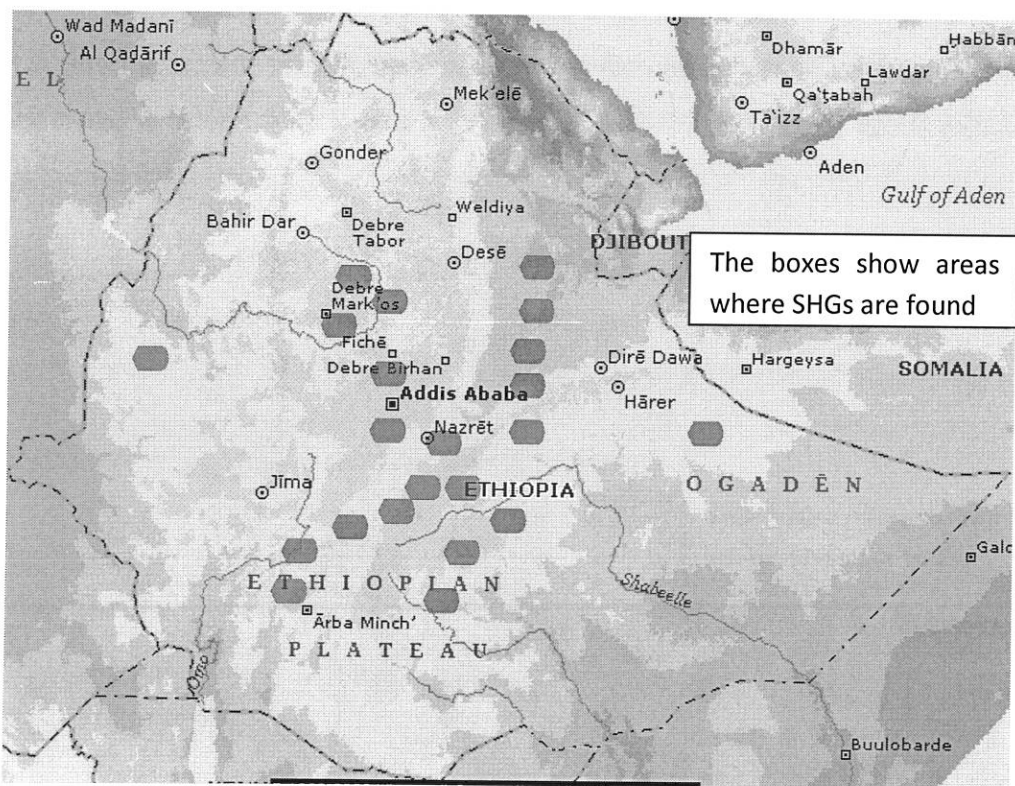
CHAPTER THREE: DATA PRESENTATION AND DISCUSSION

This chapter has organized and presented the field data collected during the research time. Except few figures and tables, all information collected from both secondary and primary data appear in this chapter with the necessary discussions. The remaining few figures and tables are presented in chapter four as they are found more appropriate to be there.

3.1. Expansion of the self help group approach in Ethiopia: an overview

The SHG approach is expanding through out the country. Both rural and urban communities are trying to establish their own development oriented community based organizations.

Figure 3:1. Expansion of the approach in Ethiopia



Source: National coordination office for SHG approach in Ethiopia

Geographically, the approach is sparsely distributed in four administrative regions and the two city administrations. These regional states are the Amhara, Oromia, SNNP and Beneshangul Gumuz whereas the city administrations are Addis Ababa and Dire Dawa. The 15 NGOs that implement the approach operate in 22 different places. Of their projects, 63.63% are urban while the remaining 36.37 % are located in different rural areas.

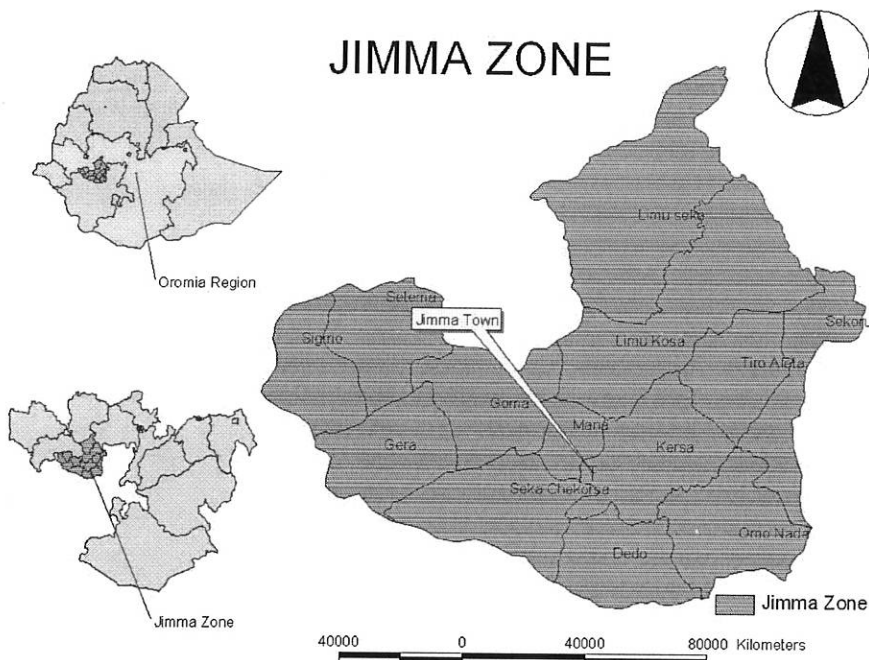
3.2. The study area context

3.2.1. Location and climate

According to Awol (2005), of the national regional states of Ethiopia, Oromia is the largest and populous one with 14 administrative zones. Jimma is one of the 14 zones of Oromia located in the Southern part of the region. Jimma zone has 13 woredas and 486 kebeles with 19,717.6 km² area of land.

Jimma receives 1450-1800mm annual rainfall, 12.1C^o to 30C^o temperature and falls within 7^o40'00 N latitude and 36^o60'00 E longitude. The elevation of Jimma town is between 1720 m.a.s.l. around the airfield (kito area) and 2010 m.a.s.l. around Jireen area (near aba Jifar Palace). Following is the map of Jimma zone with its 13 woredas.

Picture 3:1. Jimma Administrative zone



Source: Jimma town administration

3.2.2. *The socio-economic context*

For Ethiopia, daily labour work was the most common means of livelihood, coupled with petty trading. Livestock rearing was common although it was not common for the poorer people to own such assets. Urban poverty is a crucial issue in Ethiopia where the levels of deprivation for all essential services like water, shelter, toilet facilities were alarming. An extreme housing problem was found in Jimma, where some families living in rented Kebele houses were forced to share the small rooms (Lizzie and Lathamala, 2005).

The Jimma town administration office (2007), Awol (2005) and Chamber of commerce, Jimma branch (2007), with their respective order, have described that Jimma has a population size that ranges between 300, 000 to 400,000, 144,835 and 166,592. In all of these studies, the female population slightly exceeds the male population. The age category of the population shows that 58.5% of them are between the age of 15 and 65 and the dependents are 41.5%. The female headed families' accounts 37% of the total households of the town. The population is heterogeneous in terms of ethnic group, religion and social practices. Some of the major ethnic groups found in Jimma are Oromo, Amhara, Gurage, Damote, Kefa and Kullo and the religion composition shows Muslim, Orthodox, catholic and protestant followers. However, this population statistics lacks consistency among the sources. The population growth rate has similar problems (the town administration source says 4.9%, Chamber of Commerce documented 4.11% and Awol put it 2.9). This makes the paragraph's information unreliable for any further references.

The following table shows the student enrolment in Jimma town by the year 2006.

Table 3:1. Education in Jimma

Education facilities	Number	Student enrolment		% of females	Remark
		Male	Female		
KG	13	Data not available			
Primary schools	29	12670	14002	52.5	16 are private
Secondary schools	3	3825	3550	48	One is community school
Preparatory school	2	907	527	37	
Technical schools	2	136	273	67	
Teachers		818	470	36	

Source: Jimma town administration office (2007).

As shown in the above able, the enrolment rate of female students decline sharply as grade levels increase, except in technical schools. The ratio of female teachers has similar figure, significantly lower than their male counterparts.

With regard to the health facilities of the town, it is mentioned that there are one specialized hospital, two health centres, three higher clinics and 22 other health facilities. However, the coverage was 34% in 2005/6. There is one new hospital under construction around 'Kera' area with 16 million birr government budget [ibid].

Roads, road lights, electric power and communication facilities are available in Jimma town. Mobile, fixed line and wireless telephones provide services. Other communication systems include fax, internet and postal services. The Jimma town administration has further documented that the new move is to encourage investors to the area and the main focus of the government is to support unemployed youths through SME promotion. There are 70 associations organized in SME, 64 of them are legally registered. All of the associations are youth associations [ibid].

3.2.3. Notes on the implementing organization

In Jimma town, there are various development actors since long. Among these is Facilitator for Change Ethiopia (FCE). According to the information gained from its annual reports, FCE is a non-governmental local organization established in 1998. Since its establishment, the organization has started its development work in Dimtu community based development program. The organization had also orphanage programs in Jimma and Debre Markos towns. Currently, the organization is working in six projects in two national regional states in the country. The projects are located in Jimma town, Dimtu, Tullo bollo, Debre Zeit, Debre Markos and Bure-shindi areas.

The strategic approach for women empowerment was through the provision of revolving loan fund in partnership with Idirs until the beginning of 2003. In April 2003, the organization has introduced the new SHG approach to development along with the revolving loan fund program in its Jimma and Debre Markos projects. By the end of 2004 when the previous project agreement with government was terminated, the organization has made project terminal evaluation. The terminal evaluation report has indicated that the SHG approach is relatively better in terms of brining sustainable development, equipping women with financial

disciplines and reaching the right targets. Based on this finding, FCE has changed its' women empowerment program strategy from revolving loan fund to SHG approach. FCE is one of the pioneers local NGOs to implement the SHG approach in the town in partnership with KNH since 2003. Currently, it hosts the SHG approach national coordination.

Table 3:2. Self help groups and cluster level associations within FCE projects

Project area	No of SHGs	No of CLAs	No of members	Total SHG fund
Jimma	131	16	1814	317216
Dimtu	38	-	554	100000
Tulubollo	43	4	1550	143906
Debre Zeit	7	-	952	4000
Debre Markos	89	10	1335	150000
Bure-Shindi	21	-	478	18000
Total	329	30	6683	733122

Source: FCE, 2008 first quarter (January-March) report

3.3. *Self help groups in Jimma*

3.3.1. *Formation by respective years*

The number of SHGs established has increased from year to year. This might have happened because the process is easier in later years than the earlier periods. In later times, staffs understand it better, the organization can have more concrete stance, and the organized SHGs and CLAs can also participate in the SHG formation process.

Table 3:3. Self help groups established from 2003-2008

Year	No of SHGs formed	%
2003	9	7
2004	15	11.24
2005	31	23
2006	35	27
2007	40	31
2008	1	0.76
Total	131	

Source: FCE, Jimma families for children project office (2008)

As indicated above, 2003 was the first experience for FCE and it has established only nine SHGs in the year (6.87% of the total SHGs). Later on, the implementing organization has established 15, 31, 35, 40 and one SHGs from 2004-2008.

3.3.2. Profiles of respondents

The total number of members organized in these 16 SHGs is 206 with their total family size of 973. The average family size of these SHG members is 4.7. Of the total 206 SHG members, 89 households have above average while 117 households have below average family size when compared among themselves.

Table 3:4. General features of self help groups

SN	Name of SHG	Village name	CLA	Group size	Sex	Average Family size
1	Tadagi	St. Mary	Misale	15	Female	4
2	Hibret	St. Mary	Misale	16	Female	4.9
3	Edigetbehibret	St. Mary	Misale	11	Female	4.3
4	Abrenenideg	St. Mary	Misale	10	Female	4.5
5	Burkitu	Kito	Hibret	17	Female	5.2
6	Yedilchora	Kito	Hibret	13	Female	4.6
7	Esubalew	Kito	Hibret	15	Female	4
8	Limat	Kito	Hibret	13	Female	6.4
9	Yilemlim	Kito	Hibret	8	Female	4.3
10	Yengewsew	Kito	Hibret	16	Female	4.8
11	Mederaja	Kera	Enilemlim	13	Female	5.6
12	Bikiltu	Kera	Enilemlim	13	Female	4.4
13	Ediget bandinet	Kera	Enilemlim	14	Female	5.6
14	Hibretbesira	Kera	Enilemlim	8	Female	4.1
15	Achaltu	Kera	Enilemlim	10	Female	4
16	Berasmetmamen	Kera	Enilemlim	14	Female	4.3
	Total			206		

Source: Field data

The statistical data shows that the population distribution of these SHG member households is slightly skewed to the left showing 57% of the households having below average (4.7) family size. It is only 43% of the households that have above average family size. The smallest average family size in the SHG is four while the largest is six.

Because there were 131 SHGs in Jimma town, the estimated population size under these SHGs is equal to 8526 (131*4.7). Of this 8526 population, 5089 are children who are directly dependent on the SHG member mothers' earning. If we add mothers themselves on the number of these children, the total figure will be 6903, making the total dependent family on these women 81%.

3.3.3. Age and size of self help groups in this study

Table 3:5. Age and group size of the self help groups

SN	Name of SHG	Location	Inception date	Group size		Difference
				At inception	Current	
1	Tadagi	St. Mary	February, 2003	19	15	-4
2	Hibret	St. Mary	February, 2003	19	16	-3
3	Edigetbehibret	St. Mary	June, 2003	12	11	-1
4	Abrenenideg	St. Mary	March, 2003	11	10	-1
5	Burkitu	Kito	June, 2004	18	17	-1
6	Yedilchora	Kito	June, 2004	15	13	-2
7	Esubalew	Kito	June, 2004	17	15	-2
8	Limat	Kito	June, 2004	17	13	-4
9	Yilemlim	Kito	June, 2004	15	8	-7
10	Yengewsew	Kito	June, 2004	11	16	5
11	Mederaja	Kera	March, 2004	17	13	-4
12	Bikiltu	Kera	March, 2004	16	13	-3
13	Ediget bandinet	Kera	Mar-04	15	14	-1
14	Hibretbesira	Kera	April, 2004	11	8	-3
15	Achaltu	Kera	June, 2004	15	10	-5
16	Berasmetmamen	Kera	Aug-04	14	14	0
Total				242	206	-36

Source: Field data

The SHG for selected for this study were established between 2003 February and August 2004. The smallest size of SHGs during establishment was 11 while the largest size was 19. About 25% of the SHGs were established with members less than 15 members. Nevertheless, nearly 69% of the SHGs have below 15 members during the study.

3.3.4. Selection criteria

Self help group approach uses locally developed selection criteria. These selection criteria serve to focus on the worthy focus groups that deserve priority attention of any development intervention. Some of the major criteria used during SHG formation were the following.

Table 3:6. Selection criteria to establish self help groups

Village	Geographic location	Number of CLA	Total number of SHG	Number of SHG for the study	Major criteria used for selection
Enilemlim befikir	Kera	1	12	6	Lowest economic status being female,
Hibret	Kito	1	12	6	Lowest economic status, geographic proximity
Misale	Mariam sefer	1	8	4	Lowest economic status, being female and geographic proximity

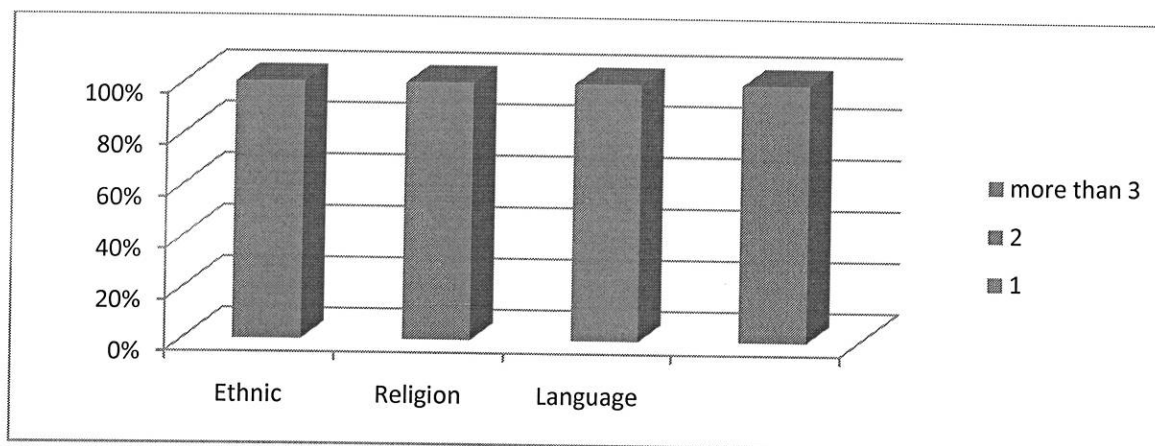
Source: Field data

As indicated above, study outcomes from the three CLAs have shown that economic condition, sex similarity and geographic proximity are the leading criteria in the process of SHG formation. Economic status of the potential SHG members should be assessed and they must be poorest from their community. Whether these criteria can bring homogeneity within the groups or not is a different issue left for debate. Another important point of debate is whether the applied wealth ranking PRA tool is reliable or not to find the lowest sections of the community.

3.3.5. Ethnic, religion and language composition

It is mentioned by the Chamber of Commerce, Jimma branch (2007) that Jimma is composed of diverse ethnic, religion and language groups. May be, this can not surprise because Jimma is known for its coffee production and it attracts people from different corners of the country. This research work has also confirmed this population diversity in the town.

Figure 3:2. Composition of self help group members



Source: Field data

In the above bar graph, one can see that no SHG under this study has members who speak one language, composed of the same ethnic group and follow one religion. This heterogeneity has its own implication on development which will be discussed later on.

3.3.6. Educational profile

The following figure shows the general educational profile of self help group members.

Table 3:7. Educational profile of self help group members

Educational level	Number of members	%
Who cannot read & write	66	32
Read & write	52	25
G. 1-4	32	16
G.5-8	41	20
G. 9-10	13	6
G. 11-12	2	1
G. > 12	0	0
Total	206	100

Source: Field data

About 32% of the members cannot read and write and another 25% of them can only read and write. Hence, about 57% of the members can keep records poorly or not at all. Fifteen percent of the members had the opportunity to complete the current first cycle formal education system of Ethiopia (grades 1-4). It is only 27% of the members who are expected to keep records properly with additional training arranged for them in book keeping.

3.3.7. Family situation of sample individuals

To strengthen the information collected from various sources, attempts were made to discuss with selected individual members from the 16 SHGs. Their marital and family information is summarized in the following table.

Table 3:8. Marital status and family information of sample individuals

Marital status	Number of respondents	Age group	Average number of children	Average family size
Married	20	22-50	3.8	6.4
Divorcees	4	40-49	2.75	4.0
Widows	8	38-50	2.6	4.6
Total	32	22-50		

Source: Field data

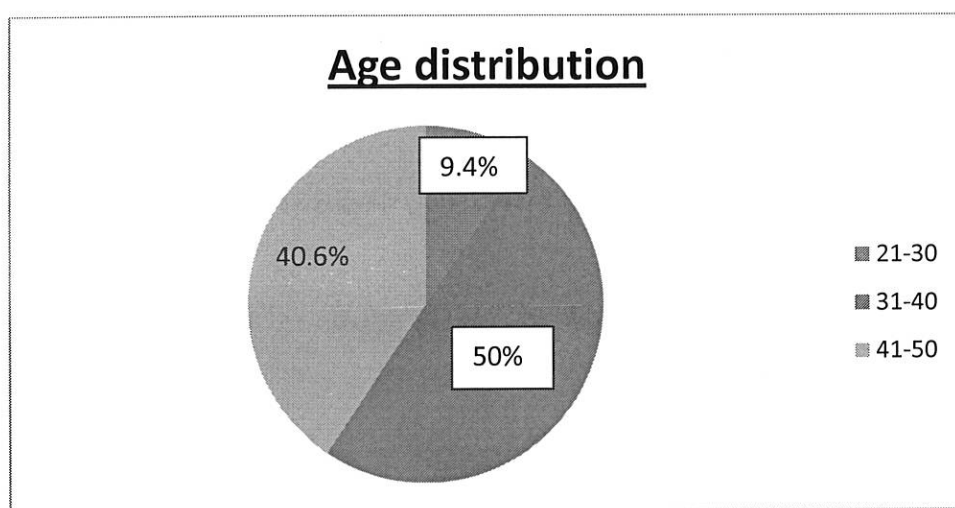
The above table depicts that 25% are widowed while 12.5% are divorced. The total percentage of female headed households is 37.5%. According to this sample data, 62.3% of the women organized in the SHG live with their husbands, the rest not. It is, therefore, very important to note on the targets of the SHG approach that considerable number of them are widows and divorcees and are heads of the entire family. The average family size of widows and divorcees is 4.6 and 4 respectively while married women have average family size of 6.4.

Benefiting the divorced and widowed women with their vulnerable children is a great job of the approach. It further signifies the appropriateness of the selection tool and criteria which allows the poor and destitute to participate in the social and economic development process.

3.3.8. Age category of sample individuals

The age distribution of sampled individuals shows that 50% of the members are between the age groups of 31-40 years old. The remaining 40.6% and 9.4% of the individuals are between the age groups of 41-50 and 21-30 respectively.

Figure 3:3. Age distribution of sample individuals



Source: Field data

3.3.9. Number and distribution of CLAs

Because SHG have their networks that are established to support the efforts of individual SHGs, it was important to have a general understanding about CLAs in this research work to see their relations and functions directly related to LED.

There were six CLAs in Jimma town. Geographically, all the six CLAs were distributed in the town. However, the three CLAs selected for the study have formed a belt from East to West in the middle of the town.

Table 3:9. Formation and geographic distribution of cluster level associations

Name	Inception date	Number of		Remarks
		SHGs	Members	
Enilemlim Befikir	December 2004	12	168	All females
Misale	November 2003	9	88	All females
Hibret	April 2005	12	180	All females

Source: Field data

3.3.10. *Micro health insurance schemes*

Cluster level associations have several developmental functions that they perform either by themselves or in partnership with SHGs, NGOs and the local government in the area. One of such functions is promotion of members' health status through different mechanisms, of which MHIS is the focus of this study.

Table 3:10. Micro health insurance scheme by the cluster level associations

Name	Location	Members		Monthly premium (birr)	Maximum payable for the client (birr)	Mode of payment	Clients who got services
		Inception	Current				
Afia	Kito Bosa	130	150	0.50	Up to birr 25 but 50% if below	Refunding	8
Selam	St. Mary	30	115	0.50	Same as above	Same	Not yet
Total		160	265				

Source: field data

A member of the MHIS pays 0.50 birr as monthly premium payment. A person, therefore, pays birr six per annum for her/his medical insurance. These MHIS have a total of 265 clients who may or may not be SHG members. The prime motive of this MHIS is to protect the poor from preventable and curable deadly diseases. Members of MHIS have discussed and developed the bylaw for the MHIS. As a matter of fact, monthly premium amount, mode of payment and maximum amount of payment are parts of the bylaw.

3.3.11. *General socio-economic performances*

In order to find information regarding the economic change, the 16 SHGs of this study have exercised proportional pilling PRA. In the proportional pilling exercise, a selected SHG member was given 20 seeds for each indicator and asked to put the number of members in front of each of the indicators mentioned. All other members of the group commented on the number of seeds the key informant has put. The final and agreed number of seeds was taken and the total number of seeds under each indicator was added to find out how many of the SHG members have maintained houses, purchased electric appliances, send their children to school, etc. Therefore, a mother can perform multiple of these indicators such as maintain house, purchase electric appliance, buy household equipments, etc.

The data obtained from this exercise is aggregated in the following table and the raw data is converted into percentage against the total number of member of SHGs for this study (206).

Table 3:11. General socio-economic performance indicators

Indicators	Respondent (206) SHG members in the FGD	%
Maintained and constructed houses	85	41
Purchased electric appliances	98	48
Purchased household equipments	135	66
Improved personal and family health	175	85
Attend formal schools	29	14
Send children to school	206	100
Regularly save beyond the minimum saving amount	75	36
Increased SHG capital	95	46
Graduated from FAL	123	60

Source: field data

The above table depicts various development areas SHGs are participating in. Maintaining and/or constructing living houses, possessing electric appliances such as radio and television, fulfilling household equipments, keeping personal and environmental sanitation, attending formal and non-formal functional education, sending children to formal and tutorial education, increased saving and SHG capital are mentioned as some of the major development achievements. The table shows that majority of the SHG members can afford buying household equipments, improve personal and family health, send their children to school and mothers have graduated from functional adult literacy (FAL).

3.3.12. *Financial performance of self help groups*

Self help groups strive to accumulate their own common fund in the long run and to mobilize financial resources from formal institutions at market prices. Following is the common of SHGs in Jimma town.

Table 3:12. Statistical data on SHGs and their financial performances

Total number of Functioning SHGs	131
Number of SHG members	1814
Number of Children	5089
Total number of functioning CLAs	16
Total savings of SHGs	246,680.75
Total other funds	70,534.85
Total own Capital	317,215.60
Total loans given out	893,208
Total loan repayments	649734.95
Loan / savings ratio	01:03.6
External funds mobilized by SHGs	1,173,100

Source: FCE quarter report to the national coordinator (2008)

Organized poor women were trained to save, take internal loan from their pulled saving and invest on income generating activities for themselves and their family. They have managed to pull a total of 246,680.75 birr saving and 70,534.85 from interest, penalty and other sources. The total loans given from their saving is 893, 208.00 birr. This shows how fast the money is revolving among the SHG members. The saving-loan ration is 1:3.62 implying the fact that one birr has made 3.62 times of rotation as an internal loan. The SHGs have mobilized a total external financial resource of birr 1,173,100 from MFI. It is important to underline the fact that the poor women organized in the SHG have saved 27% of the total amount of loan they have mobilized from the MFI.

3.3.13. Practices of internal lending

If one has a look at the beginning of their internal loan experience, the minimum loan size was as low as birr 10.00 while the maximum loan amount was birr 50.00. This system of internal lending can also be called *hardening up* the less experienced women for future market oriented financial systems.

Table 3:13. Trends in internal loan system in the self help groups

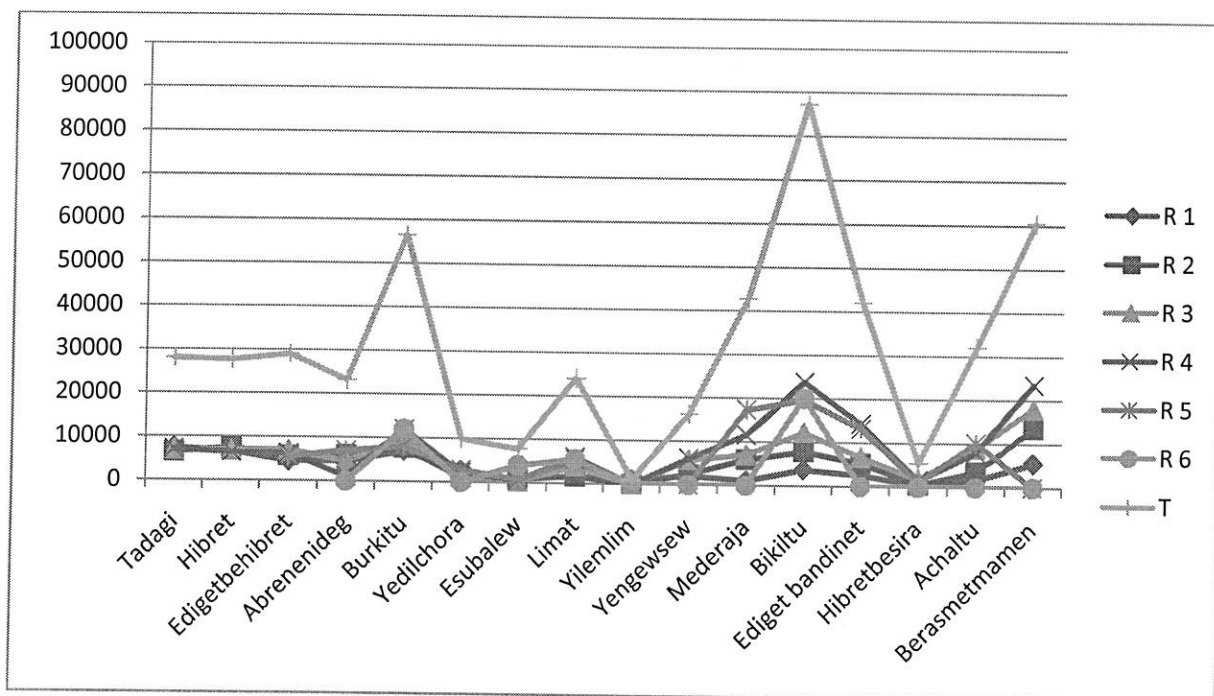
Loan size	First loan (birr)	Current (birr)
Minimum	10	50
Maximum	50	1200

Source: field data

3.3.14. Credit linkages and resource mobilization by SHGs

With in few years period, the 16 SHGs have mobilized significant amount of birr from the micro finance institute, as indicated above. The following line graph depicts this figure.

Figure 3:4. External loan management by the SHG



Source: Field data

The huge amount of money mobilized, about 1.17 million birr, reflects the growing capacity of SHGs in terms of resource mobilization, investment and management. This is a promising approach to empower women so that they can manage their own business affairs.

3.3.15. Perception of members on their family income

The data collected from different primary sources indicated an encouraging economic change in the income of SHG members. SHGs have discussed about how much economic progress was observed because of the introduction of the SHG. The following tables briefly present the outcome.

Table 3:14. Self help group members' perception of income change

SN	SHG	Before SHG		After SHG		Change in %
		No	%	No	%	
1	Tadagi	7	35	13	65	30
2	Hibret	3	15	17	85	70
3	Edigetbehibret	5	25	15	75	50
4	Abrenenideg	4	20	16	80	60
5	Burkitu	6	30	14	70	40
6	Yedilchora	6	30	14	70	40
7	Esubalew	8	40	12	60	20
8	Limat	8	40	12	60	20
9	Yilemlim	8	40	12	60	20
10	Yengewsew	5	25	15	75	50
11	Mederaja	6	30	14	70	40
12	Bikiltu	4	20	16	80	60
13	Ediget bandinet	8	40	12	60	20
14	Hibretbesira	4	20	16	80	60
15	Achaltu	6	30	14	70	40
16	Berasmetmamen	3	15	17	85	70
	Average		28.4375		71.6	43.125

Source: Field data

The above table is produced from the data obtained through proportional pilling exercise by the SHGs. Through the proportional pilling exercise, discussants have put the estimated income change observed in the last few years. As depicted in the above table, the result shows that the approach has increased their income by about 43.12% on average.

Some of the SHGs have made robust contributions for the improvement of members' income. For example, Hibret and Berasmetemamen have scored 70% change. Over all, eight of the 16 SHGs have boosted the income of their members by at least 50% in the last years. The remaining 50% of the SHGs have contributed much but below 50% of their income before they become an SHG member. The least score shows a 20% change, which is still very high economic growth. This implies the fact that members of the SHGs are confident that the approach is contributing so much for their economic development.

A further analysis was made with regard to how this economic change has happened. SHGs during the study have made detailed accounts of members' business type and status before and after the introduction of the approach. The outcome of the study is presented in the following table.

Table 3:15. Business formation and development by self help group members

Business type	No of individual	%
New businesses opened	83	40
Business expansion made	22	11
Scaling up of businesses	48	23
Change in business type	51	25
No change	3	1.4
Total	206	100

Source: field data

About 40% of the members were jobless. While the SHG approach has helped these 40% women to open new businesses, it has also contributed a lot to business expansion, scaling up existing businesses and changing the types of business that suit the mother as witnessed by 11, 23, and 25 per cent of the respondents respectively.

3.3.16. Perception of SHGs on different institutions

SHGs are one of the LED actors. They perform their development activities in partnership with other LED actors in the area. For this development fact, it was necessary to see their relationship with and perception on other institutions in their locality.

SHG member individuals were asked about the poverty reduction efforts and the development contribution of different institutions. These SHG member individuals have rank-ordered institutions based on their effort to reduce poverty and promote development activities. The result shows that about 78% of the respondents have ranked their institution as the first important institution that works on poverty reduction and development activities. The next institution that works on poverty reduction is the financial institution. These financial institutions could be formal public and/or private banks or micro finance institutions.

Table 3:16. The poverty reduction effort of institutions as perceived by the self help group members

Institutions	Rank order		
	1	2	3
SHG	25	5	2
Bank/MFI	3	23	2
Local government	2	2	20
Idir	0	2	4
Equb	0	0	3
Mahiber	0	0	1
Religious Institutions	2	0	0
Total	32	32	32

Source: Field data

For about 72% of the respondents, financial institutions are the second most important institutions that work on poverty reduction and development. About 62.5% of the respondents considered local government agencies as the third most important development oriented bodies.

3.3.17. *Linkages by cluster level associations*

During the study, all of the CLAs had work relations with women affairs, MFI, NGOs, town services, bank and education offices. Other institutions and service providers with which CLAs began building relations and cooperation are FCE, SMEPO, Family Guidance Association, Mekdim Ethiopia, Schools, Police and malaria control office. What is more important here is that the relationship is institutional which will bring institutional and technical sustainability for the CLAs. However, the relationship with these organizations is mostly irregular and case oriented and not systematic.

Table 3:17. Status and purpose of cluster level associations' network

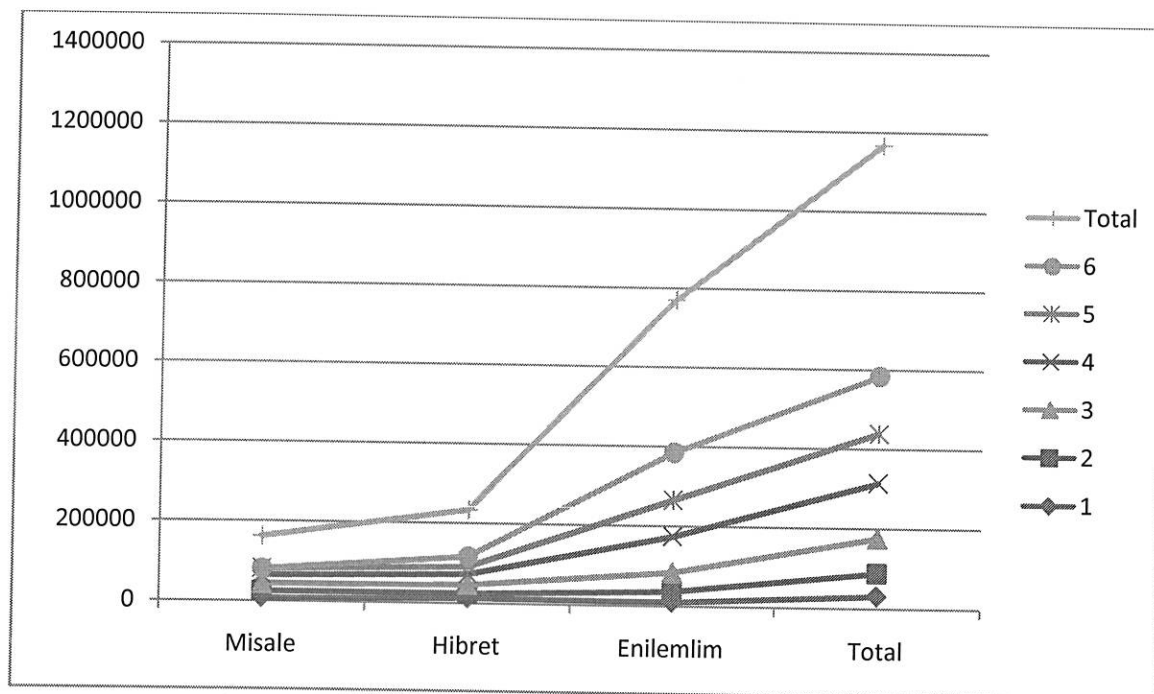
Major institutions	No of CLAs that have networks	Status of the network	Purpose
Kebele administration	3	Active	ID cards, land, house, solve problems at village level
Idir	1	Active	
Women affair	3	Active	To share concerns and problems
Town services	2	Active	To secure land
Town administration	0	Not applicable	
Bank	2	Active	To deposit money
MFI	3	Active	Deposit money, take and repay loan
Private sectors	0	Not applicable	
NGOs	3	Active	Training,
SMEPO	1	Active	To register legally
Education office/schools	3	Active	To facilitate FAL and tutorial education
Health institute	2/3	Active	Medical services and anti-malaria spray

Source: Field data

3.3.18. External loan mobilization and management capacity

One of the purposes of CLA while linking with other institutions is to mobilize financial resources. The following figure provides the general trend of external loan by the CLAs.

Figure 3:5. External loan mobilization and management of cluster level associations



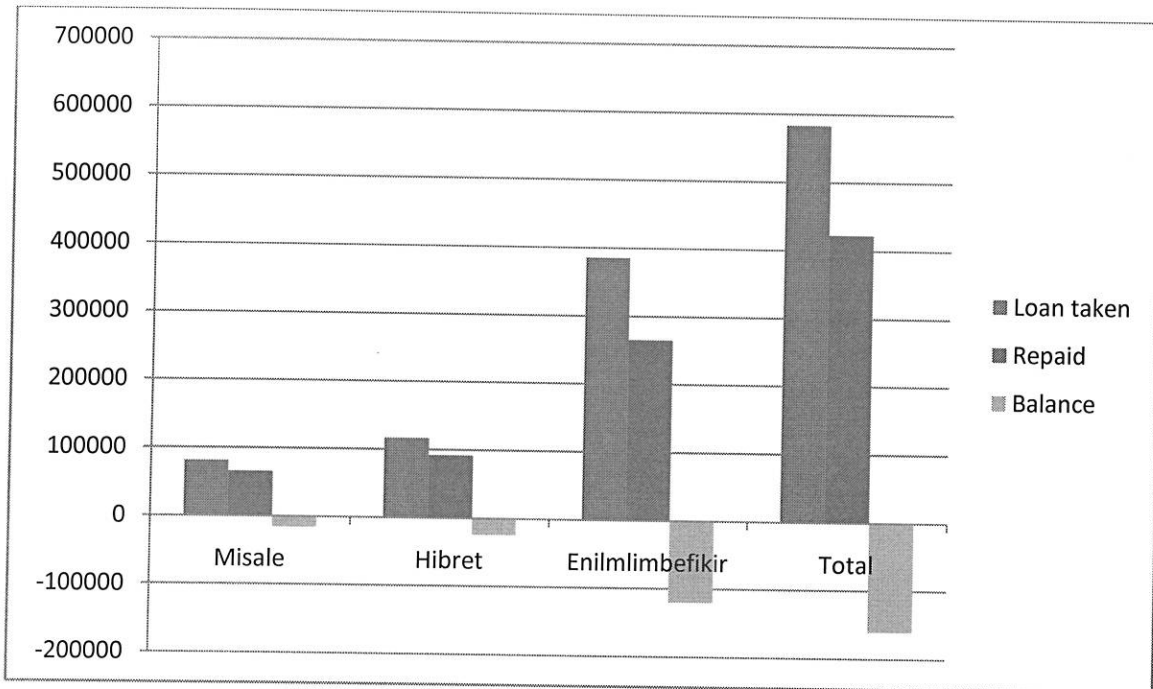
Source: Field data

Regarding the external loan mobilization and management capacity of CLAs, we see variations among them. Of the three CLAs in this study, only one, Enilemlimbefikr, CLA keeps its external loan mobilization and management record consistently growing and increasing, the remaining two have fluctuations. Enilemlimbefikr, has increased its external loan mobilization by 145, 341, 727, 742 and 1011 per cent in subsequent loan periods when compared with its first external loan size. This is a consistent and robust progress in terms of financial resource mobilization and management.

3.3.19. *Loan repayment status by cluster level associations*

We have seen that CLAs borrow from MFI. And they have the obligations of managing their debt. The loan repayment history of the CLAs is presented in the following graph.

Figure 3:6. Loan repayment status



Source: Field data

Financial institutions demand high collateral system such as government employee and/or high valued fixed assets before giving loans to their clients with the assumption that the poor have high utility level and are less credit worthy than the rich.

Nevertheless, the performance of CLAs under this study is quite different from this saying. All of the CLAs in this study have established credit linkages with MFI and have mobilized considerable amount of financial resource for their members under their management. Of the total amount of birr 583, 430.00 external loan mobilized from MFI, CLAs have repaid on 422,730.00 birr on time with its interest amount (the interest paid is not included in this figure). This loan performance is an excellent job by the CLAs, SHGs and members organized in the SHG. The loan period was three months with monthly repayment schedule but later when members wanted to engage in bigger investments, the term was prolonged to six months. This is also another innovative loan management system in the SHG approach.

3.3.20. *Effectiveness, equity and sustainability*

Effectiveness, equity and sustainability are the jargons of contemporary development. As a result, understanding and including them in this research gives life to the entire work.

Table 3:18. Effectiveness, sustainability and equity aspects of the approach

Respondents	Effectiveness		Sustainability		Equitability	
	Yes	No	Yes	No	Yes	No
Government	8		8		4	4
SHG	15	1	15	1	13	3
CLA	3		3		3	
Individuals	31	1	31	1	19	13

Source: Field data

All of the government bodies have unanimously said that the approach is effective. About 97% of the interviewed SHG members have the confidence that SHG approach is effective because it reaches the needy community groups and operates to meet the needs and objectives of these people at grassroots level. CLAs also agree on the effectiveness of the approach.

3.3.21. *Achievements of SHGs as perceived by government offices*

Table 3:19. Perception of government offices on the achievements of SHG

Areas of achievement	Level of achievement		
	High	Medium	Low
Employment opportunity for members and families	50	50	0
Members' household equipment improved	37.5	50	12.5
Members send their children to school	62.5	25	12.5
Linked with health office & anti-malaria sprayed for the area	50	37.5	12.5
Their MHIS benefits the surrounding	25	37.5	37.5
Solve village conflicts	50	50	
Poverty reduction at local level	87.5	12.5	0
Mobilize local resources for local development	62.5	12.5	25

Source: Field data

As indicated in the table, most of the government key informants understand that SHG approach has from high to medium level of achievement in various fields of development such as job creation, child education, solving village level conflicts and poverty reduction.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1. *Introduction*

Ethiopia has several community based institutions of various forms and purposes. The basic characteristics of all could be that they are voluntarily formed and have developed their own sets of rules and regulations. These self help groups have democratic structure, organization independence, self reliance, more or less transparent decision making and flexible rules and regulations. They have immense development contributions including social control mechanisms, improve the social status of their members, provide with spiritual satisfaction, promote saving habit and provide credit services for members and non-members, provide informal insurance coverage, mobilize community labour and they are platforms for discussing community-issues and therefore, augment the formal sector efforts through provision of spiritual, social and economic services (GTZ-OSHP, 2002).

By local development, which is the major interest of this research, the writer does mean local development initiatives through self help associations and their programs in collaboration with the state. The third sector organizations are many in type and have various features, as mentioned above. Some of these institutions are NGOs, parents' associations, Equb, Idirs, professional associations, saving and credit groups and self help groups.

Social movements can originate either from below or from above. By making combinations and giving attention to locus of agency and intentionality, latent changes from below and above and manifest changes from below and above can be identified. The togetherness and organization ranges from spontaneous and diffuse crowds and riots through social movements, to interest groups and lobbies. These social movements differ in various ways, one being their scope of intended change. Some social movements are limited to certain reforms while some others do focus on fundamental changes in the society. These social changes have distinctive stages from their initiation to termination (Sztompka, 1994).

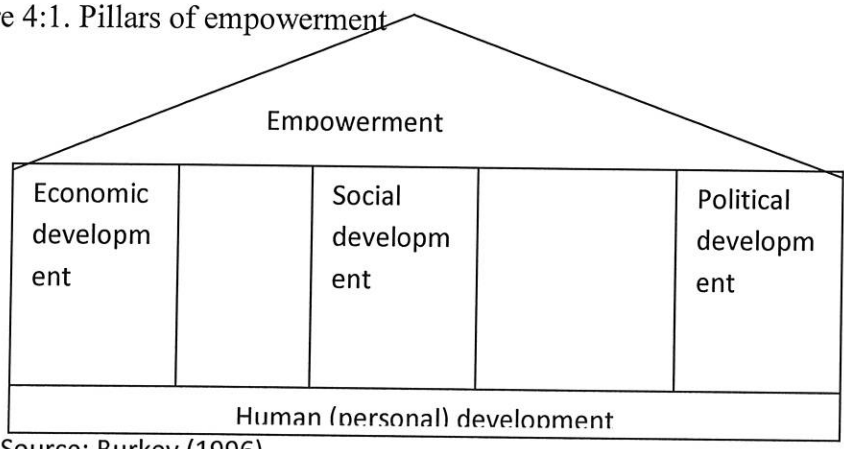
These forms of institutions may or may not have written regulations, may be small or big in size, may have their focus of interest, some others highly organized, have well formulated internal bylaws and even hire professionals as their staff. The third sector has shown a boom in Ethiopia since 1993 and the people have shown readiness to work with these institutions. As stated clearly, two of the most relevant requirements of co-operation between the state and the third sector are proper legal framework and community ownership. Each self help group

is an integral part of the community and they must be accountable and visible to their community and individual members. Their overarching end is to become development partners towards the successes of social, economic and infrastructure services (GTZ-OSHP, 2002: 216).

Self help group is a community based development approach for socio-economic emancipation of the disadvantaged community. These communities are those who are socio-economically marginalized, found in the same geographical location and are homogeneous. The SHG approach works for economic, social and political empowerment.

The overall development intervention areas and its scope of SHG approach can diagrammatically be shown as follows.

Figure 4:1. Pillars of empowerment



Source: Burkey (1996)

The SHG approach to development selected for this study is supported by KinderNotHilfe (KNH). In the year 2002, KNH and German Development Service (DED) have started the implementation of the approach in Ethiopia. Later, when DED has shifted its program approach, Facilitator for Change Ethiopia (FCE) has become the hosting organization of this approach.

There were 15 NGOs which were implementing the SHG approach in Ethiopia in partnership with KNH. According to the SHG approach national coordination office bulletin (2007), these 15 NGOs have established about 1700 SHGs with their 25000 women in them. The number of CLAs established is about 86, but not all SHGs are members of the established CLAs. The weekly saving amount ranges from 0.25 to 10.00 birr while interest rate for the internal lending ranges from one percent to 10 percent. The total accumulated capital from these SHGs reached around two million birr.

4.2. *Feature of self help groups in this study*

The SHG approach has its own features that distinguish itself. These features have their roles to play in achieving the intended local development objectives. The major and peculiar features of SHG approach are discussed below.

4.2.1. The formation process

According to the discussion outcomes with community development workers of the implementing organization and reflections from SHGs and CLAs, there are clearly known SHG formation steps.

As discussants explained, the village where SHGs are going to be established is first selected by the facilitators and staffs of the implementing project. At this initial step, there are two important points for consideration: the socio-economic condition of the area and the possibility of getting as many homogeneous people as possible to form 10-12 SHGs for future CLA formation. The area must be, in relative terms, poor and destitute.

The second step in SHG formation is to conduct home to home visit by community facilitators⁵ or project workers. Project worker introduces her/him self and the general development activities of the project with slight explanation about the purpose of the visit. Cautionary notice is made not to raise the expectation of the household by telling that the visit is to know more about the area and the way its residents live. At this first home visit program, there are two important things for accomplishment: the first one is that the project worker is an active listener and observer of the overall socio-economic condition of the household. The project worker simply poses provocative questions for the household leaders/mothers so that they can narrate what their life looks like and their coping mechanism during crisis. Along side, the project worker will have a vivid look at the general condition of the houses, as a guest. The second point, which is also important for the third step, is to have an appointment with the household leaders/representatives to come and participate at community level poverty analysis on the specified date, place and time. The first household is

⁵ Community development facilitators are grade 10 or 12 complete female youths who had no job before and are screened from the same community (kebele) where the SHGs are found. Their major duties are SHG/CLA formation, follow up and provision of basic trainings. They refer difficult tasks to their super ordinate that is in the social worker position.

consulted as to when, where and at what exact time the villagers can come for further discussion and poverty analysis. The subsequent households are requested to comply with what the first household has decided. The project worker must complete the home visit for every household.

The third step is about the PRA exercise by the community residents. Once the visited household leaders/representatives come to the specified place, general introduction is given by the facilitators about the purpose of the implementing organization, the home visit conducted to every household, the purpose of the day's meeting and approximate time required completing the PRA exercise. With this general information, the project worker invites every body to stay patient until the work is over. At this PRA exercise stage, the overall exercise is conducted by elected key informants except the documentation of the PRA exercise on the paper and the overall facilitation. During the meeting, the selected key informants make the map of the village on the ground using ash. In the map, every house in the village is located. There are cards that have the names of every household head on them. Materials necessary to conduct the PRA are collected in the area around unless they are unavailable and it is conducted in the field where every villager is sitting around.

The two most frequently applied PRA tools are social mapping and wealth ranking. The information gathered is related to the socio-economic condition of every household in the village. Information such as educational level, health condition, job opportunities, road, street light, water and drainage system for the villagers are gathered. With regard to the wealth ranking, the key informants categorized the villagers into three or more groups, with clear indicators for categorization. What the better off, middle and low income people have are symbolized for clearer understanding by the residents. This is followed by the categorization of the residents according to their economic status in the village. Once the necessary data are collected and verifications are made by the participants in general, the better off, medium and low income groups are identified and a closing remark is made by the facilitators thanking all participants for sharing their time and knowledge about their area.

The fourth step in SHG formation is the second home visit (home visit II) that targets those people who are categorized under low income group. The purpose of the visit is to explain about the PRA exercise conducted with their presence and about the implementing organization and the SHG approach briefly. At this time, the community facilitators are active speakers and must briefly explain what SHG approach is in general. The visiting facilitators fix the next meeting date, place and time with the first household visited, as they did in the first home visit. This way, all the residents under low income group are visited and appointed for the next meeting.

At the fifth step, the visited low income women community groups come to the meeting and the first meeting is conducted. Community development facilitators chair the meeting as a role model. In the meeting, the SHG concept is explained and community workers have brief discussion about the SHG approach again, decisions made as to who will be the members of the SHG, decide when, where and at what time to meet next time. Some of these decisions remain part of the bylaw of the SHG until modification is made. At the end of the meeting, the community development facilitators declared that this group has formed a self help group right now by these members, given that attendants of the meeting are volunteers. SHG formation, as explained above, has a chain, one step leading to the other without interruption.

During the discussion, discussants explained that other game like exercises were there by using flowers, coloured chinks, leaves, charcoal and some other materials though they were not able to remember the purposes of doing these things. However, the above mentioned steps are the major steps explained by community development workers of the implementing organization and they are in reviewed SHG related documents reviewed.

4.2.2. Selection criteria and targeting

Targeting here refers to the way the approach selects its beneficiaries. The promoting organizations of the SHG development approach are equipped with various participatory rural appraisal (PRA) methodologies. These PRA tools are powerful in identifying the right targets once criteria are set out and are powerful in empowering people if used in the process of the development approach.

When identifying the targets, two important PRA tools are applied, as mentioned by the respondents. These PRA tools are wealth ranking and social mapping. As explained, wealth ranking is used to select the most economically disadvantaged community groups and to maintain economic homogeneity among SHG members. The criteria of selection are defined by the community themselves. Hence, a poor person in one village may not be labelled as poor in the other community as the criteria are relative to the specific community.

In an effort to poverty reduction, it is imperative to identify the bottom line community groups as a priority for help and support. The economic homogeneity within the group reduces the saving gap among members. The smaller the saving (or income) gap within SHG members will better the group cohesion and sustainability.

The geographic proximity is very crucial for the simple fact that regular meeting and saving is at the heart of the SHG approach and members of the SHG shall not travel long distances to attend their meetings. Hence, the closer the members of the group are, the more energy they can save and be energetic, active in the meeting and use the time for discussion instead of walking long distances.

Considering sexual homogeneity is great because there lacks equal opportunity and participation of the two sexes in communities where there is male domineering over females. The cultural and traditional way of nurturing girl and boy children at different wavelength puts one superior to the other (in this case, boys dominate girls). Hence, groups composed of similar sex have better opportunity to promote equal participation among members and ultimately puts members on equal footing, at least at the inception period.

4.2.3. Size of the group

The field data for this research indicates that the group size is in contrast with what MYRADA (2001) has defined it. For MYRADA, the SHG is a gathering of people who have common interests to pursue in a specific place with group size of 15-20. This size is chosen to make the group operation manageable. The SHG approach under this study has tried to maintain the group size stated by MYRADA during establishment at least by 75%. The deviation, however, comes later after the formation of the groups when members were dismembered from the SHG. What is more important to give attention is that SHG like Yilemlim have significant number of dropouts reducing the group size by nearly 47%. Although finding out why members of the SHG dropped out of the group is not the mandate of this study, it could be imperative to point out that SHG formation process and homogeneity of group members are key factors in maintaining the group size and group cohesiveness.

Therefore, it is hard to maintain the group size within 15-20 as stated by the theory. The point however is how much this size deviation can affect the performance of the SHG approach to meet its objectives of socio-economic uplift of members and the local community. One of the basic principles of SHG is forming people's institutions, initiating local development and facilitates better service delivery through collective voicing and influence. This collective voicing and influence is better when not only the number of SHG is mushroomed but also when the number of members in each SHG is fairly high (MYRADA, 2001).

4.2.4. Composition in the SHG

By composition, we refer to the religion, ethnic group, language, sex, education and age of members in the SHG. The importance of looking at these factors is to see whether there are elements that contribute towards group cohesion and solidarity, and the absence of which might have a different result on the SHG approach.

The field data show the fact that SHG in this study have diverse religious, ethnic and language composition. This diverse composition could help to promote integration of community members and diffuses culture. This integration promotes the interdependence of people in the same locality and may promote cooperation and competition. However, this

type of group composition is at the risk of disintegration because the more diverse the group composition the more likely that it fails to meet the objectives and aspirations of the members. MYRADA (2001) has clearly indicated that SHG members are affinity groups who have trust and respect among themselves. SHG are gathering of people who have common interests to pursue, homogeneous exhibiting similar characteristics such as caste, creed, sex, occupation, geographical area, and place of origin, language, income levels, age and other variables.

It is, therefore, possible to say that the Ethiopian SHG approach lacks some of the basic characteristics of affinity groups such as similar creed, age, language and occupation. The major homogeneity indicators in the SHG under this study are geographic location, income level, and sex. Though any homogeneous group may not be affinity group, for affinity to exist in the group, there should be homogeneity.

The educational profile of members of the SHG has two important messages at a glance for readers. The first point is that majority of the SHG members are either do not read and write at all or are limited to simple numeric and literacy skills. It is only about 27% of them who have completed grade five and above. However, this is the fact not only decades before but also current figures indicated that girls have lower enrolment rate than boys especially in secondary and higher educations as also indicated by Jimma town Administration (2005/6). This low educational attainment has detrimental effects on development in general.

This poor educational attainment has three important development implications. The first one could be that if members are generally illiterate, the SHG will face difficulties of proper book keeping and documentation. The second aspect of this general illiteracy is on the individual members and their institution competency. If education makes people to think smart and be critical, then these low educational profile SHG members are in a disadvantaged position in the world of competition. The last implication is that members of SHG have heterogeneous educational composition that increases their difference.

Scholars in the field have confirmed the above statement. For example, Perkins et al (2006) explained that improving the general health and education of the people must be part of the poverty reduction strategy. The productivity of people increases when they get education because it helps them to process new information and help them take new advantages of job opportunities that require reading, writing and computing. Although education may not have the expected level of return in poor economic environment, without it the poor may get

trapped in intergenerational cycle of poverty. Similar arguments held for health as debilitating disease such as HIV/AIDS reduce the productivity of the patients.

One may think of hiring literates for the purpose of book keeping or using students of these mothers as book writers as an option but this will not sustain the program. The weekly regular meeting and corresponding social and financial transactions are demanding in terms of documentation and record keeping.

Another important composition that matters in development is age. When one looks at the general age distribution of the sampled individual cases, all of them are within the productive age groups (15-65). This is promising to local economic development for various reasons. For instance, the age these people are found is optimum in a sense that they can develop their life visions, matured enough to make and save money, create strategic and matured relations with others, feel responsibilities for themselves, their families and the community at large and they are also energetic enough to produce, negotiate, manage and administer their lives and institutions.

However, there is one strong limitation when we talk about the homogeneity of members. The age range of these individuals is 28 (50-22). The distribution is slightly skewed to the right while the mean age is 39.5. Hence, 53% of the interviewed individuals are 40 and above years old. The smallest proportion of these respondents is between 21-30 years old. When we come to the concept of SHG, which believes in the homogeneity of members including age similarity, this age gap could be a concern for consideration. As the gap increases, such as 28 years, communication, setting similar goals and/or implementation strategies and sharing of values and norms may pose a question. This may further raise the question of trust among SHG members which is critical for group cohesion and sustainability of the approach.

4.2.5. Documentation in the self help groups

One of the features of SHGs is their possession of various forms of books for documentation. Both financial and non-financial matters are recorded for the reason of institutional sustainability, transparency and accountability. The different formats of the major books are presented in the annex part of the paper and their general purposes are explained hereunder.

a. Minute book

The major elements in the minute book are meeting number, name of the weekly chair lady [moderator] and meeting date which are very important in identifying whether the SHGs have conducted their regular meetings without interruption or not. The presence of the meeting leader's name in the minute book helps one to see whether there is rotational leadership or not in the SHG. Minute book is a mother book of the SHG.

b. Cashbook

Cash book is a purely financial record book that shows the receipts to and payments made by the SHG. It further narrates the particular date of SHG revenues and expenditures. Cash book tells one about the sources of the revenues and expenditure reasons.

c. Ledger

As any ledger, there is no mix of items in one ledger book; rather SHGs open different ledger books for different income and expenditure titles. It is a book where transactions of a similar nature are grouped together. This book provides the information on the financial position per each activity.

d. Individual pass book

This individual pass book is a proof for a member to be a member of a group as well as for saving certain amount of money. This builds the confidence of the member and her family.

e. The Bank pass Book

It is a book issued by the bank and/or MFI to the SHG when the SHG opens an account with the bank. SHGs have this book in their names operated through the elected members jointly.

4.3. Functional relations of self help groups and cluster level associations

Cluster level associations as networks of several self help groups have functional relations with their base institution. The relationship is dynamic and may change over time because CLAs do tasks and solve problems that are beyond the capacities of SHGs. Hence, the role and function of CLAs today is subject to change tomorrow when the capacity of SHGs is built and can manage some of the affairs by themselves that were handled by the CLAs. So, they must assume different responsibilities over time. The major relationships between CLAs and SHGs are discussed below.

Capacity building

The capacity building activities of CLAs range from arranging trainings and experience sharing programs to monitoring and follow ups. This capacity building program is conducted for both the CLA representatives and member SHGs.

Among the various trainings CLAs have arranged for their members, different handicrafts, vision building and goal setting, promotion and protection of children rights, family planning, book keeping and fuel saving stove are some of the mentioned ones during the discussion and data collection period of the study. The duration of the trainings vary. Some of them have taken one day and others took up to three days with varying frequencies.

Monitoring and follow up of member SHGs is one function of the CLAs as explained by the discussants. There is also subcommittee for this purpose. This monitoring and follow up program allows CLAs to know strong and weak SHGs thereby to assess the capacity building needs of the SHGs under their supervision. This is an important task to make the program sustainable and effective.

SHG formation

CLAs are engaged in the SHG formation process. They have one unit being headed by the committee that fully works on SHG formation. For this SHG formation, the sub committee members were trained, according to the discussion out come during the study.

This has supported the project achievement by sharing the task of reaching the untreated destitute community groups in their respective areas. The multiplying effect of such approach is significant for various reasons: First because the organized women have brought social and economic successes in the area, it is easier for them to go and organize the remaining ones into SHG. Convincing the unorganized people to form SHG would be easier for those who practically passed through the process than the implementing organization for any practical reasons. Second, as the SHGs and CLAs are mushrooming in number, the involvement of CLAs in the SHG formation makes the program more cost effective and sustainable than without. So far, Enilemlimbefikir and Hibret CLAs have reported that they have established 11 SHGs by themselves. This is an encouraging milestone in the effort of expanding and promoting the approach to the wider community and local development partners.

The advantage CLAs can fetch from the engagement is that they can increase the voice of the poor for future lobbying, advocacy and policy influence. Number is very important in the SHG approach because the voice of the poor is usually unheard and getting organized is more advantageous for the poor than the rich. It is power that they are building by having people of similar socio-economic status.

However, the involvement of CLA subcommittees in the formation of SHG may compromise on the quality of the SHGs. The SHG formation has long process and needs active facilitation skill. Because the CLA members are from the SHGs who are mostly illiterate and busy to win their social and economic lives, they may face technical constraints and lack commitments. In order to bring the technical capacity of the subcommittees and allow them to work on the program with full concentration, the implementing organization may need to provide remunerations, otherwise the CLA itself.

Protection of child rights

Protection and promotion of child rights is incorporated in the SHG approach. As they have explained during the discussion, they do the protection and promotion of child rights in partnership with the implementing organization, police office and kebele administrations.

The basic point worth to mention here is the inclusion of mothers in the process because, either it is because of lack of knowledge and information or for any social and economic reasons, child rights violation starts from the home of the children by their parents and guardians. The involvement of mothers/guardians in child rights protection brings more practical changes in the protection and promotion of the child rights. Mothers also handle domestic violence made by fathers and siblings.

Provision of Micro Health Insurance Scheme

The MHIS is the CLAs' own institution established to provide medical insurances for SHG members, their families and the community around. According to the discussion out comes, the concept of MHIS was evolved from the SHG mutual support system. SHGs have social funds aiming at strengthening the solidarity of group members. This social fund has been used to support members during happiness and crisis periods. Health problem was one of the crises that challenge SHG members. When a member gets sick, some amount of money was allocated to help the sick member. Gradually when CLAs established and more awareness created, CLAs took over the MHIS issue and scale it up for greater impact.

In the MHIS, SHG members and their children are the primary beneficiaries. A member contributes 0.50 birr for every family member. Other members of the MHIS include women, men and youths in the surrounding area.

Both MHIS have selected one disease type for treatment. Both of them have selected typhoid as the most deadly disease in their area and no institution provides free treatment of typhoid unlike malaria. Diseases that have options for free treatment are not included in the selection. A person who contributed six birr per year has the chance to get medical treatment that costs 50.00 birr with 50% repayable by the MHIS. In terms of finance, a member benefits four times of her/his contribution from the MHIS.

The MHIS has an agreement with the family guidance association to give a medical treatment for its members who own identification card. FGA has also the obligation to give receipts of treatment for its clients sent by the MHIS. As a result, MHIS members know that FGA has a bilateral agreement with their MHIS for typhoid treatment. It is for this reason that CLA have given FGA the largest card during linkage analysis and they have fair relations but not as close as the MHIS.

Networking and Lobbying

A final function for discussion is networking and lobbying by CLAs. This is witnessed in various tables in this study. CLAs have networks and partnership with different institutions such as MFI, kebel administrations, NGOs, municipal office, women affairs and health.

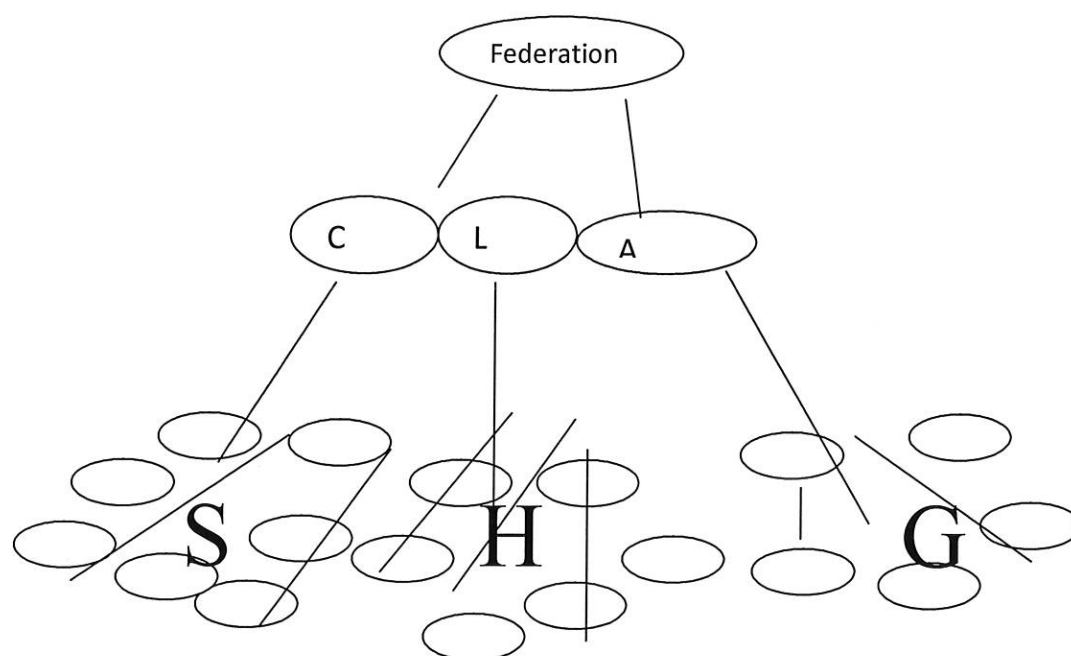
The purposes of the networks and partnership formation are diverse. Some of the relations focus on mobilizing financial resources and others focus on lobbying to secure identification cards, land and legalization of CLAs. Some others still focus on other issues such as protection of child rights and protecting members and the surrounding community from health problems such as malaria and HIV/AIDS.

4.4. *The major development areas*

Through this continuous and systematic process of community empowerment, the SHG approach addresses the economic, social and political development of a locality. It initiates integrated development approach.

In order to achieve the social, economic and political empowerment of the larger community, the SHG approach believes that people, especially the majority poor, must be organized and act collectively so that their voices are heard and accepted by the minority haves for equal resource sharing and respect of all human rights to all people everywhere at any time. The influence on the status quo is possible only when local people establish their own institutions that are managed and administered by themselves. This greater influence and impact is possible through continuous and systematic empowerment program. The vertical institutional development of the SHG approach has the following hierarchy.

Figure 3:6. Vertical institutional structure of the self help group approach



Source: Office of the SHG approach national coordinator

As depicted pictorially, the base institution constitutes the SHGs (organized community members). Destitute and marginalized people are selected and come together. Gradually, several SHGs form their cluster level association (CLA) so that issues beyond the SHGs are managed by this higher body. In the CLA, all SHGs have equal presentation.

The number of SHG representative at CLA level may vary from place to place. The most common practice shows two representatives from each SHG. Because one SHG has 15-20 members and if CLAs are composed of 10-12 SHGs, the maximum number of representatives in the CLA will be 24 whereas the smallest will be 20. These figures, though are not exactly equal to, are closer to the size of SHG and the logic of fixing this number is manageability.

Finally, several CLAs will federate for greater impact and influence. In fact, there is a possibility that federations will have confederation. In this way, the SHG approach aspires to build people's institutions to achieve the social, economic and political transformation and empowerment of the nation state.

4.4.1. Economic development

Economic development here refers to changes directly related to income of the household. Asset creation, maintaining and constructing living rooms/homes, improved family health, attending schooling (both the SHG member and their children) and progressive regular saving are taken as some of the major indicators of economic development. This economic change is happened because of either increased income or reduced consumption or by the combination of the two. The major areas of economic development programs in the self help group are discussed in the following pages.

Practices of saving in the study area

These SHG member women are originally organized into groups because they were destitute and marginalized as explained by the SHG discussants during data collection. SHGs, CLAs, government bodies and implementing organizations have replied that those women are organized into SHG because their economic condition was at the lowest ladder in their community. Furthermore, they had a problem of access to financial sources.

Saving has two forms in the SHG approach: optional and fixed, the first being when a member saves at least the minimum small amount of the agreed money and the maximum saving is open to the capacity of each SHG members whereas the second refers to the saving type where every member of the SHG saves an equal amount of money regardless of the

saving capacity of individuals. The amount of saving is always subject for change if members desire it. What might make the SHGs' saving different from other forms of saving such as Equb is when they practice optional saving. Due partly to this flexibility, the optional type of saving motivates every body to save because it avoids under saving and does not discourage the lowest economic strata in the community on one hand and it gives room for the better off and occasional high saving for those who can afford. There is therefore a high propensity to save. This saving practice is in sharp contrast with some theoretical presumptions in the field. For example, Adesina et al (2006) explained that the domestic saving of sub-Saharan Africa is lower than other regions because their economic performance is poor, implying that the poor cannot save.

The SHG saving is considered as private domestic [household] saving by its nature. All of the SHGs in this study have regular weekly household saving program. The saving is optional in a sense that the minimum saving amount is fixed based on the minimum saving capacity of a member. Once this minimum saving amount is fixed, the maximum saving amount is left to a member so that she can save as much as she could. The smallest weekly saving amount is 0.50 birr and the maximum is 1:00 birr during the study.

SHG approach to development believes that saving comes from reduced household consumption. Therefore, SHG promotes sacrificed household saving. According to Perkins et al (2006), the purposes of household saving could either be for investment with intentions of future return or for use during the times of unexpected crisis. However, the prime motive of saving in the SHG is for investment and to free one self from money lenders' exorbitant interest rate.

Since their establishment in 2003 and 2004, the 16 SHG have a total capital of birr 58,608.70. This is a common fund of the groups accumulated from the saving mobilized. Majority of the groups (69%) have saved from 3001 to 6000 birr in the last years. On average, one SHG has accumulated financial capital of birr 3663.00 in its accounts (be it in bank or in the hands of members on loan basis). Having this much own capital, an individual member can take, on average, birr 284.50 loan from the SHG own capital based on the agreed loan term (the loan term could be one month, three months or six months and this varies from SHG to SHG). And this is a grand success not only for the poorest community group but also for the average Ethiopian business people.

From the discussions made above, it is right to say that 'saving is not a matter of having money to save but it is a matter of knowing the benefit of saving'. This saving concept must be what poor nations like Ethiopia must focus. It builds not only the economy but also the confidence of the savers.

SHGs' saving is not only regular saving used for the loan purposes as an internal capital. They have introduced other forms of saving based on their own practical needs and problems. Education fund [or saving] is one of such savings. The education fund was initiated, according to the discussants, to cover education related expenses for their children during the opening of the academic years. This is one of the strategic approach mothers have designed because September is an Ethiopian new year, a month for the foundation of TRUE CROSS, and other related religious days. Either from cultural or religious point of view, there are fests and festivals when celebrating those holydays. This indicates the hectic character of the month in general when money goes short of demand. In order to avoid the financial limitation in this hectic period, members of SHGs save certain amount of money through out the year and distributed their saved amount of money at the beginning of September for use for the purpose intended.

There are also other savings aimed at strengthening the social ties and relationship of members. Such other forms of savings are called "' social funds'". These social funds refer to the equal and agreed amount of saving these SHG members contribute for use during happiness or difficult periods. For example, if a member gives birth to a new baby, all SHG members of her group buy something like coffee or sugar and visit her. Another instance they mentioned is that if a member's relative decease, all other members of her group visit her and participate in the mourning. These forms of saving are useful for further integration of members. In addition to their economic use their social and psychological support is highly valuable in the community.

Saving-led or growth-led development

Perkins et al (2006) briefly explained that saving and economic growth have strong relations though the direction is unclear. A total saving of a nation is the sum of household, corporate, grants, loans, and debt and equity savings. There needs robust saving to make development at least mildly robust. And all investments must be financed by saving. Hence, wealth is not a precondition to invest in development. One can mobilize saving from different sources (foreign or domestic).

However, the form of saving we are discussing here is quite different from the ones economic theories explain. One of the SHG approach to development is to have greater saving propensity by individuals for their future investment. And one of the primary objectives of the approach is to mobilize local resources for local development through full and active participation of the majority have-nots that gradually leads to emancipation of the poor from financial burden. As pointed out in this research work, lack of access to financial sources and/or exorbitant interest rate of village money lenders are the practical problem of SHGs women. Most economic theorists might have developed their theories with clear assumption that market allocates resources efficiently but in countries like ours, market works poorly and the existence of financial market for the poor is doubtful.

According to Perkins et al (2006), in order to mobilize financial resources domestically, there should be income. But there is no direct relationship between the amount of income and amount of saving across the world. Some of the developing nations like china have developed high culture of saving rate than advanced countries (39% and 21% respectively).

If this is the case, saving and consumption become a habit that can be learnt. For saving to grow and people to avoid financial exploitation, they need to know how to save, the purpose of saving, and its importance to bring about investment and development. Security of the saved money is also very important for the success of this approach. SHG approach to local economic development focuses on saving-led growth. For the SHGs, growth must come from within or through local resources mobilization and management.

September that requires purchasing educational materials, school uniforms and some times paying school fees for children. This was raised as an agenda in the SHG meeting years back and some SHGs started monthly contribution for children education, according to their capacity. For example, Bikiltu SHG in Kera area had accumulated a total of birr 864.00 and members divided this money among themselves in the end of August to cover their children's education cost. This was a breakthrough to establish an education fund in the SHG approach, according to the discussants. Since then, education fund that is going to be shared every year has become the common practice of SHG.

With regard to the women FAL program, SHG had a problem of book keeping and record writing as illiterates. The community development facilitators have introduced the concept of FAL to solve the problem and SHGs discussed on the issue. Later, the issue was taken to CLAs and more discussions and consultative meetings held with formal primary schools in their area. Enilemlim Befikir CLA took the first initiative and communicated with kera elementary school. The CLA has successfully organized the program for volunteer members and 70 members graduated in the first round FAL program, which other CLAs adapted it.

Through discussion with the promoting organization and formal primary schools, SHGs have arranged tutorial education program for their children. Through this program, children from the SHG mothers have special privilege to attend the tutorial program with out pay. Today, there are a total of 6000 children who attend tutorial education under the supervision of the three CLAs in this study.

Awareness raising programs on child rights issues for law enforcing bodies, youth and other community members, negotiation with harmful traditional practitioners and health education are parts of the education program of CLAs.

Human rights mainstreamed

Human right elements are mainstreamed in the SHG approach. One of the different tasks of the CLA subcommittees is to create child rights awareness in the community, promote child rights convention, and actively participate in the fight against harmful traditional practices such as girl circumcision. Furthermore, the committee has linkages with the kebele child protection unit organized by the government and kebele administrations.

During the focus group discussion, members of the child rights protection committee in the three CLAs explained that there are court cases under their follow up. One of the cases was that a small girl child was sexually abused by a man. The mother of the child was silent about it. Neighbours come and told the committee about the case and they called her and discussed about the issue. She was not comfortable to report the case to the police. Finally, the committee has taken the case to police office and the issue was handled by the court. Whatever the number of cases, the system and initiative is great.

Furthermore, women understand their rights, self expression improved, participate in the management process of the SHG and take part in March 08 annual women's day celebration. These practices have introduced them with the public and are now being recognized formally and informally. Women affairs office has great appreciation to the SHG approach and member women. A woman in the focus group discussion said, 'we were so silent. We used to fear the facilitator, too. Gradually, we started chairing the weekly meeting, giving opinions on the agendas and decision in our meeting and so on. Now, every body wants to speak in the meeting'.

4.4.3. Political empowerment

When we see the structure of the development approach, it is towards people's movement. At the base, 15-20 women are organized into one SHG. Later on, 10 to 12 SHGs form their cluster level association. These [200-300] associations form their federations gradually (Gariyali and Vettivel, 2005).

The discussion out come indicates that the CLAs are now getting recognition by officials. The annual [March 08] women's day has been celebrated in the presence of government officials in schools and rented conference halls in the past two years. Similar other public holidays were celebrated in the same fashion such as World HIV/AIDS days. These women have their own similar colour cloths to wear on such days. They have speeches, case studies and annual progress reports for the audience.

In this way, people are organized, developed their system, improved their economic and social positions and established several networks. The political role may clearly happen when the number increases, and may become visible at federation level. The SHGs mainly focus on economic emancipation. The federation can have 10 fold of the CLA members, if we assume that 10 to 12 CLAs will establish one federation, just like 10 to 12 SHGs have formed one CLA. One CLA has more than 100 women according to this research out come. Therefore, one federation will be having a minimum of 1000 well organized women who have better social and economic positions in the society than before. Under these 1000 women are their husbands, children and relatives. Hence, the voice is increasing as we go up the ladder in the SHG development approach. This will breed political empowerment and influence gradually.

4.4.4. Linkages and networking

In the SHG approach, both the SHG and CLAs can establish linkages and networking with development actors. The importance of CLAs with regard to linkage and networking comes into picture when this activity is beyond the capacity of the SHGs. In principle, therefore, the approach permits linkages at both levels.

Linkages established through SHGs

In the SHG approach to local economic development, establishing external relationship is possible either through SHG or CLA. The determinant factor is whether SHG can manage the relationship or not. If SHGs can establish and maintain partnership with other local institutions, then CLAs work on other duties.

Self help groups have multipurpose relations with various local level institutions. The linkages were established to solve SHG problems that are beyond their capacities. The SHG linkage exists between SHGs, SHGs and CLAs and other NGO, government and community based organizations.

Some of the major purposes of SHG network focus on environmental issues, celebrate public holydays, created contacts to get identification cards and houses for offices and go for trainings and technical supports with government institutions. The dominant reasons for creating partnership with other institutions are, therefore, celebration of holidays, securing identification cards for members and work place and houses for SHGs for office purpose.

The major organizations and institutions with which SHGs have work relations are banks, kebele administrations, Idirs, women affairs, MFI, implementing organization, education office and health institution. The relationship of SHGs with other LED actors is not only based on how important the institutions are but also how effectively they do their entrusted responsibilities.

Linkages established through CLAs

Cluster level associations have networks and work relations with different organizations and institutions in the area. All the three CLAs under this study have cooperation with their respective kebele administrations mainly to secure identification cards for their members. Owning identification card was a problem before SHG formation because most of the SHG members were destitute and marginalized women. Perhaps, these groups consist of migrants from different places so that no body knows them and neither had they gone to kebeles for any practical purposes.

CLAs have different purposes of creating linkages and networks with various institutions in their area. For example, CLAs have linkages with kebele administrations and Kebeles have mandates to give identification cards, provide house for office on rent basis, and are nearby to solve domestic and community problems. On the other hand, women affairs office can be said a strategic partner for the CLAs. This is more meaningful because CLA members are all women and women affairs office work for women empowerment, participation and equality. Such institutional linkages indicate that CLAs have reached to the level of awareness and maturity to identify the various institutions around them and they can create work relations through participatory linkage analysis methods.

Partnership with financial institutions

The partnership CLAs have with financial institutions is to have financial transactions, either in the form of saving and depositing money or by establishing credit relationship. CLAs have both of these functional relationships with banks and financial institutions. They have bank accounts in their name in banks and MFI. The choice depends on accessibility of the bank, in terms of its geographical location and its nearness to the CLAs. Banks and MFI, however, have different roles for CLAs. As any body does, CLAs deposit money in bank opened in their institutions' name. MFI are more useful mainly because they are useful to deposit money and get credit services whenever CLAs need. The credit linkage of CLAs is discussed in the following pages.

a. Loan mobilization and management capacity of the organized poor women

These CLAs have mobilized significant amount of loan from MFI. According to the discussants, credit linkage analysis was conducted before establishing the credit relations with financial institutions. Because of its affiliation with the implementing organization, Harbu MFI had several advantages over other financial institutions. One of the advantages, according to the discussants, was that it respected the CLA structure while other MFI wanted SHG to be reorganized into smaller groups with five to seven members in a group for collateral purposes alone. Other advantages were flexible loan term, lending to the institution (not for the individuals) and lower transaction costs. The data collected for the study show that there is generally progressive loan taking and managing capacity, especially by Enilemlimbefikir CLA. The direct implication of this resource mobilization and management capacity is that SHGs that form Enilemlimbefikir CLA, the CLA management body and system are very strong and capable to absorb and manage the resources. The CLA was able to mobilize such huge amount of money because its member SHGs and their members were able to open, expand and scale up their businesses swiftly.

Other CLAs have also mobilized quite significant amount of money from MFI, especially when we see them as beginner institutions composed of poor and marginalized women. For example, Hibret CLA has consistently increased the amount of its external loan mobilization except in the second round loan (which is less by 14% than the first round loan). The biggest fluctuation was observed by Misale CLA, however. This CLA was able to show progress during its second round loan alone (the second round loan amount was 155% higher than the first loan). The subsequent three loan profiles show regular fluctuation. In addition to this, Misale is at its 5th round loan while others at their 6th round loan though they were established later than Misale.

Based on the above crude figurative information, it is possible to say that CLAs such as Enilemlimbefikir and Hibret are supporting their member SHGs and their members be engaged in various income generating activities and investments consistently. This consistent support from the CLA side would help the CLA to gain strong support and resource contribution from member SHGs that will benefit both the SHG and CLA. This forward and backward support facilitates sustainability of the institutions and benefits the members. It also retains the will and cooperation of the MFI as a strong and predictable client, for further negotiation to create better local partnership for local development.

b. Loan repayment and credit worthiness of the poor

When there is loan, there is loan repayment as it is others' money. CLAs establish credit linkage at institution level. Hence, individual members of SHGs request their SHGs certain amount of loan based on their business plan. The SHGs receive and consolidate loan applications from members and apply the same to CLAs or MFI. SHGs have direct access to MFI or they can use their CLA as a channelling body to create credit linkage. Then, the SHG/CLA takes the requested amount of loan with other terms and conditions such as interest rate, loan repayment schedule and penalty for delay/default. The SHG/CLA that took the loan disburses down to respective individuals or SHGs as per their request with or without additional interest rate. There are CLAs that levy additional (1%-2%) interest rate on their SHGs and some SHGs do the same for the individual members based on their agreement. This additional interest rate is levied to build the financial capacity of their institutions and to cover some running costs. This is just a service charge for them.

As already mentioned, women organized in the SHG are credit worthy and their loan repayment status is excellent. This goes against economic theories that preach about the high utility level of the poor. MFI are hesitant about giving loans to the poor without strong collateral systems but here, the poor are the most credit worthy people who can take loan and repay it on time though the loan was given without collateral.

4.5. *Assessment of the self help group approach*

As explained earlier, community based local economic development alternatives are better in terms of effectiveness, equity (addressing the right targets) and sustainability compared to conventional government interventions (World Bank, 2004). The various achievements of the SHG approach can, therefore, be assessed against these three criteria. In order to assess the various achievements of the approach in terms of effectiveness, equity and sustainability, the required information was collected both from secondary and primary source of information.

Project plans and achievements served as sources of secondary data to support the primary data collected. From the review, the project document (FCE proposals (2002 and 2004)) revealed that the major project objectives of the SHG program were:

- The Income of organized mothers in the SHG is raised by 60%,
- Children from these mothers accessed to family care & basic services including education,
- 95% of school age children from these women attend formal education with adequate supply of educational materials,
- 75% of children in the household shall have meals three times a day and
- The number of children working on the streets shall reduce by 50%

The planned activities to achieve these objectives were identification of poor mothers, establishment of SHGs for those identified mothers, CLA formation and capacity building of both SHGs and CLAs.

Following are the major achievements of the SHG approach categorized into effectiveness, equity and sustainability.

4.5.1. Effectiveness

Effectiveness, under this thesis research in particular, is how well the processes and results contribute to the achievement of the project purpose. Therefore, the discussions that follow have touched up on the achievements of the approach 1) when compared with the planned set of the (FCE) project objectives and 2) based on the primary sources of data collected. During the period 2003-2004, SHG approach has no distinct budget and activity. It was a period of inception and piloting. Due to this reason, it was difficult to find clear activity plan and budget for the program. However, the 2004 project terminal evaluation⁶ report has revealed that nine and 15 SHGs were established in 2003 and 2004 consecutive fiscal years.

Table 4:1. Plan vs. achievement of Facilitator for Change Ethiopia (The SHG program only)

SN	Description	Unit	Plan (2005-2008)	Achievement (2005-2007)
I	Support mothers development			
1	Women SHG			
1.1	Identification of poor mothers	No of women	650	1068
1.2	Establishment of SHGs	No of SHG	43	106
1.3	Capacity building for established SHGs	No of SHG	133	151
1.4	CLA formation	No of CLA	6	12
1.5	Capacity building for established CLAs	Frequency	16	21
1.6	Establish credit linkage for CLA/SHG	No of mothers	1008	1219
2	Budget and utilization	Birr	714, 817	612569.24

Source: FCE government report, 2007

The physical and financial performance of the project shows that all planned activities were over accomplished a year before the end of the project. The financial utilization also shows 85.7% of accomplishment. Given all this, the high level performance may invite a question about the appropriateness of the planned activities. Without going to the details of this kind, the finding suggests that the program is effective. The detail is presents as follows.

⁶ This terminal evaluation report was conducted by an externally hired consultant. The project period covers 2001 to 2004. The evaluation report has indicated that the SHG approach is more appropriable and effective compared with other revolving loan fund programs to enable poor and destitute women. Based on this recommendation, the organization has replaced the revolving loan fund program for women by the SHG approach since 2005. Therefore, there was a strategic shift in program approach.

Effectiveness in terms of creating job opportunities

Perhaps, SHGs contribution in employment creation for members could be taken as the first achievement of the approach. Members of SHG are illiterate women who are burdened with domestic and child rearing activities. Because of their low economic and social positions in the community, they were selected as SHG members. Later the approach helped these destitute women to join the income generating work force in their community. Furthermore, the employment generation is not restricted to members alone. There are members of SHG who have created jobs for their husbands and the family at large. Hence, employment generation capacity of the SHG approach can be viewed at a wider scale. It is because of this employment generation opportunity that SHG members are able to improve their household equipments, send their children to school, established linkages with health office and establish MHIS in their surrounding.

Some other achievements could, therefore, be considered as manifestations of the basic achievements in the economic milieu such as employment generation for the unemployed women. The very contribution of the SHG approach in employment generation is appreciable mainly because the members are illiterate and most of them cannot be employed in private and public enterprises in their area nor are able to migrate in search of job.

As literature works (Loveridge, 2007, Bartik, 2003, Blakely and Bradshaw, 2002, The World Bank, 2004) have clearly elaborated, the leading objective of local economic development is to bring employment benefits through creation of new jobs for local residents and SHG has promising results in this regard.

Effectiveness in terms of improving household income and poverty reduction

From the responses, government offices have witnessed that SHG focuses not only on the poorest section of the community but also on women who are in a disadvantaged position in the society. Asked about the different achievements registered by the SHGs, 87.5% have responded that the approach has a high level contribution to poverty reduction at local level.

The approach focuses on business development, human resource development and community based employment development strategic options to realize local economic development goals. In addition, it strengthens the effectiveness of this community based local economic development approach through taping the unutilized local human potential, employment generation and business development strategies.

Mothers accessed to saving and credit facilities and who have participated in [skill] trainings are engaged in economic ventures that help them generate income. Because of the change in income, mothers have begun to address the various needs of their children and the entire family. Some explained improvements in feeding their children that became possible due to an increased household income. The following story illustrates change in income and its effect on children's feeding.

Kedija is a member of Yedil Chora SHG and Hibret CLA. She is in her late twenties. She came to Jimma town with her two children (below six) after she got divorced. Before she joined Yedil Chora SHG, she was engaged in selling fuel wood and providing domestic service (house to house injera baking). At that time she was unable to properly feed and cloth her children. Because of an economic pressure one of her children was dependent on her sister and the main dish for her children was limited to Kita (a type of bread made from flour) and local cabbage. After she joined Yedil Chora SHG, Kedija began trading fruits with the loan fund she got from the SHG and HMFI. She now earns 25 birr profit from her trading per day. Because of her new income, she is now capable of feeding her children three times a day with better quality and types of food such as injera, potato, lentil, bread and some times meat.

4.5.2. Sustainability

Secondary sources of data from the implementing organization have indicated that “The SHGs are better positioned to sustain themselves compared with the revolving loan fund program beneficiaries” (FCE, terminal evaluation report, august 2005:17)

The SHG approach provides a platform for members to acquire knowledge and skills to address their household problems by engaging in income generating activities. SHG members were increasingly starting to take care of their household needs such as food, education and health. This is building their economic and social confidence that inspires to do more. SHGs were willingly taking loans from their funds and MFI for development activities. This indicates that the poor can manage funds. They have demonstrated that they are credit worthy. This in itself is a big change and step towards sustainability. SHG members have demonstrated their ability and willingness, however small, to contribute to some services such as education and health, which indicates progression towards self-reliance.

As Baker (2006:45) explained it briefly, ensuring inter and intra generational equity, justice, participation of the poor and gender equality are the normative principles of sustainable development. Promoting sustainable development without consideration of the needs of the female half of the World’s population is an empty gesture.

Their overall financial discipline, regular weekly saving, system of internal lending with interest rate equal to or greater than market interest rate, culture of rotational management and administrative system, money collection and remittance to bank and effective loan repayments are some of the elements that show sustainability of the approach. It is mentioned that SHG members are ‘models’ for their communities. For the government office experts, SHGs are models in mobilizing local resources for local development and poverty reduction, fighting harmful traditional practices, cooperation and exhibiting the habit of hard working. This further strengthens the sustainability of the approach.

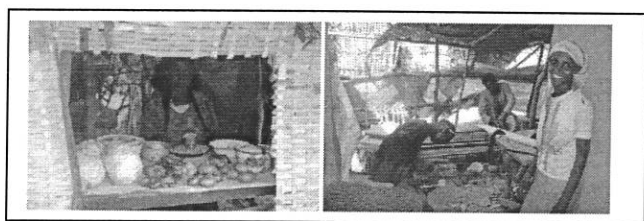
About 97% of the interviewed SHG members have the confidence that SHG approach has brought them effective and sustainable development alternative.

As presented, SHGs have initiated and developed the culture of regular saving. They have internal loan systems with interest rate equal to or greater than market interest rate for their money. Such financial disciplines are very much encouraging and are probably one of the major achievements of the SHG approach. In a short range, this improves the saving and investment opportunities of mothers organized in the SHG and in the long run it is something that we have to build on to improve the general domestic saving of the country. This domestic saving leads to sustainable investment opportunity and development intervention.

This can be materialized, however, only if further development and recognition is given to the SHG approach and there is a possibility to scale up it to other areas and community groups, as recommended by the respondents during the research work.

Organized mothers in the SHG have opened new opportunities in the field of employment thereby widened their opportunities of increased income. This diverse income generating sources ensure sustainability of family livelihoods and poverty reduction. The following cases show the opportunities created through the SHG approach.

W/o Atsed and w/o Merkeb, to the left and right side of the pictures below respectively, were among the poorest and destitute women in their areas before the formation of SHG. Atsed had 70.00 birr monthly income from the private hotel for her Injera making service while Merkeb was a housewife. When the idea of SHG was first introduced by the community development facilitators and staffs of the implementing organization, they became members of two different SHG in their villages. Through regular weekly saving, internal lending system and mobilization of external loan from MFI, both of them have managed to open their family income generating activities in their respective home compounds.



Picture 4:1. Sample entrepreneur cases from the SHG members

Atsede produces different vegetables in her backyard. In her newly opened small shop, she sells different vegetables. Furthermore, she has a free-range poultry activity within her compound. Earlier, she used to take small loans from her SHG common fund. Gradually, the loan size has increased.

Currently, she took 1500.00 birr loan from her CLA through the SHG and strongly works in her family income generating activity. She is able to send her youngest son to his secondary school education and covers the education costs for her daughter at Jimma College of Agriculture. Atsed says ‘‘ if one business does not bring enough money, the other one makes some extra money which is compensation for the family income’’.

Atsed cannot forget how exorbitant interest rates village money lenders levy on poor people in her village because she used to pay 900% annual interest rate for village money lenders some years back.

Another exemplary woman who achieved grand success in improving her family income is w/o Merkeb. Merkeb has freed her self and her husband, ato Lamesgin, from unemployment. She used to take small loans from her SHG a year before. As soon as her CLA accessed to MFI for external loan, she increased her loan amount. During the fourth round loan, she took 3000.00 birr loan and purchased a small wood work machine. That was the breakthrough for the family income improvement. Her husband abandoned his daily labour work and joined the wood work. After the full repayment of the loan, she took 5000.00 birr loan in the fifth round loan from her CLA through the SHG. She added another, better horsepower wood work machine. Currently, the family of Merkeb has two wood work machines, her husband coordinates the marketing process and there are two employees to operate these machines with the daily allowance of birr 15.00. Merkeb is also one of the displaced SHG members in *Kera* area of Jimma town when the government took their residential area for hospital construction. Now, she already has invested 15,000.00 birr on her new house construction, moved to the new house though not completely finished and has won the millennium development hero award at regional level.

The above cases depict not only the financial access created to and household income improvements registered through the SHG approach but also the termination of exploitations, harassments and mistreatments by the village money lenders. This further has increased access to own income and minimized dependency on men (husbands). This has high potential to improve community image on women and they have become exemplary or models in their communities. Other achievements with regard to sustainability are discussed in the next page.

Better social relation with neighbours: One of the achievements of SHG is its attempt to integrate people living in the same geographic place. Culturally, Ethiopian neighbours have various occasions to meet and share their happiness and crisis. However, it is not planned and regular as SHG does. Furthermore, the traditional cultural gatherings are not as multipurpose as the SHG approach is. Therefore, SHGs contribute to solve village conflicts and create smoother relationship with neighbours. This ensures local level peace and security that encourages sustainable development.

Partnership formation: SHGs and CLAs work on awareness raising on child rights, HTP, family planning and HIV/AIDS. They perform such activities in partnership with local stakeholders that provide such social services as family planning, prevention of HIV/AIDS and avoiding HTP. Some of those organizations are OSSA, Mekdim Ethiopia, FGA and kebele administrations. For example, all of the CLAs under this study have organized various trainings on child rights protection and promotion not only for members of the groups and CLAs but also for community elders, kebele justice departments (law enforcing local bodies), and men in the area. They also have established child rights protection and promotion committee that closely works with NGO with regard to prevention and awareness aspects and with different law enforcing bodies when violence and maltreatment takes place. There are child abuse cases taken to police and court by this unit under the kera [Enilmlimbefikir] CLA. Furthermore, HTPs such as girl child circumcision and child labour selling are being challenged by the SHGs/CLAs.

Improved general health condition: SHGs and CLAs have two wings with regard to health promotion among members and communities. The first one is linkage creation with existing health institutions for free prevention and treatment of members' health. The first breakthrough in this regard has been achieved by Enilmlimbefikir CLA in kera area. Based on their discussion outcome and linkage analysis, the CLA went to Jimma health centre and asked for anti-malaria spray. The health centre sent its experts, conducted rapid assessment and has made the anti-malaria spray immediately. This trend was adopted by other CLAs in the subsequent years. The second wing is establishment of their own MHIS. This MHIS is a small medical insurance system created and managed by the CLAs. As explained, there are two MHIS run by the two CLAs. About 265 people are clients of these MHIS. They have agreements with FGA for treatment cases and one has already started giving the services to its [eight] clients while the second is on progress.

4.5.3. Equity

With regard to the composition of the SHGs/CLAs and its ability to give equal opportunity for all community members, there are mixed responses. Some of the respondents, including government bodies, do not believe that SHG approach to local development gives equal opportunity for all the poor to take part in the development process. Literature works on the other hand describe the opposite. For example, Perkins et al (2006) explained that generally, women are disadvantaged compared with their men counterparts across many dimensions. To mention, girls receive less primary and secondary education than boys, labour markets discriminate against women paying less than men for the same work done, etc. Given all these and other disadvantages with women, feminization of poverty is a straight forward idea for many scholars. Hence, supporting this group of the community is reducing inequality that would eventually help to reduce the poverty of girls, boys, women and men.

About 50% of the key informants from government institutions do not agree that SHG approach is equitable. Their reason is that the approach focuses on women, excluding men, youth and other community groups. About 81% of the SHG have responded that the approach is equitable. Nearly 59% of the selected SHG members are sure about the equity of the approach. The remaining 41% do not see the equity of the approach that works on women alone excluding other community groups. For this group of respondents, equitable approach includes men, youth, and unemployed community groups in its development effort.

From the SHG development approach perspective, a person has social, economic and political life. Hence, a person needs positive change and transformation in her/his economic, social and political lives simultaneously. As Burkey (1996) put it systematically, the economic progress strongly supports the social and political progress. And social progress strengthens economic development. This enables the poor, marginalized and disadvantaged women to have equal opportunity to education, health care and respect their rights. Additional points on the equity of the SHG approach is presented in the following sub headings.

Equal participation: As explained in this document, women had problems of attending SHG meeting, exposure visit programs and trainings due to their husbands' influence. Some members have passed hard times of getting permission for experience sharing programs and trainings especially when the trainings and exposure visits were arranged outside their villages. In addition, the SHG approach strongly advocates rotational leadership so that every member can be a manager. This element of the approach enables every member to participate equally not only in the SHG meeting but also in their daily life affairs.

Improved ability to speak and express own ideas: Several trainings and exposure programs were arranged, as explained during the discussion period with the SHGs and CLAs. These trainings and exposures helped the 'denied' women to unleash their speaking and self expression abilities and possess increased self assertiveness.

Support children education: this is witnessed when 100% of the school age children from these women attend schooling. Furthermore, children have access to summer time tutorial education program especially arranged and managed by the CLAs and SHGs. SHGs and CLAs strongly advocate for children's educational rights both within members and larger communities. There is an education fund in the SHGs that aimed fulfilling children's educational materials, school uniform and fee. This is not only an innovative and problem solving approach but also gives an equal opportunity for children from the poor families.

Having this basis as the background, it is quite possible to finalize the argument by way of saying that SHG approach is equitable for the mere fact that it rightly targets the most vulnerable sections of the community. In fact, SHG approach to local economic development is pro-poor as well because, as a development strategy, it gives an increased opportunity for the poor to participate in the development process.

4.6. *Strengths and challenges*

Before going into the discussions, it is important to present the SWOC (strength, weakness, opportunity and challenges) analysis from the FGD with SHGs and CLAs. The summary of the data is presented in the following table.

Table 4:2. Summary of strengths, weaknesses, opportunities and challenges analysis

Strengths	Weaknesses	Opportunities	Challenges
Regular saving	Members leave SHG	Group IGA	High cost of living
Timely loan repayment	Disobedience	Established CLA	No tangible group IGA
Mutual support	Low respect for members	Freedom to work	Displacement by investors
Punctuality	Insufficient work habit	Saving culture	Differences in objectives
Facilitating loan	Conflict among members	Becoming visionary	Insufficient financial capital
Work on IGA			Lack of work and market place
Establish social funds			Government forbid meeting in private homes
Work habit			
Financial management skill			Inability to have legal entity
Interest bearing loan			
Facilitating internal loan			
Established linkages			

Source: Field data

Following are descriptions of strengths and challenges based on the above table and preceded discussions.

4.6.1. Strengths

Among many strong sides of the SHG approach, the study result has revealed the following ones.

1. Most of the SHG members, who had no job before, have employed themselves and their families. The approach has contributed a lot in creating new jobs for the jobless, most marginalized and destitute women within their living village.
2. Financial access: Creating financial access to members both through saving mobilization and credit linkages is one the strengths of the approach. SHG members were highly exposed to financial exploitation, especially by village money lenders. This is the personal experience of most of the destitute women. This has happened mainly because they had no access to formal financial sources nor they had their own capital. The approach has facilitated both sources today. There is regular saving, internal lending and external credit linkage system in place. Due to this access, members are able to halt the financial exploitation by money lenders. This domestic saving culture is one that needs to be strengthened further in all areas by all citizens.
3. It also contributes in strengthening the existing supportive social system of the country through the formation of education funds, health insurances, social funds and supporting mutual support system in the area
4. The approach introduced the concept of book keeping and recording business activities to members. One of the limitations in our situation, especially in the business area, is improper/lack of documenting activities, achievements and challenges. This documentation problem has also a negative impact on tax collection by the government because it opens door for tax evasion and avoidance. It is therefore to the benefit of the institution (SHG), government and the individual business person that documentation is useful. The need for documentation and the high level of illiteracy in the SHGs has also forced SHGs/CLAs to think about functional adult literacy program for members. This program is improving the general literacy condition of the SHGs.
5. The approach has encouraged the habit of discussion and negotiation among members. In this information world, receiving, interpreting and processing information is important to develop interdependence among families, communities and nations. The hardship was to begin the discussion in the SHG and to make every member active participant in leading SHG meeting, remitting money to bank, going for experience sharing programs and

participating in trainings and awareness raising efforts. Later on, SHG approach has sharpened the shy and less motivated women to speak about themselves, negotiate with their families including their husbands and with local government officials. They openly go to the public and celebrate public holidays and participate in fight against HTP. This helps to improve the human right condition in the area through the involvement of the mass and the disadvantaged.

6. It makes members visionary. Be it an individual person or organization, having vision and clearly shared objective enables one to have concentrated effort to achieve it. Without vision, the walk of life is full of confusion. Hence, SHG approach assisted the women to exercise on vision building, objective setting and planning activities. Furthermore, the approach has installed self monitoring system in place. These systems enable the SHG approach sustainable, effective and efficient on one hand and members become successful managers of their life.
7. Integrated various issues such as CRC, FP, HIV/AIDS, etc. The approach follows an integrated approach. It envisions seeing economic, social and political transformation for the good of all citizens. The holistic transformation is materialized through integrated community development programs. In the approach, the social, economic and political aspects of development are included. A community with better awareness on family planning, child rights convention, HIV/AIDS and reproductive health performs better than those who have less.
8. The approach contributes to the nation's poverty reduction strategy and policy. The overarching goal of the approach is to reduce inequality, discrimination and human suffering through empowering people at grassroots level and establishing a viable people's institution that challenges the status quo for its sustainability. The objective of the poverty reduction strategy is in line with this vision.
9. It gives an opportunity to help people unleash their entrepreneurship potentials and serves as a potential place to identify entrepreneurs

4.6.2. Challenges

The study has identified crucial challenges for consideration. Generally, the challenges of the SHG approach to development seem dynamic that change overtime according to the socio-economic change and SHG stage of development. As community based institutions, SHGs have different stages of development, each with its own peculiar characteristics and challenges to pass through. The stages and their corresponding challenges of the approach are discussed in the proceeding sections.

Stage I (Inception phase):

This is the first stage in the SHG approach where not only the SHG members and local communities but also the implementing organizations and their staffs are reluctant to adapt the approach. Furthermore, resources and experiences are limited that pose additional challenges. The various challenges at this stage are described as follows:

- a. Members of the SHGs are drawn from different ethnic groups, religion, language and cultural backgrounds. The major screening criterion, according to the study result, is economic homogeneity, leaving other forms of diversity untouched. This untouched diversity is the potential source of conflict in the SHGs, caused by lack of trust and low knowledge among members in the groups.
- b. Optimum size and contribution: Institutions are demanding to be successful and grow steadily. This steady growth needs both commitment and stringent contribution of members. However, almost all of the SHGs have lost some members. Some of the SHG group size has reduced by 47% from its initial group size. This reduces the benefit of collective action, resource mobilization and influence. Hence, what the economists call 'economies of scale' cannot be attained unless optimum group size is maintained.
- c. Male domineering culture: our community is known for male domination over female counterparts. It is evident that some of the SHG members had difficulties of participating in experience sharing programs merely because their husbands did not allow them. Furthermore, husbands forcefully ban their wives from attending SHG meeting, training, and experience sharing and saving.

- d. It is clear that learning is cumulative and incremental in the human nature. Due to lack of experience and limited previous learning regarding the culture of SHG approach, goals and objectives could be poorly prioritized.
- e. As new community based approach, SHGs need strong supports from other development actors in their area. This support is secured through establishing external linkages and maintaining good rapport with important stakeholders of local economic development. However, acquiring the necessary information about the development partners, conducting linkage analysis and maintaining good relations is difficult at this stage because SHGs lack experiences and do not have remarkable achievements that attract such stakeholders for further support.
- f. Lack of systems: at the inception stage, norms, values and systems are more of traditional and informal. Members also lack the capacity to install different systems, bylaws and accounting systems during this stage. Even if they have, they seldom respect their new rules. This systemic problem leads to premature disintegration of the SHG.
- g. SHG members are struggling to open new economic opportunities since recent years. Their income generating activities are small scale and are not yet well rooted. The asset creation is encouraging but not at the stage to absorb the prevailing economic shocks. For this simple reason, therefore, the ever increasing living condition pulls back the economic progress of the SHG members. This may lead to the closure of newly opened businesses and may cause these infant entrepreneurs to go back to unemployment.

Stage II (transitional period):

During the inception stage, SHGs passed through the periods of institutional survival. The major task was to break resistance, suspicion, and to show tangible and effective development contributions to their families, communities and other local economic development partners in the area. As soon as the SHGs start to break this challenge, as a continuum, they start to transform themselves into efficient institutions. Visions and objectives are well established at this stage and demands increase. At this particular stage of development, SHGs face the following challenges:

- a. Limited technical expertise: As described earlier, the SHGs and their members are illiterate, aging and lack business experiences in the past. They were house wives, daily labourers and house maids without exposure to public life. This does mean that they had

no chance to develop their technical capability. Without sufficient technical know how, formulating visions and objectives will lead to fatigue.

- b. Limited capital: SHGs and CLAs have started credit linkages with MFI when their financial resource is inadequate to meet their needs. However, it is mentioned that financial constraint is still challenging. Furthermore, there is a declining trend in the external financial resource mobilization for unclear reasons. Perhaps, the unnecessary bureaucratic procedure and dogmatic thinking of the MFI such as stringent collateral system, extensive documentation has pushed SHGs to look for other financial sources, the worst being informal village money lenders.
- c. Government interference: As soon as SHGs witnessed progressive changes in the lives of members and the community, they start to attract the attention of local governments with intentions to use for their own political purposes.
- d. Lobbying: As they progress, SHGs need formal registration and recognition by the policy makers and local governments to ensure their institutional sustainability. They also need local and regional governments design policies that fit the principles and objectives of SHG approach to local development.

Stage III (expansion):

This is a period when the SHGs and their CLAs are matured enough and demand the formation of their apex organization, which can be called federation of CLAs. At this stage, the local government and SHGs can form stronger partnerships for the reason that government officials know that SHGs have voices and powers to challenge the status quo. However, there could appear new challenges for the approach because:

- a. SHGs become farther and farther from their apex institution and feel less represented by the apex organization. This creates loose sense of institutional ownership and weakens participation and contribution at the base.
- b. The positions at the apex organization remain in the hands of the few, eroding the rotational leadership and democratic governance of the SHG approach. This creates over dependence of the lower institutions. On the other hand, stepping down those at the highest position will be a problem because it is a status position.
- c. There is also lack of political commitment at a higher level for further empowerment, recognition and support in fear of bottom-up challenges on the status quo. The approach goes for peoples' movement and this is not liked by the higher officials.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

5.1. *Summary and conclusions*

The SHG approach was adopted from India in 2002 and KNH supports its implementation in seven African countries (Ethiopia, Zambia, Rwanda, Swaziland, South Africa, Kenya and Uganda). The approach is being implemented by 15 local NGOs in four regions and two city administration councils in partnership with KNH in Ethiopia. The targets of this approach are destitute women who are socio-economically disadvantaged. 1700 SHGs are established with 25000 members in the country.

The general intention is to create a fair and just world where resources are shared equally, and the rights of all human beings are fulfilled, protected and respected every where any time. The strategic approach it follows to achieve this is by establishing and building people's institutions at grass-roots level that is fully managed, controlled and owned by the poor people. This bottom up influence and pressure is effective only if people at the grass-roots are in better economic, social and political positions.

The intention of this research undertaking, therefore, is to find out the roles, opportunities and challenges of the approach. The major research questions focused on the features, development areas, opportunities, challenges and lessons of the SHG approach. In order to answer these questions, exploratory research was employed.

In the study area, there were 131 SHGs. However, 55 SHGs that were established from 2003-2005 were purposely selected for this study. These 55 SHGs have formed six cluster level associations. Three CLAs were randomly selected from the six CLAs and 16 out of the 33 SHGs in these three CLAs were randomly selected for the study. Furthermore, eight government organizations, two NGOs and one MFI which have work relations with the SHGs were consulted on various issues of the approach. Finally, 32 SHG members selected from the 16 SHGs were interviewed to collect the necessary data.

Focus group discussion, key informant interview, proportional pilling and Venn diagram were used to collect primary data. Furthermore, secondary sources of data were used in the study.

The SHG approach in Ethiopia has targeted exclusively on destitute and marginalized women. Being women is not enough to become an SHG member, however. There must be destitution in the selected community first and selection is through the use of different PRA tools. The inputs of the implementing organization are identification of worthy targets, forming SHG and facilitating the formation of CLAs. This institutions formation is followed by extensive and continuous capacity building programs through training, linkages and exposure visits.

The major areas of development are economic, social and political, the later not openly expressed. The organized destitute women took several trainings on business creation, expansion and management that contribute to secure family livelihoods. Furthermore, social issues such as education, health, child rights, gender equity and participation are included in the approach. Furthermore, democratic leadership, good governance, equal participation and power by voice are part of the empowerment strategies.

The major and regular activities in the SHG include regular optional saving, regular weekly meeting, internal lending, developing and reviewing bylaws, establishing mutual support systems, health and children issues.

There are measurable achievements registered because of the approach. Identifying and organizing destitute women is the first achievement that worth mentioning. Increased job opportunity for members and their families, improved income, better awareness on CRC, gender equality, participation and governance, HIV/AIDS, FP, RH and education, better child rearing, clothing, education and feeding are some of the achievements. They have established MHIS system affordable and useful for the members, their families and the community around. Anti-malaria spray started in their village because of their linkages. Self expression, self assertiveness, self confidence and family management capacities improved. They trust their institutions and believe that SHG is the right institution to poverty reduction and to stimulate development.

The approach fosters financial disciplines and installed systems of bookkeeping. Organized women are able to establish their own financial capital that could serve as a lesson, in the long run, to break the aid addiction that prevails in the country. They have also established linkages with formal financial institutions that operate at market prices. Their internal loan system has stimulated not only the working habit of the members but also the productivity of their small saving.

With regard to local partnership, there is a good beginning. SHGs and CLAs have linkages with local kebeles; women affair office, labour and social affairs office, SMEPO, municipality, public mobilization, MFI, banks and health institutions, law enforcing bodies, and NGOs. Over 1.7 million birr was mobilized from the MFI since March 2006 and invested in different development activities by the 131 SHGs established in Jimma town. Nearly half a million of it is used by the 16 SHGs under this study.

The SHG development approach has several opportunities to grow and contribute to local economic development and thereby to poverty reduction. Because of favourable development policies, people can organize and discuss on their economic agendas. The regular saving culture is an opportunity created that must be encouraged and replicated to reduce, at best terminate, external dependence, especially during crisis periods. NGOs are taking it up and more are joining the circle of influence that will contribute to higher level policy dialogues. In the government structure, there is women affair department at Ministry level. This shift in power forces the traditional male domination approach to give way for gender equality and participatory approach which potentially favour the SHG approach as it mainly focuses on women. This will support the right of women to organize; participate in social, economic and political transformation. This will lead to further recognition, inclusion of the approach in the policy framework and opens the door for official acceptance, with better knowledge, of the approach to address the development problems of the remaining vast number of destitute.

However, there are challenges faced and expected to come in the future. The challenges are different at different development stages. The challenges encountered at the inception stage may not persist to higher stages of development. The major challenges are high level diversity of members in the SHGs, inability of maintaining optimum group size, lack of experience in the country, informality and the high cost of living that discourages the efforts of these women at stage I. At stage II, other challenges such as limited technical expertise, limited working capital and restrictive government interference emerge as challenges.

It is also a challenge that most of the jobs created are because of market demands. This demand driven job is not supported by innovations and new jobs that considered the psychological, social and economic transitions. The supply side is not strong to sustain the program. This demand driven production and service delivery and the infant economy is being challenged by the prevailing inflation in the country.

5.2. *Policy implications*

SHG is very demanding and strong bottom up approach. It aims at building strong community through formation of people's institutions that must be managed and controlled by the people themselves. Currently, the approach focuses on destitute women but in the future there is a possibility to include youths, men and the educated, too. This is highly promising to bring economic, social and political transformation that will contribute to the nation building, democratization process, poverty reduction and bringing local development. This trend, on the other hand, may not be accepted easily by the elites and those who are in power. These two opposing interests need priori preparation not to end up to crisis. These preparations could have two wings.

- 1) The implementing organizations and the targeted beneficiaries: there needs documentation of the processes, challenges, and opportunities of the approach. Furthermore, achievements and best practices need to be supported by research and development endeavours. The contribution of the approach to poverty reduction efforts of the country and its policy implications must be studied. On top of this, strong lobbying and advocacy effort that is supported by research and development documents produced. This lobby and advocacy shall be supported by field and exposure visits from higher officials and parliamentarians (government, NGOs, etc).

Implementers must further see the compositions of the SHG members. As mentioned, most of the SHG members are aging and illiterate. Perhaps, for this major reason, innovation, opening new opportunities and markets by going through the psychological, demographic, social, cultural and economic changes of the general population is low. This makes the change being observed constant or even may turn down in the future. Therefore, along side of these types of targets, including youths (primary, secondary and TVET completes, too), men and other community groups to increase the effectiveness of the approach and its likelihood of sustainability is recommendable.

- 2) From the government side: there are indications that the approach is strong to bring socio-political and economic transformations. It also supports the poverty reduction and sustained and accelerated developments in the country. However, especially at this infant stage, it needs two important things from government side. These are:

- a. Commitment and heart-felt will to respect the existing socio-economic and policy provisions and
- b. To undergo in a series of carefully thought policy revisions and reforms that support and encourage the birth and development of such community based development oriented institutions accepting the bottom up challenges for the good of the country.

However, there are other policy implications that need to be addressed in order to bring real impact in the lives of people. These are:

- a) Government should devise the legalization framework that facilitates the achievements of SHG goals (i.e. economic, social and political).
- b) Maintaining the optimum group size could be a tough job. But, enriching on the remaining members can serve this purpose.
- c) There should be more awareness creation program for government bodies so that they can cooperate. Lobby and advocacy works also be organized. This needs the network and collaboration among NGOS and government and non-government organization.
- d) Keeping homogeneity is a problem. This needs thorough understanding and adherence to the process of formation and arrangement of capacity building activities.

=====THE END=====

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- 43. አብዱልከሪምና ሌሎችም (1995 ዓ.ም). የጅማ ከተማ አመሰራረትና ዕድገት፤ ከመጋቢት 14-16፤ 1995 ዓ.ም. በተካሄደው የጅማ ከየት ወዴት የፓናል ውይይት ላይ የቀረበ፤ ጅማ

Annexes

Annex I: Data collection instrument (FGD guide) for self help groups (SHG)

General direction: Please read each of the following questions and provide the appropriate answers accordingly.

1. General profile of the SHG
 - a. Name of the SHG-----
 - b. Kebele/village number/name-----
 - c. Date of inception-----
 - d. Number of members
 - i. During establishment-----
 - ii. Current-----
 - iii. Reason for variance-----
 - e. Vision-----
 - f. Objective (s) available (write yes or no in the space provided)
 - i. Long term-----
 - ii. Short term-----
 - g. Action plan-----
 - h. Total family size of the SHG members-----
2. Composition of members
 - a. Sex (M-----F-----T-----)
 - b. Educational level
 - i. Read and write-----
 - ii. Grade 1-4
 - iii. Grade 5-8
 - iv. Grade 9-10
 - v. Grade 11-12
 - vi. > grade 12
 - c. Income group
 - i. Better of-----
 - ii. Middle-----
 - iii. Low-----
 - d. Religious composition
 - i. One religion in the group
 - ii. Two religions in the group
 - iii. Three religions in the group
 - iv. More than three religions in the group
 - e. Languages
 - i. One language
 - ii. Two languages
 - iii. Three languages
 - iv. More than three languages in the group
 - f. Ethnic composition
 - i. One ethnic group
 - ii. Two ethnic groups
 - iii. Three ethnic groups
 - iv. More than three ethnic groups
3. Identify the major criteria to be SHG member?
 - a. -----
 - b. -----
 - c. -----
 - d. -----
4. What is SHG for you?
5. Explain the process of group formation-----

6. What are the major features of your SHG?

15. Put (√) mark on the space provided based on their importance, effectiveness and ineffectiveness in service provision.

	The most important	The most effective	The most ineffective
Kebele			
Idirs			
Women affairs			
Municipality			
Ton administration			
Bank			
MFI			
Private firms			
NGOs			
Promoting organizations			
SME			
Education			
Health			

16. Leadership and management

Activity	Doer
Meeting moderator	
Bank operation	
Coordinators selection and term	
Book writers	
Collecting revenues	
Money remittance to bank	
Deciding on <ul style="list-style-type: none"> • loan priority • interest rate • loan amount • period of repayment 	
Subcommittees	
Group audit	

17. What do you serve your members?

Services for members	Yes	No
Loan provision		
Training		
Exposure visit		
Mobilize saving		
Arrange health services		
Make IGA follow up		
Provide advices		
Resolve family conflicts		
Resource mobilization & support during crisis/happiness		

18. Which types of trainings have you acquired so far?

Training topics	Duration	Usability	Trainer	Remark
Vision/objective development				
Group management and conflict resolution				
Group formation				
Promotion and protection of children's rights				
Institutional linkage analysis				
Functional adult literacy				

19. Trainings arranged for members
- a. Business development and management
 - b. Hand craft trainings (e.g. pottery, weaving, embroidery, sewing---)
 - c. Urban agriculture
 - d. Poultry
 - e. Fattening
 - f. Home economics (catering, food preparation)
 - g. Others (specify)-----

20. What other trainings have you taken as a group?

- a. Child rearing
- b. Child rights related
- c. HIV/AIDS
- d. FP/RH
- e. Book keeping

21. What specific types of trainings have you acquired?

- a. SHG management training
- b. Conflict resolution methods
- c. SHG formation
- d. Financial management
- e. Book keeping (accounting)
- f. Vision/objective setting strategies
- g. Others, specify-----

22. Explain your group financial performance

	Amount	Remark
Minimum saving/meeting		
Average saving/member		
Total saving		
Total internal loan disbursed		
Saving loan ratio		
Total interest collected		
Total current amount of money in your group		

23. What are your financial sources (fund mobilization strategies)

- a. Saving mobilized from the members
- b. Loan provision and interest collection
- c. Penalties from members when rules violated
- d. Running group income generating activities
- e. Loan mobilization from banks/MFI
- f. Others, specify-----

24. External loan related activities your group has performed

Loan round	Amount	Source of loan	Purpose of loan	
1				
2				
3				
4				
5				
6				
7				
8				

25. How many of your members opened new jobs since they are SHG members?

Member	Job before GROUP	The first new job after GROUP	Current job
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
13			
14			
15			
16			
17			
18			

26. Discuss the improvements members achieved on

- a. Installing water supply
- b. House electrification
- c. Telephone services in their homes
- d. Maintaining their houses
- e. Living in a relatively wider classrooms (owning own houses (rented or constructed))
- f. Creating own working capitals
- g. Others economic related improvements

27. Source of income and estimated monthly family income of your group members (proportional piling exercise)

	Type of occupation	Amount (birr)	remarks
Before grouping			
Current			

28. What are the dominant types of jobs of your SHG members now?

- a. -----
- b. -----
- c. -----
- d. -----
- e. -----

29. How do you explain the employment opportunities after SHG formation? 10 seed technique (PRA) will be used to find estimated score.

- a. Most members were unemployed but now are self employed
- b. Members have expanded their businesses (diversification)
- c. Members scaled up their businesses (vertical growth)
- d. New businesses opened by members
- e. Members have changed their sources of income
- f. Members changed working places
- g. Members opened IG opportunities for their families too

30. How do you explain the economic opportunities of members (10 seed used)

- a. Members renewed their houses
- b. Members purchased electric appliances
- c. Members fulfilled house hold equipments
- d. Members keep their sanitation (use detergents)

- e. Members send their children to schools
- f. Members increased their saving amount
- g. The SHG capital is growing

31. Summary of economic activities by members (proportional piling)

	Before SHG	Current	Explain more
Economic activities			
Monthly income			
Work place			
Trainings			
Access to finance			

32. If there is saving in the group, what is its nature?

- a. Minimum saving decided by the group members and no maximum limit
- b. Fixed saving decided by all members (members save equal amount)
- c. Saving amount decided and adjusted by the promoting organization
- d. Others (specify)-----

33. What is the progress of your group saving since your inception (proportional piling exercise)?

Period	Saving amount	remark
Year I		
Year II		
Year III		
Year IV		
Year V		

34. Rank order the following possible agendas of the group in their order of frequency

- a. -----saving mobilization
- b. -----children related
- c. -----women's issues related
- d. -----linkages related
- e. -----health related
- f. -----capacity building related
- g. -----employment/job creation related/income of the family
- h. -----others

35. What specific achievements you have registered on the above agendas?

- a. Total group saving amount-----
- b. The three most pressing children issues addressed
 - i. -----
 - ii. -----
 - iii. -----
- c. The three most pressing women's issues addressed
 - i. -----
 - ii. -----
 - iii. -----
- d. Three most important institutions the SHG has linkages
 - i. -----
 - ii. -----
 - iii. -----
- e. Three most important methods designed to promote health in the members (prevent members from health problems)
 - i. -----
 - ii. -----
 - iii. -----
- f. The three most important areas of capacity building for the members
 - i. -----

- ii. -----
- iii. -----
- g. Methods employed to create employment/job opportunity for members
 - i. -----
 - ii. -----
 - iii. -----
- h. Other contributions
 - i. -----
 - ii. -----
 - iii. -----

36. If your group takes loan from bank/MFI for members, what is the trend?

Loan round	Source of loan	Amount of loan	Interest rate	Loan status	Remark
1					
2					
3					
4					
5					
6					

37. What collateral systems are required to take loan from bank/MFI?
- a. -----
 - b. -----
 - c. -----
38. What is the interest rate when giving loan to members?
- a. While giving loan from your capital-----
 - b. When you give loan from bank/MFI money-----
39. If there is a difference in interest, how do you understand it? -----

40. What type of interest calculation do you install?
- a. Constant rate
 - b. Decreasing rate
41. What is the loan term in your loan system? -----
42. What major services does the group provide for the members?
- a. Financial services on loan basis
 - b. Domestic conflict resolution
 - c. Arrange trainings and exposure visits
 - d. Make follow up of members and give advices
 - e. Provide psychological treatment during crises
 - f. Others-----
43. Which of the following are parts of your SHG activities?
- a. Promoting health conditions
 - b. Promoting children's rights
 - c. Promoting the functional literacy of members
 - d. Engaged in mutual support program
 - e. Participate in environmental hygiene promotion
 - f. Promote women's rights
 - g. Others, specify-----
44. What are your growth potentials?
- a. -----
 - b. -----
 - c. -----
 - d. -----
45. What practical challenges you had faced?
- a. -----
 - b. -----

- c. -----
- d. -----

46. What potential challenges do you expect in the future?

- a. -----
- b. -----
- c. -----
- d. -----

47. Write at least three things in each cell of the following table

Strengths of your SHG	Weaknesses of your SHG	Growth potentials (opportunities) beyond your SHG	Threats to your SHG functioning that are beyond your control

48. What have you learnt from the approach? Explain your answer in terms of:

- a. Economic use of resources
- b. Creating jobs
- c. Diversifying and scaling up of family income
- d. Negotiation skills
- e. Managing money
- f. Others-----

49. What do you think one learns from the SHG approach at

- a. Policy makers level
- b. Local government level
- c. NGO and other civil societies
- d. Local communities
- e. Individuals
- f. Others-----

Annex II: Data collection instrument (FGD guide) for cluster level associations (CLA)

General direction: Please read each of the following questions and provide the appropriate answers accordingly.

1. General profile of the CLA
 - a) Name of the CLA-----
 - b) Kebele/village number/name-----
 - c) Date of inception-----
 - d) Number of member SHGs
 - i. During establishment-----
 - ii. Current-----
 - iii. Reason for variance-----
 - e) Vision-----
 - f) Objective (s) available (write yes or no in the space provided)
 - i. Long term-----
 - ii. Short term-----
 - g) Action plan-----
 - h) Total number of SHG members-----
2. Composition of SHG members in your CLA
 - a) Sex (M-----F-----T-----)
 - b) Educational level
 - i. Read and write-----
 - ii. Grade 1-4
 - iii. Grade 5-8
 - iv. Grade 9-10
 - v. Grade 11-12
 - vi. > grade 12
 - c) Income group
 - i. Better of-----
 - ii. Middle-----
 - iii. Low-----
 - d) Religious composition
 - i. One religion in the group
 - ii. Two religions in the group
 - iii. Three religions in the group
 - iv. More than three religions in the group
 - e) Languages
 - i. One language
 - ii. Two languages
 - iii. Three languages
 - iv. More than three languages in the group
 - f) Ethnic composition
 - i. One ethnic group
 - ii. Two ethnic groups
 - iii. Three ethnic groups
 - iv. More than three ethnic groups
3. Discuss the purpose of establishing CLA.-----
4. Explain the process and criteria of selection of CLA representatives?
5. What is the term of your representation? -----
6. Why?
7. About the organization (s) that initiated establishment of groups, provide capacity building trainings, closely follow up and give the general direction of development of the group (not those obtained by linkage)
 - a) Name-----
 - b) Status
 - i. LNGO

- ii. Local governments (kebele, women affairs, SMEPO)
- iii. MFI
- iv. Other, specify-----
- c) Operation areas
- d) Mandates (multiple mandates can exist)
 - i. Organizing and capacity building
 - ii. Creating linkage
 - iii. Providing loan
 - iv. Mobilizing savings
 - v. Legalize the organized groups
- 8. Explain the process of CLA formation-----
- 9. Frequency of CLA meetings
 - i. One per week
 - ii. Fortnight meeting
 - iii. One per month
 - iv. Irregular (specify)-----
- 10. Does your CLA have linkages with other institutions (venn diagram exercise)?
 - i. To which institutions do you have contact through SHG?
 - ii. Which of the institutions are most important to your SHG?
 - iii. Mention two benefits from each of the above institutions
- 11. Explain the purpose and process of linkage formation-----

Summary of linkages

Institutions	Regularity	Frequency	Objective of the linkage	Linkage status	Services they give you	Remark
Kebele						
Idir						
Women affair						
Municipal						
Town administration						
Bank						
MFI						
Private firms						
NGOs						
Promoting organization						
SME promotion						
Education						
Health						

- 12. What are the major roles of the CLA?
- 13. What would happen to your member SHG if CLA does not exist?
- 14. What is the added value of the existence of CLA to SHG?
- 15. What do you serve your member SHG?

Services for members	Yes	No
Loan provision		
Training		
Exposure visit		
Arrange health services		
Make IGA follow up		
Provide advices		
Resolve conflicts/differences		
Resource mobilization & support during crisis/happiness		

16. Which types of trainings have you acquired so far?

Training topics	Duration	Usability	Trainer	Remark
Vision/objective development				
Group management and conflict resolution				
Group formation				
Promotion and protection of children's rights				
Institutional linkage analysis				
Functional adult literacy				

17. Explain the financial sources and performances of your CLA-----

18. External loan related activities your CLA has performed

Loan round	Amount	Source of loan	Purpose of loan	
1				
2				
3				
4				
5				

19. How many of your member SHGs taken loans?

Name of SHG	Loan round	Amount of loan	Current job

20. What are your financial sources (fund mobilization strategies)

- a) Contribution/saving mobilized from the members
- b) Loan provision and interest collection
- c) Penalties from members when rules violated
- d) Running group income generating activities
- e) Loan mobilization from banks/MFI
- f) Others, specify-----

21. What specific achievements you have registered so far?

- a) Financial matter related-----
- b) Children issues addressed-----
- c) Women's issues addressed-----
- d) Institutional linkages-----
- e) Capacity building for the members-----
- f) Other contributions-----

22. What major services does the CLA provide for the SHG?

- a) Financial services on loan basis
- b) Domestic conflict resolution
- c) Arrange trainings and exposure visits
- d) Make follow up of members and give advices
- e) Provide psychological treatment during crises
- f) Others-----

23. What specific types of trainings have you acquired?
 - a) Institutional management training
 - b) Conflict resolution methods
 - c) SHG formation
 - d) Financial management
 - e) Book keeping (accounting)
 - f) Vision/objective setting strategies
 - g) Others, specify-----
24. Which of the following are parts of your CLA activities?
 - a) Promoting health conditions
 - b) Promoting children's rights
 - c) Promoting the functional literacy of members
 - d) Engaged in mutual support program
 - e) Participate in environmental hygiene promotion
 - f) Promote women's rights
 - g) Others, specify-----
25. What functions make CLA different from SHG?
26. What is the role of CLA to cultivate vibrant and sustainable SHG?
27. Explain the contributions of the CLA for SHG
 - a) Employment generation performances
 - b) Local capital formation
 - c) Smooth relationship
 - d) Mutual support
 - e) Health activities
 - f) Education programs
 - g) Sustainability
28. What opportunities are available to your CLA to grow into potentially vibrant community organization?
 - a) Policy level
 - b) Governance level
 - c) Local administration
 - d) Linkage and networking
29. What are your growth potentials?
30. What practical challenges you had faced?
31. What potential challenges do you expect in the future?
32. Write at least three things in each cell of the following table

Strengths of your SHG	Weaknesses of your SHG	Growth potentials (opportunities) beyond your SHG	Threats to your SHG functioning that are beyond your control

33. What do learn from other community organizations like Idir?
34. What do you learn from NGO and other civil societies?
35. What do you think others learn from
 - a) CLA
 - b) SHG
36. Which of your achievements do you think can serve as lessons for others?
37. Which of your limitations were (are) critical for your development failure?
38. How do you think others can learn from these limitations?
39. What major limitations do your SHG have?
40. Discuss the limitations above at
 - a) Structural level (organization of SHG)
 - b) Members' composition (sex)
 - c) Educational background of members
 - d) Economic background of members

41. What opportunities do you think your SHG have to bring more change and development?
42. Mention the major achievements of your SHG so far in terms of
 - a) Saving
 - b) Investment and job creation
 - c) Improving family income
 - d) Educating children
 - e) Improving housing conditions
 - f) Improving family health
 - g) Creating linkages with others
 - h) Cultural change and social transformation
 - i) Other achievements-----
43. What major challenges your SHG have faced?
44. What was your (CLA) contribution to solve the problems?

Annex III: Questionnaire prepared for the national SHG coordination office

General direction: Please read each of the following questions and provide the appropriate answers accordingly. Use your first hand information to complete the questions.

Organizational profile

1. Address-----
2. Mandate of the coordination office-----
3. Working strategy-----

Respondent's profile

1. Sex-----
2. Educational background-----
3. Work experience-----
4. Current position in the national coordination office-----

Questions related to the SHG approach

1. What do you understand by SHG approach?
 - a. Goal/objective of SHG-----
 - b. Membership related-----
 - c. What is group?-----
2. When (how) did you come to know about SHG? -----
3. When did your organization start working on SHG approach? -----
4. General profile

Name of your partner organizations	When did they start SHG approach with you?	Their area of operation (SHG only)	Urban or rural	Number of SHG	Number of members	Number of CLA

5. If you have both rural and urban, what differences have you observed between rural and urban SHG?
6. Have taken trainings related to SHG? -----
 - a. Yes
 - b. No

7. Fill the table that follows, which discusses about training related issues

Topics of raining you have attended	Duration of the trainings	Comment

8. What were the development approaches your organization used to pursue/support before SHG approach?
 - a. -----
 - b. -----
 - c. -----
9. Where did you get the idea of SHG first?-----
10. As a new approach, how did your organization get convinced to run SHG approach?
 - a. Push from donor side
 - b. Just to try and experiment
 - c. By learning from other organization in Ethiopia
 - d. Others, specify-----

11. What do you feel about the composition (age, sex, etc) of the SHG members?-----
12. What is the composition of SHG members? Select one from the bracket and fill the blank space [Very diverse, diverse, homogeneous]
 - a. Sex-----
 - b. Economic status-----
 - c. Religion-----
 - d. Ethnic-----
 - e. Educational level-----
13. Would you please explain where do you think the origin of this approach is?-----
14. Would you explain the differences you have observed personally or in the lives of the SHG members compared to your previous or other development approaches?-----
15. Are there development approaches replaced by SHG approach in your organization?
 - a. Yes
 - b. No
16. If your answer is yes, what are those replaced ones?
17. Explain the reason for replacing?-----

18. What features of SHG do you like most?
 - a. -----
 - b. -----
 - c. -----
 - d. -----
19. Explain your reasons-----

20. What features of SHG would you like to change or modify?
 - a. -----
 - b. -----
 - c. -----
 - d. -----
21. Explain your reasons-----

22. At this point in time, do you think that SHG approach contributes to local economic development?
 - a. Yes
 - b. No
23. Explain your reasons briefly-----

24. Did your organization evaluate the approach any time before?
 - a. Yes, we did
 - b. No, we did not
25. If your answer is yes or based on your organizational experience,
 - a. Does your organization believe that this approach is effective?
 - i. Yes, it is effective
 - ii. We cannot say any because we are not sure about this
 - iii. No, it is not effective compared with other development approaches
 - b. In your opinion, what is an effective approach/program?
 - i. -----
 - ii. -----
 - iii. -----

- iv. -----
- v. -----
- c. What are the effectiveness indicators of your organization for this approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- d. Which of the above listed indicators are achieved so far?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- e. Which of them are not yet achieved?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- f. Explain why the approach is not able to achieve them?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

26. If you have evaluated this program or based on your organizational experience,

- a. Does your organization believe that this approach is efficient?
 - i. Yes, it is
 - ii. We cannot say any because we are not sure about this
 - iii. No, it is not efficient compared with other development approaches
- b. In your opinion, what is an efficient approach/program?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- c. What are the efficiency indicators of your organization for this approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- d. Which of the above listed indicators are achieved so far?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- e. Which of them are not yet achieved?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

- v. -----
- f. Explain why the approach is not able to achieve them?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

27. If you have evaluated the SHG approach or based on your organizational experience,
- a. Does your organization believe that this approach brings and will be sustainable?
 - i. Yes, it is
 - ii. We cannot say any because we are not sure about this
 - iii. No, it is not sustainable compared with other development approaches

- b. In your opinion, what is a sustainable approach/program?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- c. What are the sustainability indicators of your organization for this approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

- d. Which of the above listed indicators are achieved so far?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

- e. Which of them are not yet achieved?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- f. Explain why the approach is not able to achieve them?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

28. Does your organization believe that this approach is equitable?

- i. Yes, it is
- ii. No, it is not
- b. In your opinion, what is an equitable approach/program?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- c. How do you measure equitability? List the characters
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- d. Which of the above listed characters are entertained by the SHG approach?
 - i. -----

- ii. -----
- iii. -----
- iv. -----
- v. -----

e. Which of them are not yet entertained?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

f. Explain why the approach is not able to achieve them?

- i. -----
- ii. -----
- iii. -----
- iv. -----

29. What particular challenges have you faced

a. Because of the nature of the approach?

- i. -----
- ii. -----
- iii. -----
- iv. -----

b. Because the approach is new?

- i. -----
- ii. -----
- iii. -----

c. Because of policy constraints?

- i. -----
- ii. -----
- iii. -----
- iv. -----

d. Because of the composition of the SHG members?

- i. -----
- ii. -----
- iii. -----

e. Because of your facilitators/change agents

- i. -----
- ii. -----
- iii. -----

f. Because of members illiteracy

- i. -----
- ii. -----
- iii. -----

g. Because of the general economic poverty situation of the members

- i. -----
- ii. -----
- iii. -----

h. Mention other challenging issues-----

30. What opportunities do you see to scale up the approach?

- a. -----
- b. -----
- c. -----

d. -----

31. As an organization operating in a poor country, what practical advantages does the approach have in reducing poverty (poverty gap) and initiating new development paradigms?-----

32. The Ethiopian group formation and legalization procedures deviate from the SHG approach. How do you see this mismatch and what mechanisms do you have in place to resolve the difference?-----

33. Your final remarks-----

Annex IV: Concerned government offices

General direction: Please read each of the following questions and provide the appropriate answers accordingly.

Organizational profile

Organizational profile

1. Name of the organization-----
2. Address-----
3. Mandate of the organization-----

Respondent's profile

1. Sex-----
2. Educational background-----
3. Work experience-----
4. Current position in the organization-----

Questions related to the SHG approach

1. What do you understand by SHG approach?
 - a. Goal/objective of SHG-----
 - b. Membership related-----
 - c. What is group?-----

2. How did you come to know about SHG?
 - a. Through their promoting organization
 - b. We have work relation
 - c. Others (specify)-----
3. Where did you know it? -----
4. When do you know about SHG? -----
5. Have you ever visited/contacted SHG/members of SHG?
 - a. Yes
 - b. No
6. If you have ever visited SHG, are they
 - a. Rural or
 - b. Urban or
 - c. Both rural and urban SHG?
7. If you visited SHG, what was their feeling about the approach?
 - a. Rural SHG-----

 - b. Urban SHG-----

8. What differences have you observed between rural and urban SHG?
 - a. -----
 - b. -----
 - c. -----
 - d. -----
9. If you have work relations, what functional relations does your organization have with SHG?
 - a. Environmental hygiene
 - b. Celebrating events like March 1, HIV/AIDS day, etc
 - c. We give ID cards, land and office to SHG and their members

- d. Our office provides them trainings, follow up and technical supports
- e. Others (specify)-----

10. Who has initiated the relationship? How?

11. What is the sex composition of the SHG you know?

- a. Male only
- b. Female only
- c. Both male and female

12. Have ever participated on trainings or workshops related to SHG?

- a. Yes
- b. No

13. Mention some of the topics covered and the outcome if your answer is yes.

- a. -----
- b. -----
- c. -----
- d. -----

14. Explain the tangible results SHG have brought about to members and the community around since you know them by selecting the appropriate alternatives in the bracket (Yes, partly yes, No)

Contributions of SHG	Your choice	Explain your answers
Created employment opportunities for members and their families		
Improved household income of members		
Members send children to schools		
Linked with health offices and sprayed anti-malaria in their villages		
Established micro health scheme for members and neighbours		
Solve neighbourhood conflicts		
Contributing to poverty reduction at local level		
Mobilizes community resources for local development		
Other contributions you know		
• -----		
• -----		
• -----		
• -----		
• -----		

15. Would you explain the differences you have observed (heard about) between SHG approaches and other development approaches you know

- a. -----
- b. -----
- c. -----

16. What features of SHG do you like most?

17. Why?

18. What features would you like to change or modify?

19. Why?-----

20. At this point in time, do you think that SHG brings change in the lives of its members and the community?

- a. Yes
- b. Partly yes
- c. No at all

21. Did your organization evaluate the SHG approach any time before?

- a. Yes, we did
- b. No, we did not

22. If your answer is yes or based on your organizational experience,

a. Does your organization believe that this approach is effective?

- i. Yes, it is effective
- ii. We cannot say any because we are not sure about this
- iii. No, it is not effective compared with other development approaches

b. In your opinion, what is an effective approach/program?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

c. What are the effectiveness indicators of your organization for this approach?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

d. Which of the above listed indicators do you think are achieved so far?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

e. Which of them do you think are not yet achieved?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

f. Would you please explain why the approach is not able to achieve them?

- i. -----
- ii. -----
- iii. -----
- iv. -----

23. If you have evaluated this program or based on your organizational experience,

a. Does your organization believe that this approach is efficient?

- i. Yes, it is
- ii. We cannot say any because we are not sure about this
- iii. No, it is not efficient compared with other development approaches

b. In your opinion, what is an efficient approach/program?

- i. -----
- ii. -----

- iii. -----
- iv. -----
- v. -----

- c. What are the efficiency indicators of your organization for such program or approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- d. Which of the above listed indicators do you think are achieved so far?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- e. Which of them do you think are not yet achieved?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- f. Would you please explain why the approach is not able to achieve them?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

24. If you have evaluated the SHG approach or based on your organizational experience again,

- a. Does your organization believe that this approach brings and will be sustainable?
 - i. Yes, it is
 - ii. We cannot say any because we are not sure about this
 - iii. No, it is not sustainable compared with other development approaches

- b. In your opinion, what is a sustainable approach/program?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- c. What are the sustainability indicators of your organization for such approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

- d. Which of the above listed indicators are achieved so far?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

- e. Which of them are not yet achieved?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----

- f. Explain why the approach is not able to achieve them?
 - i. -----

- ii. -----
- iii. -----
- iv. -----

25. Does your organization believe that this approach is equitable?

- i. Yes, it is
- ii. No, it is not
- b. In your opinion, what is an equitable approach/program?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- c. How do you measure equity? List the characters
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- d. Which of the above listed characters are entertained by the SHG approach?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- e. Which of them are not yet entertained?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----
 - v. -----
- f. Explain why the approach is not able to achieve them?
 - i. -----
 - ii. -----
 - iii. -----
 - iv. -----

26. What do you recommend for NGO and other development actors in the area in connection with SHG approach?

- a. Replicate
- b. Modify some aspects
- c. Apply on other community groups
- d. Regret about it

27. If you recommend modification on some aspects of the SHG approach, which aspects of it need modification?

Major characteristics		Replaced by (modified into)	Explain your changes
Sex composition	All women		
Age composition	22-50 years		
Educational level	Most do not read		
Religion	Diverse		
Ethnic	Diverse		
Economic status	Lowest stage		
Geographic location	Neighbourhoods		

28. Given the supports you have been giving them, what future supports can your office give the SHG for better outcome?

- a. -----
- b. -----
- c. -----
- d. -----

29. By considering the policy framework of the country, what practical advantages do you think this approach has in reducing poverty (poverty gap) and initiating development at local level?-----

30. What challenges do you feel will SHG and their members face?-----

31. Which legalization option supports most this approach in Ethiopia (most related)?-----

32. Your final remarks-----

Annex V: Financial institutions

General direction: Please read each of the following questions and provide the appropriate answers accordingly. Use your first hand information to complete the questions.

Organizational profile

1. Name of the organization-----
2. Address-----
3. Mandate of the organization-----

Respondent's profile

1. Sex-----
2. Educational background-----
3. Work experience-----
4. Current position in the organization-----

Questions related to the SHG approach

1. Have you ever visited SHG and/or their members?
 - a. Yes
 - b. No
2. If your answer is yes, what different (unusual) things you saw?
3. How did you come to know about SHG?
 - a. Through their promoting organization
 - b. We have work relation
 - c. Others (specify)-----
4. Where did you know it? -----
5. When do you know about SHG? -----
6. If you have work relations, what functional relations does your organization have with SHG?
 - a. They save /deposit money in the organization
 - b. We provide them loan
 - c. We provide them feasible projects
 - d. We provide them trainings, technical supports, advices and follow up
 - e. Others (specify)-----
7. If SHG are your clients, who has initiated the relationship first?
 - a. Promoting organization
 - b. Government
 - c. SHG themselves
 - d. Others (specify)-----
8. What does your relation with SHG look like?

	Number of SHGs	Amount	Loan status	Remark
Opened saving account			_____	
Taken loan				
• 1st round				
• 2 nd round				
• 3 rd round				
• 4 th round				
• 5 th round				
• 6 th round				
• 7 th round				

9. What are the conditions to give loan to the SHG?

	Your response under this column	
Interest rate per annum		
Collateral type		
Compulsory saving rate		
Type of interest rate		
Minimum loan amount		
Maximum loan amount		
Minimum loan period		
Maximum loan period		
Administrative costs		
Others obligations		

10. Does your organization give loan to individuals who are not organized into group?

- a. Yes
- b. No

11. Does your organization give loan to other organized non-SHG groups?

- a. Yes
- b. No

12. If your answer is yes, compare SHG with those non-SHG groups in the following table by putting

- A. If SHG excel by far (largely convenient)
- B. If SHG perform better (more convenient)
- C. If there is no significant difference between the two
- D. If SHG perform less than the other group (less convenient)
- E. If SHG are far below the other groups (inconvenient)

Criteria of evaluation/comparison	Choices under this	Explanations
Clarity of loan processing method		
Efficient loan management		
Timely loan repayment		
Depositing much saving		
Does not require training		
Does not need follow ups		
Use of money for the intended purpose		
Low transaction cost (office work per loan)		
Safety of the loan given		

13. Compare SHG, non-SHG groups and individual clients of your organization from your organization point of view (put best, better or worst in each cell)

Criteria	SHG	Non-SHG groups	Individuals
Loan process			
Timely loan & interest repayment			
Respecting the rule of loan			
Required less input			
Low follow up need			
Low risk of loan (default)			
Suitable collateral system			

14. What do you understand by SHG approach?

- a. Goal/objective of SHG-----
- b. Membership related-----
- c. What is group?-----

- 15. At this point in time, do you think that SHG approach contributes to local economic development?
 - a. Yes
 - b. No
- 16. Explain your reasons briefly-----
- 17. What particular challenges have you faced while working with SHG? -----
- 18. When do you think will your relation with SHG/CLA terminate? -----
- 19. Do you think that SHG/CLA development approach will bring sustainable local and national economic development? A) yes I do B) No I do not
 Explain your answers with reasons-----
- 20. As a development institute, do you believe that expansion of SHG/CLA approach will bring better local economic development? A) yes I do B) No I do not
 Explain your answers with reasons-----
- 21. What practical challenges have faced while working with SHG/CLA? -----
- 22. From the SHG/CLA working principles, which ones do you like to change/improve? -----
- 23. As a financial organization operating in a poor country, what practical advantages does the SHG approach have in reducing poverty (poverty gap) and initiating development efforts at local level?
- 24. If the SHG/CLA development approach mushrooms through out the country, what local and national development implications do you expect from the expansion?-----
- 25. Do you think that the SHG/CLA development approach is also applicable for youths and other community members? A) yes I do B) No I do not
 Explain your answers with reasons-----
- 26. Your final remarks about SHG approach-----

Annex VI: Prepared for SHG member individuals

General direction: Please read each of the following questions and provide the appropriate answers accordingly.

General information

1. Name-----
2. Sex-----
3. Age-----
4. Marital status-----
5. Number of children (m-----f-----t-----)
6. Total family size-----
7. Position in the SHG-----

Before becoming SHG member

1. When did you join SHG? -----
2. Your occupation
3. Working hours/day-----and working days per week-----
4. Estimated income (from your job (s)) was----- (birr)
5. Saving per/week-----
6. Children's education (if they were school age)
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Were not able to attend schooling at all
 - f. Others, specify-----
7. Explain your answer-----
8. Children's health condition
 - a. Excellent
 - b. Very good
 - c. Fair
 - d. Bad
 - e. Worst (mention some cases)-----
9. Explain your answer-----
10. Family feeding
 - a. More than three times per day
 - b. Three times per day
 - c. Two-three times per day
 - d. One-two times per day
 - e. Very irregular and some times below one times per day
11. Explain your answer-----
12. Peace and understanding in the family
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Bad
13. Explain your answer-----

14. House hold materials available (put X if available and ---if not)

SN	Item	Available/not available
1		
2		
3		
4		
5		
6		

15. Basic services

1	Drinking water	
2	Telephone	
3	Electric light (own) in the house	
4		
5		

16. Domestic animals (for sale or use at home)

SN	Animals	Number (if you remember)	Remarks

17. Knowledge about your surrounding (your neighbours, economic condition, social relation, health related information, rights issues, etc)

- a. Excellent
- b. Very good
- c. Good
- d. Fair
- e. Limited

18. Your problem solving mechanism

- a. Limited to my knowledge
- b. Through my family support
- c. Through my neighbourhood support
- d. Through established institutions
- a. Others (specify)-----

19. Types of trainings attended

Type of training	Duration(days)	Trainers	Remark

20. Loan related information

Source	Maximum amount	Collateral type	Loan period	Interest rate	Repayment schedule	Decision maker on these matters

In the process and after being SHG member (Current condition)

1. Why you are selected to be SHG member (selection criteria)?
 - a. Because I am poor
 - b. Because I have large family size
 - c. Because I was a female household leader
 - d. Other criteria, mention-----
2. Why you become an SHG member?
3. Sources of your first (weeks or months) savings
4. Your income generating activities/sources of income
5. Working hours/day-----and working days per week-----
6. Estimated income (from your job (s)) is------(birr)
7. Saving per/week-----
8. Children's education (if they are school age)
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Do not able to attend schooling at all
9. Explain your answer-----
10. Children's health condition
 - a. Excellent
 - b. Very good
 - c. Fair
 - d. Bad
 - e. Worst (mention some cases)-----
11. Explain your answer-----
12. Family feeding
 - a. More than three times per day
 - b. Three times per day
 - c. Two-three times per day
 - d. One-two times per day
 - e. Very irregular and some times below one times per day
13. Explain your answer-----
14. Peace and understanding in the family
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Bad
15. Explain your answer-----

16. House hold materials available (put X if available and ---if not)

SN	Item	Available/not available
1		
2		
3		
4		
5		
6		
7		

17. Domestic animals (for sale or use at home)

SN	Animals	Number (if you remember)	Remarks

18. Knowledge about your surrounding (your neighbours, economic condition, social relation, health related information, rights issues, etc)

- a. Excellent
- b. Very good
- c. Good
- d. Fair
- e. Limited

19. Your problem solving mechanism

- a. Limited to my knowledge
- b. Through my family support
- c. Through my neighbourhood support
- d. Through established institutions
- e. Others (specify)-----

20. Types of trainings attended

Type of training	Duration(days)	Trainers	Remark

21. Loan related information

Source	Collateral type	Loan period	Interest rate	Repayment schedule	Decision maker on these matters

22. What were the challenges you have faced in the process?

- a. Family level
- b. Community level/neighbourhood
- c. Others

23. Discuss the sources of the challenges

- a. Economic

- b. Cultural
- c. Social
- d. Gender
- e. Political
- f. Others-----

24. How do you over come those challenges? -----
25. What makes you happy now? -----
26. What is the objective of your group? -----
27. Do you share this objective?
 - a. Yes, I share it fully
 - b. Yes, but partly
 - c. No, I do not share it at all
28. If you do not share it, where is the difference?-----
29. What is the level of trust among group members?
 - a. Very high
 - b. High
 - c. Some how we trust each other
 - d. There is a problem
30. Explain the power relation among members
 - a. Elections are fully participatory and are by merit
 - b. Power terms are clearly defined and agreed
 - c. Power terms are short so that every member has the chance to participate
 - d. This lacks clarity
31. What are the major features of the SHG?
32. Which features of the SHG approach do you like most?
33. If you get the chance to modify (change) some ways of doing in the SHG, what will be your first three agendas?
34. What holds the SHG members together?
35. What changes you have observed in your and your family life?
36. Rank order the following institutions based on the trust you have on their contribution to development

SN	Institution	Rank
1	Banks/MFI	
2	Idirs	
3	Iqubs	
4	SHG	
5	Churches	
6	Local governments	

37. Which of the following institutions focus on poverty reduction, by their order of emphasis?

- Institution-----Rank
- a. Banks/MFI-----
 - b. Idirs-----
 - c. Iqubs-----
 - d. SHG-----
 - e. Mahibers-----
 - f. Churches-----
 - g. Local government (like kebele)-----

38. Compare the situation of your life in the following table

Variable	Before SHG	Current	Examples
HH assets			
Electric appliances			
Domestic peace			
Work load			
Clothing			
Feeding			
Power of negotiation			
Self expression			
Knowledge about family planning			
Knowledge about HIV/AIDS			
Knowledge about IGA identification			
Business management			
Economic use of household income			
Children education			
Personal hygiene			
Life vision/objective			
Work place			
Domestic animals			
Reliability of income			
Business confidence			
Social life			
Others			

39. What good opportunities do you think your SHG will have in the future?

- a. Policy level
- b. Local governance level
- c. Linkages created
- d. Financial access
- e. Legal frame work
- f. Others

40. What did you learn from the SHG approach?

41. Imagine that you have started this SHG approach 20 years before, what would have happened to

- a. Your saving culture/access to financial resources
- b. Your investment and income generating activities skills
- c. Your business confidence
- d. Gender relations in the family
- e. Social transformation such as equal participation of women in the economic development
- f. Political participation
- g. Awareness on
 - i. human rights
 - ii. health conditions
 - iii. family planning
 - iv. economic use of resources
 - v. mutual support/helping each others
 - vi. HTP such as child labour
- h. Other issues directly related to your personal life

42. What do think others learn from this approach?

- a. Economic related
- b. Social related
- c. Political related
- d. Cultural related
- e. Others categories

Annex VII: Sampling frame

No.	Name of SHG	No of members		Inception date	Village/area name
		Current	Beginning		
1	Beras Metemamen	14	14	2004	Kera
2	Hibret Besira	8	11	2004	Kera
3	Achaltu	10	15	2004	Kera
4	Edget Bandenet	14	15	2004	Kera
5	Yenegew tesfa	9	12	2004	Kera
6	Bikiltu	13	16	2004	Kera
7	Mederaja	13	17	2004	Kera
8	Edget Betsinat	13	15	2005	Kera
9	Gudina	13	14	2005	Kera
10	Lelistu	17	21	2005	Kera
11	Menesha	14	17	2005	Kera
12	Teramaj	20	20	2005	Kera
13	Dersta	18	19	2005	Kera
14	Bandinet Entсна	17	17	2005	Kera
15	Birhan	17	17	2006	Kera
16	Befikir	20	21	2006	Kera
17	Jiregna	17	18	2006	Kera
18	Netsanet	11	15	2005	Woldiya
19	Woldya Mederaja	11	17	2005	Woldiya
20	Derara	17	19	2005	Furistali
21	Yilma	18	19	2005	Furistali
22	Sira Bedget	19	20	2005	Furistali
23	Ejartu	18	19	2005	Furistali
24	Edget Betert	16	18	2005	Furistali
25	Befiker Enguaze	19	19	2005	Furistali
26	Inyew	18	20	2005	Furistali
27	Gudina Bori	16	21	2005	Furistali
28	Burka	13	17	2005	Furistali
29	Tsinat	20	21	2005	Medhanialem Sefer
30	Yehualshet	19	19	2005	Medhanialem Sefer
31	Biru Tesfa	17	18	2005	Medhanialem Sefer
32	Inkeber	10	16	2005	Medhanialem Sefer
33	Birhan	22	17	2005	Medhanialem Sefer
34	Tilemlem	8	15	2004	Kito Bosa Sefer
35	Limat	20	18	2004	Kito Bosa Sefer
36	Yilamlem	8	15	2004	Kito Bosa Sefer
37	EsuBalew	15	17	2004	Kito Bosa Sefer
38	Limat	13	17	2004	Kito Bosa Sefer
39	Yenegew Sew	16	11	2004	Kito Bosa Sefer
40	Yediichora	13	15	2004	Kito Bosa Sefer
41	Burkitu	17	18	2004	Kito Bosa Sefer
42	Tikdem	20	16	2006	Kito Bosa Sefer
43	Yenegew Ikid	19	16	2006	Kito Bosa Sefer
44	Lelistu	20	17	2006	Kito Bosa Sefer
45	Rediet	20	16	2006	Kito Bosa Sefer

46	Yemisrach	17	17	2006	Ajip Sefer
47	Beki Keneni	13	18	2006	Ajip Sefer
48	Andnet	18	19	2006	Ajip Sefer
49	Hibret	5	19	2006	Ajip Sefer
50	Foyaina	15	17	2006	Ajip Sefer
51	Ofal	13	18	2006	Ajip Sefer
52	Jiren Adis Mender	17	17	2005	Jiren
53	Indeg Begara	15	18	2005	Jiren
54	Yetebaberut	16	19	2005	Jiren
55	Tadagi	15	19	2003	Jiren
56	Idget Behibriet	11	12	2003	Mariam Sefer
57	Abren Indeg	10	11	2003	Mariam Sefer
58	Selam	15	17	2003	Mariam Sefer
59	Hibret	16	19	2003	Mariam Sefer
60	Tesfa	13	17	2003	Mariam Sefer
61	Chefi	8	17	2003	Mariam Sefer
62	Biftu	11	15	2003	Mariam Sefer
63	Andnet	10	15	2003	Mariam Sefer
64	Tigu	17	18	2007	Becho
65	Yiblet	16	18	2007	Becho
66	Kila Guda	11	17	2007	Jiren Becho
67	Lewete Besera	15	16	2007	Jiren Becho
68	Hayal	11	17	2007	Jiren Becho
69	Gudiftu	11	15	2007	Jiren
70	Derartu	11	14	2007	Jiren
71	Chaltu	11	15	2007	Jiren
72	Yetwat Chora	8	15	2007	Becho
73	Yengat Kokeb	10	14	2007	Becho
74	Merobi	18	19	2007	Shewa Beri
75	Yirga	6	11	2007	Shewa Beri
76	Tokuma	16	18	2007	Shewa Beri
77	Birtate	20	20	2007	Shewa Beri
78	Tigu No.2	10	16	2007	Becho
79	Lemlim	9	14	2005	Sare Sefer
80	Selam No 2	8	15	2005	Sare Sefer
81	Sertan Endeg	12	17	2005	Sare Sefer
82	Idget No.1	9	15	2005	Sare Sefer
83	Andnet	8	12	2005	Sare Sefer
84	Idget Behibret	7	10	2006	Sare Sefer
85	Metesaseb	8	15	2006	Sare Sefer
86	Edget No. 2	11	14	2007	Sare Sefer
87	Sew Yargen	9	14	2007	Sare Sefer
88	Hibretna Selam	6	15	2007	Limu Mendera
89	Adis Hiywat	12	13	2007	Shewa Beri
90	Tagay	11	12	2007	Shewa Beri
91	Idget	10	12	2007	Shewa Beri
92	Abdi Bori	10	10	2007	Limu Mendera
93	Tesfa Besira	14	16	2007	Shewa Beri

94	Yenegew Tesfa	14	13	2007	Shewa Beri
95	Selam No.3	13	11	2006	Ajip Sefer
96	Idget Betsinat	13	17	2006	Ajip Sefer
97	Gudina	10	14	2006	Ajip Sefer
98	Selam No.4	18	19	2006	Ajip Sefer
99	Meteleya	9	10	2006	Ajip Sefer
100	Ginjo	14	14	2006	Ajip Sefer
101	Edget	20	20	2006	Ajip Sefer
102	Tesfa	12	13	2006	Ajip Sefer
103	Andenet	12	15	2006	Ajip Sefer
104	Hibret	10	16	2007	Mariam Sefer
105	Hibret	15	17	2007	Seto Semero
106	Ishet	12	12	2007	Seto Semero
107	Bereket	18	18	2007	Seto Semero
108	Idget	11	13	2007	Seto Semero
109	Andenet	9	10	2007	Seto Semero
110	Yideregilign	9	16	2007	Seto Semero
111	Chora	10	11	2007	Becho
112	Hunde	20	20	2007	Becho
113	Gudatu	12	15	2007	Becho
114	Tagay	12	13	2006	Teramj Sefer
115	Anbesa	13	15	2006	Teramj Sefer
116	Tadagi 1/6	9	12	2006	Teramj Sefer
117	Fetan	21	21	2006	Teramj Sefer
118	Leidget Intsn	11	11	2006	Teramj Sefer
119	Idget	9	13	2006	Teramj Sefer
120	Idget	21	20	2006	Teramj Sefer
121	Serto Meshashal	12	13	2006	Teramj Sefer
122	Hibret	13	12	2006	Teramj Sefer
123	Yenegew Tesfa	13	10	2006	Teramj Sefer
124	Majibar Tadagi	11	15	2006	Teramj Sefer
125	Eneramed	15	15	2008	Medhanialem
126	Berket	16	16	2007	Kito Bosa Sefer
127	Iftu	14	18	2007	Kito Bosa Sefer
128	Laliftu	13	16	2007	Kito Bosa Sefer
129	Baritu	13	19	2007	Kito Bosa Sefer
130	Burkitu	8	10	2007	Kito Bosa Sefer
131	Bilise	13	15	2007	Kito Bosa Sefer
		1771	2074		

Annex VIII: Different types of books managed by the SHGs

1. Minutes book form

Meeting number-----			Total members-----			Savings up to last week-----						
Moderator name-----			Members attended-----			Saving in the week-----						
Meeting date-----						Total saving-----						
<u>AGENDA</u>						<u>DECISIONS</u>			Total cash receipts-----			
									Direct expenses-----			
									For moderator-----			
									Moderator's sign-----			
S. no.	Name	Attendance	Saving	Fine	Other	Loan issue			Loan recovery			
						Amount	Purpose	Instalment	Principle	Interest	Sign.	
1												
2												
3												
Total												

2. Cash book

Name of SHG -----

Date	Particular	Receipt		Date	Particular	Payment		Balance
		Cash	Bank			Cash	Bank	
End of the week								

Declaration

I, the undersigned, declare that this thesis is my original work and has never been presented before in any university and that all sources of materials used in the report have been duly acknowledged.

Declared by

Name: _____

Signature: _____

Date: _____