



ADDIS ABABA UNIVERSITY
School of Graduate Studies

**THE ROLE OF SELF-HELP GROUPS IN ENHANCING
URBAN LIVELIHOOD ASSETS: A CASE OF LIDETA-
KIRKOS SUB-CITIES' SELF-HELP GROUPS**

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A thesis submitted to the School of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the degree of Masters in Public Management and Policy specialization in Development Management.

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ABBREVIATIONS AND ACRONYMS

<i>Birr</i>	Ethiopian Currency
BoE	Bureau of Education
BoFED	Bureau of Finance and Economic Development
BoH	Bureau of Health
BoWCA	Bureau of Women and Children Affairs
CBO	Community Based Organization
CF	Community Facilitator
ChSA	Charities and Societies Agency
ChSP	Charities and Societies Proclamation (ChSP- Proclamation No. 621/2009)
CLA	Cluster Level Association
CoSAP	Consortium of Self Help Group Approach Promoters
CSA	Central Statistical Agency
CSO	Civil Society Organization
DRM	Disaster Risk Management
<i>Edir</i>	Burial Societies
<i>Ekub</i>	Rotating Savings Schemes
EKHC	Ethiopian Kale Hiwot Church
FDRE	Federal Democratic Republic of Ethiopia
FMSEA	Federal Micro and Small Enterprises Agency
HDI	Human Development Index
HDR	Human Development Report
HH	Household
HHH	Household Head
IGA	Income Generating Activities
ILIC	Integrated Land Information Center
JeCCDO	Jerusalem Children and Community Development Organization
KNH	Kindernothilfe
LCO	Love for Children Organization (NGO– Promoter of women SHGs in Lideta-Kirkos Sub-cities)
LDC	Least Developed Country
LSA	Labor and Social Affair
MDG	Millennium Development Goal
MFA	Micro Finance Association
MFI	Micro Financial Institution
MSI	Micro Small Enterprise
MoFED	Ministry of Finance and Economic Development
MoUDH	Ministry of Urban Development and Housing
NABARD	National Bank for Agricultural and Rural development (India)
NBE	National Bank of Ethiopia
NGO	Non Governmental Organization
OVC	Orphan and Vulnerable Children
PCI	Project Concern International
PRA	Participatory Rural Appraisal
PSN	Productive Safety Net
UN	United Nation
UNDP	United Nations Development Programme
WCA	Women and Children Affairs
<i>Woreda</i>	Meaning District in Amharic

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ABSTRACT

Urbanization is taking place in Ethiopia with rapid urban population expansion, and poverty becomes more urban. As more of the poor live in large urban centers of the country, there are high levels of poverty, unemployment, and social vulnerability particularly in Addis Ababa (the capital city). Shocks and stresses such as price rise of food items and HHHs' income reduction impact the city's poor more severely due to preexisting vulnerabilities, social inequality and lack of opportunities. On the other hand, with local ownership and control, the People's Institution also called (Women) Self-Help Groups (SHGs) Approach is considered as an ideal model for enhancing livelihoods of their women beneficiaries who are often excluded from livelihood opportunities. Yet, the role of SHGs as livelihood assets and as initiative of economic empowerment hasn't been properly designed and implemented by the regulatory and policy organs. Basically, there is very limited empirical evidence on SHGs' contribution of livelihood assets. With these premises, the study has explored the role of women SHGs in improving urban livelihood assets of beneficiaries (mainly poorer women HHHs). Data required for the study were collected from both primary and secondary sources. The study employed qualitative and quantitative research design and data collection methods. The approach for data collection was a case study on women SHGs operating in Lideta and Kirkos Sub-cities in Addis Ababa, and the study also employed panel HH beneficiaries' survey data drawn from Lideta-Kirkos SHG survey conducted in 2013 and 2015 by LCO (SHG implementing NGO in the two Sub-cities) in collaboration with other institutions. The assessment revealed that the initiative has indeed improved livelihood assets of the beneficiaries mainly by building skills of beneficiaries, strengthening their social network, creating access to finances and IGAs, improving housing and HH furniture, and promoting grassroots decision-making. Yet, SHGs are not panacea by themselves and faced some barriers such as: members' low level of literacy and commitment as well as absence of formal registration as legal entity. The study concludes that the SHG Approach has proved to enhance livelihood assets of the beneficiaries in the study area and has become way-out for addressing vulnerability to poverty of the beneficiaries despite the barriers they encountered. The study calls for interventions that scale-up and replicate the positive lessons and solves the barriers to SHG initiatives.

CHAPTER ONE: INTRODUCTION

1.1 General Background

Earning livelihood from livelihood activity or work is vital for equitable economic growth, poverty reduction and gender equality (UNDP, 2015). Securing a better living for a family is a cumulative process that requires the ability to build assets and diversify across livelihood activities (Singh and Jha, 2014). Livelihood refers to a means of underpinning quality of life and not just about a means to survival but also about providing resources with which people can enhance and enjoy their lives, according to Morse and McNamara, (2013). Household income is obtained from livelihood activities which are actions taken by an individual or a household (Yenesew, Okoyo, and Fekadu, 2015; Timalsina, 2012). Enhancing or securing livelihood is explained as the provision of adequate and viable access to resources. These resources are referred as livelihood assets that can offset risks and meet basic needs (including adequate access to food, health facilities, educational opportunities, housing, time for community participation and social integration) (Baud, 2015; Singh, Kalliola, and Hietala, 2014). Accordingly, livelihood assets are the central attributes in determining livelihood security (Singh, Kalliola, and Hietala 2014).

Urban poverty as a multi-dimensional conception reflects the multi-sited aspects of people's lives and livelihoods (Baud, 2015). Being a multidimensional and multifaceted social problem that goes beyond not having enough income or the means to meet basic needs such as food, clothing and housing; poverty hinders peoples' access to resources (property and finance), denies access to basic services (education and health) as well as inhibits access to social, economic and political participation (KNH, 2014). Still, incomes or financial resources are identified as the essential and defining element in urban poverty (Lemanski and Marx, 2015), while urban livelihood is mostly mediated by money, and access to the labor market is a key determinant of poverty in urban areas (Lemanski and Marx, 2015). According to Baud (2015), the notion of urban poverty is, thus, defined as multiple deprivations of assets in view of livelihoods assessment that, inter alia, includes: social, human, financial and physical assets. Consequently, different writers and agencies have held in livelihood assets very typical to urban settings, including: human capital/asset,

financial asset, physical asset, social asset and political asset (Baud, 2015; Tegegn, 2010; UNDP, 2013; FAO and ILO, 2009).

To this end, women Self-Help Groups (SHGs) are becoming vital tools for creating broad access to livelihood assets and services to benefit the vulnerable poor and disadvantaged people thereby promote livelihood enrichment. The women SHG Approach also named as People's Institution is a voluntary, membership based and self-managed group of individuals who come together to promote their wellbeing. The group is formed by 15 to 20 poor and vulnerable women with the same socio-economic background. Conceptually, it is based on the notion that poverty is not only a matter of material deficiency, but also persistent process of disempowerment, including denial of choice, rights, and opportunities, coercion, discrimination and displacement. Thus, a focus on attitudinal changes, capacity building and material well-being remains central to the Approach along with social and political empowerment at its final outcomes. Consequently, holistic change can be brought among the community through this Approach (KNH, 2014; Ban, Gilligan, and Rieger, 2015).

Evidences suggested in many countries that these women SHG endeavors have improved and touched the lives of many vulnerable poor women HHs, who otherwise had been disempowered, neglected, and/ or deprived. In Kenya, for instance, SHG program provided scope for mutual economic assistance as a way of enhancing socio-economic capacity (Fafchamps and Ferrara, 2012). In Cambodia, SHG intervention evidently had a positive effect on the poor's savings behavior and dramatically increased associations among the poor sections of the community (Ban, Gilligan and Rieger, 2015).

In India, the village-based women SHG organizations have played a considerable role in enhancing livelihoods of the very poor women with their grass roots level existence and vast outreach. They provided access to finance (via savings and loan facility), entrepreneurial and creativity capability as well as social empowerment of their mostly female members (Desai and Joshi, 2013; Magar and Deshmukh, 2012). Having an impact on consumption, nutritional intake, and asset accumulation on poorer families; SHGs still remain to be engines of wellbeing and poverty reduction tool (Deininger and Liu 2012). Considering SHGs as engines for poverty reduction and development, the Indian government took different measures to create an enabling environment for SHGs, among others, including: *Macro level policy initiatives* such as National SHG policy, Capacity Building and Training Policy Guidelines, and State Governments Strategies for promoting of SHG. Besides, National *SHG-Bank Linkage arrangement* is also realized where banks finance SHGs

through Banks themselves, NGOs, Governments, or other agencies (NABARD, 2014; VOICE, 2008).

The practice of women SHGs in Ethiopia (as conceptualized in this study) is relatively a recent phenomenon compared to the indigenous 'self-help' CBOs with socio-economic orientation, such as *Eddir*, and *Equb*, (among others) which have evolved over generations (Dessalegn, 2010; CoSAP, 2012; and Mindaye, 2014). The women SHGs were introduced into Ethiopia in 2002 to empower deprived women socially, economically and politically by Kindernothilfe (KNH)¹, according to CoSAP (2013). Initially, two local NGOs namely JeCCDO and EKHC implemented the Approach in Debrebirhan and Nazret (Adama) towns, respectively. Currently, more than 28 NGOs promote the Approach nationally, and there are 10,572 grassroots SHGs in the country and its members mainly women reached 196,565. These women have managed to save more than Birr 51.2 million (\$ 2.4 million) and to disburse a loan amounting 98.1 million (\$ 4.6 million) as to May, 2015 (CoSAP, 2015a).

1.2 Problem Statement

For Ethiopia, despite remaining predominantly rural where almost 84% of the population lives and engages in agriculture and allied activities (Girma, 2012), urbanization is taking place and poverty becomes more urban. The urban population was 11.9 million by the last census in 2007 and reached 16.7 million in 2014, with an average growth rate of 4%, it is expected that 30% of the population will live in urban areas by 2028. And, in 2000 11% of the country's poor lived in cities but this rose to 14% in 2011 (WB, 2015c). As more of the poor live in large urban centers of the country, there are high levels of poverty, unemployment, and social vulnerability in Addis Ababa (the capital city). Occupying one-fifth of the country's urban population, Addis Ababa absorbed 22% of its population below the poverty line², and this is just below the national urban average (25.7%). There are also high unemployment rates in the city with 29% of households report having an unemployed adult (higher than the national urban average of 15%) (WB, 2015b).

It is now commonly understood that vulnerability or insecurity is a fundamental aspects of poverty (in livelihood framework analysis). So, there is a need to understand urban vulnerability as urban population is rising, and the poorest HHs are often not only the most

¹ German based international NGO.

² The national poverty line: a household's consumption per adult equivalent to Birr 3781 as defined in 2011 (WB, 2015b).

to be hit by adverse shocks but also the least to have resources to cope when shock hit (MoFED, 2013). Moreover, shocks and stresses impact the poor more severely due to preexisting vulnerabilities, social inequality, and lack of opportunities (WB, 2015a). Accordingly, the most critical shocks that hit proportion HHs across the city in 2011, as per CSA (2012), have been: price rise of food items (50%), illness (11%), reduce income of HH member (10%), shortage of food (6%), loss of job (5%) and death (4%). The impact of food price shocks is much greater on urban HHs, particularly for those with little education are forced to reduce their consumption by 10 to 13% unlike rural HHs with consumption falling by only 2% on average (WB, 2015b). In large cities, for example, poverty has been falling but not as fast as in rural areas and smaller urban centers. From 2005 to 2011, consumption growth was negative for the poorest 15% of the urban population and for the majority of HHs in Addis Ababa as wages did not increase to compensate HHs for the rising food prices that they faced (Muderis, 2015).

Yet, progress in reducing urban poverty over the last decade has been slow; the 'new' disaster and risk management (DRM) policy focuses primarily on rural areas and other towns since its adoption in 2013, which exclude Addis Ababa (WB, 2015b). Consequently, the government is urged to develop Urban PSN program to be implemented starting from 2016 to the coming ten years to support over 4.7 million urban poor living in major cities by providing access to safety nets and livelihood asset building services. The MoUDH is in charge with a \$ 300 million (Br. 6.3 billion) loan secured from the WB (Muderis, 2015).

In the other hand, the civil society sector has come to play a more important role in the socio-economic development and empowerment of the (urban) poor with their voluntary initiative (Taye, 2010). As is the case elsewhere, Ethiopian society is rich in associational life. These associations bring individuals and families together in causal cooperation and interaction for social, economic and religious pursuits. Mutual aids, and labor sharing groups, religious associations, and kin-based (or home-boy) networks, among others, are the main forms of local cooperation that are common in most parts of the country. And, still some 'self-help' oriented CBOs with a socio-economic and/or mutual help concern such as burial societies (Edirs) and rotating saving schemes (Ekubs) are not new to the country's societal life, which have evolved over generations (Dessalegn, 2010 and Elias, et al., 2011).

Yet, the women SHGs Approach has emerged with an inclusive growth and development agenda and offered an alternative to the development approach implemented by NGOs in general. The whole concept is to harness human potential and bring attitudinal change that

leads to social, economic and political empowerment (KNH, 2014; Florescu, 2009). Despite many popular assertions in the preexisting forms of CSOs, there is very limited empirical evidence on women's SHGs Approach nationally Mindaye (2014), mainly on their contribution of livelihood assets. But, the handful of studies by Gebre, Dagne, and Temesgen (2014); and Mindaye (2014) has focused on the opportunities and constraints of the Approach while the assessment of CoSAP (2012) examined Ethiopian legal framework with respect to women SHG Approach. The common features of these studies have been the enormous potential of the SHGs in building grassroots institution and addressing poverty without direct external funds by boosting their beneficiaries' social network and saving and credit accesses. Lack of uniformity on implementation, absence of formal registration as legal entity and limitation of related studies on the contribution of SHGs, among others, were also mentioned as main impediment in women SHG intervention in the country.

In spite of such scenario, the People's Institutions (SHGs) are striving to function in Lideta and Kirkos Sub-cities, at the heart of Addis Ababa. And, the SHG intervention is becoming a vulnerability and poverty escaping option for the destitute and deprived women HHs of urban dwellers who are otherwise more vulnerable, stressed and hit by shocks (often by price rise of consumables) unlike their rural counterparts. To achieve greater livelihood enhancement, the role of SHGs should be well recognized and their services should reach disadvantaged groups and poor people. In view of that, it is worth studying the contribution of these institutions of the civil society sector to replicate their best practices and success stories.

Despite the fact that the women SHG Approach (as contextualized in this study) has relatively been a very recent phenomena since its introduction to the country, it is argued in this study that the Approach has emerged with an incremental intervention, emanating from what community knows (recalling Ethiopians' richness in societal life) and transforming what is intended to be pertinent change. The initiative has appeared to be practical and builds enduring local institutions that serve development and governance goals of the society. Most importantly, the contribution of women SHGs particularly in urban context where income and financial resources mostly determine urban livelihood and vulnerability, has not been studied well and noticed by policy and regulatory institutions as livelihood assets enrichment model. Hence, the purpose of women SHGs has been insufficient due mainly to constraints (mentioned above) that made difficult for the SHGs to grow and contribute favorably to national poverty reduction endeavor. With these grounds, this study has made

an attempt to bridge a study gap by assessing the role of urban-based Self-Help Groups in improving urban livelihood assets.

1.3 Research Questions

It is indicated that across the vulnerability and poverty situated city/sub-cities, women's SHGs initiative is being implemented to uphold their beneficiaries' wellbeing in a demanding socio-political context. To examine and address this situation, this study has answered to the following important questions:

1. In what ways has the women SHG initiative implemented by LCO in Lideta and Kirkos Sub-cities improved the livelihood assets of the beneficiaries?
2. What are the barriers to the implementation of the SHG initiative in Lideta and Kirkos Sub-cities in achieving its objectives?
3. How have the policy-makers, the promoting/ implementing NGOs, SHG organs and the poor beneficiaries selected involved in the initiative in order to achieve the targets of the intervention in Lideta and Kirkos Sub-cities?

1.4 Objectives of the Study

The major objective of this study is to assess the contributions made in enhancing the livelihood assets of women SHG beneficiaries of Lideta and Kirkos Sub-cities in Addis Ababa and to pin point their unique attributes and actors' interaction in the urban SHG initiative.

In doing so, the study specifically aims to examine:

- The role of SHG institutions along with their promoters/ implementers in enhancing human and social assets and grassroots decision-making capability of poor SHG beneficiaries in Lideta and Kirkos Sub-cities.
- The urban SHGs' role in giving access to financial and physical assets and job opportunities which are crucial for urban livelihood to the poorer women beneficiaries in Addis Ababa's Lideta and Kirkos Sub-cities.
- The unique features and constraints of Lideta-Kirkos women SHGs in their effort to boost livelihood assets of vulnerable women members.

- Socio-political actors in the women SHG initiative (regulators, SHG implementers and SHG organs interaction to enhance livelihood assets of urban SHG beneficiaries and to address urban vulnerability

1.5 Scope of the Study

The study has been delimited to two neighboring Sub-cities in the center of Addis Ababa (Lideta and Kirkos). The women SHG intervention (realized by LCO- promoting/ implementing NGO) in the two sub-cities is selected primarily for its large urban grassroots outreach and more urban involvement particularly in Addis Ababa where debilitating vulnerability is worsening compared to peer implementers' membership base in the capital city (see 'Table 3' at the Appendences). Secondly, the women's SHG Approach uniqueness mainly in organization, outcome and resource utilization among others makes them more appealing for building livelihood assets of poorer HH. Besides, the workability of the women SHG Approach in comparison with other approaches of societal institutionalization is not theoretically understood enough in the case of livelihoods and poverty³. Last but not least, Social – or – policy – policy makers are not aware of the women SHG Approach as a socio-economic development alternative or option and did not give adequate attention during poverty reduction strategies and programs, hence, it would create understanding and call for adequate focus.

1.6 Significance of the Study

This study will provide key actors with a prospect to share experiences about SHG initiatives in livelihood assets and services, as well as discuss experiences used in the promotion and expansion of urban outreach.

The study would provide information on the issues of livelihood promotion particularly on the roles of urban SHGs Approach, which thus far is on the insufficient level. The study would be helpful to the concerned state bodies as it provides the knowledge of the urban SHGs suitability for livelihood assets enrichment, thus entails them to consider SHG Approach as a vital development agenda through arranging a relevant framework and policy in general, and

³ See Chapter Two's 'Distinctiveness of Women SHG Approach' and Chapter Four's Reflection on Distinctiveness of SHG Approach'.

regard People's Institution as proper instrument for mitigating vulnerability and improving livelihood.

Furthermore, the study would be beneficial to the urban SHG promoters/ implementers and collaborators as it would provide the necessary information on the different scenarios in increasing livelihood assets in urban SHGs. To the prospect researchers as well, this study can provide baseline information on the recent status of urban SHGs' contribution in urban livelihood.

1.7 Limitations of the Study

Very limited empirical literature explicitly related to national Self-Help Group members and their urban livelihoods situation as well as up to date livelihood asset profile particularly in urban and in the study area gloom to entail the subject under discussion in more extensive and engaging manner.

1.8 Organization of the Thesis

The study is organized into five chapters. The first chapter introduces the concept of livelihood and discusses aspects of the problem. Chapter two discusses dimensions of livelihood assets, role of SHGs and role of actors involved in the SHG endeavor to improve livelihoods of the poor from related literatures. The research methodological aspects are highlighted in chapter three. Chapter four presents the study results with its analyses. Finally, Chapter five presents conclusions and policy implications.

CHAPTER TWO: LITRATURE REVIEW

2.1 The Policy-Development Paradigms and Actors

Contemporary public policy and (socio-economic) development paradigm suggest that governance has emerged as a new form of relationship and interaction amongst the public and non-public institutions (Peters, 2010; Todaro and Smith, 2012; Osbron, 2010; Bell and Hindmoor, 2009; Lynn, 2010). Nowadays, the notion of governance is trending in many different contexts and often with a particular prefix to establish a more precise conception (Torfing, et al., 2012). Yet, Kooiman (2010) suggests three core features common to the many approaches to the concept, that: they reflect the growth of social, economic and political interdependencies; they become a matter of state as well as non-state actors; and the public-private boundary is sounding blurred. Their application is also signified at a particular level, such as local, regional or global, or by focusing on a particular form or aspect, such as interactive governance, inter alia. In its theoretical frame, the writer added that interactions are given a central place while solving major problems and creating major opportunities in modern societies are a combined responsibility of state, market and civil society; they interact in different and shifting blends of relation within and between them.

In the new and emerging reality, unilateral action is increasingly supplemented and supplanted by “interactive forms of governance” where steering, control, and coordination are results of many players. As the complex process, a plurality of social and political actors with diverging interests interact in order to formulate, promote, and achieve common objectives by means of mobilizing, exchanging, and deploying a range of ideas, rules, and resources. Such description of interactive governance captures an array of interactive governance arrangements, namely: public-private partnerships (PPPs) and governance networks (Torfing, et al., 2012: 25). These governing mixes, according Kooiman (2010), are “answer” to ever-growing societal diversity, dynamics and complexity, and responses to major societal issues such as poverty and (vulnerability), among other.

It is also increasingly recognized that development success depends not only on a vibrant private sector and an efficient public sector but on a vigorous citizen sector as well. Relying on the former sectors alone has been compared to trying to sit on “a two-legged stool”. As the state rely on authority to attain outcomes and the private sector rely on market means

for beneficial exchange, the CS sector rely on self-governing voluntary endeavor and influence to promote their values and to further socio-economic development. These CSOs feature some related and supportive organizational characteristics and/or comparative advantages, including: innovation, program flexibility, specialized technical knowledge, targeted local needs, common resource management/design and implementation, trust and credibility, representation, and advocacy (Todaro and Smith, 2012).

As the role of state and market actors has received a lot of interest in public and private policy researches, this study devotes mainly to the role and contribution of women SHGs, a form of CSOs, in enhancing the livelihood of their beneficiaries with the support of state organs in the study area. Hence, dealing with related literature review, this chapter aims examining vital topics that are believed to be the basis for this study from literatures of the subject at hand.

2.2 The Civil Society Sector

Civil society actors are independent *voluntary* efforts that stand to promote and influence their values and to further their social and economic development. This distinguishes them unlike governments which rely on authority to achieve outcomes and from the private sector firms that rely on market mechanisms to provide incentive for exchange. The CSOs are usually termed as non-governmental organizations (NGOs) in the development context but are also referred to as *nonprofit, voluntary, independent, civil society, citizen organizations* or the third sector (Todaro and Smith, 2012).

Civil societies have emerged as an important catalyst of change in the development and democratic processes at both the national and international levels. It has begun to play a critical role in the worldwide drive for equity, social justice, human rights, fair trade and the elimination of poverty, inter alia. Promoting the interests of the weak, the marginalized and the voiceless in our societies, major international organizations, including UN agencies, continue to provide space for the participation of CSOs in their development and democracy initiatives. In Ethiopia, civil society as we know it today is a recent phenomenon. The earliest predecessors of CSOs nationally were traditional CBOs such as the Eddir, the Equb and other social organizations.

During the Imperial period, trade unions and professional associations were the dominant forms of the voluntary sector. Later, in the 1970s and '80s the then droughts and famines

paved the way for the formation of a number of national NGOs that primarily engaged in emergency relief operations. This was also the period when many international NGOs began to move into the country. The relative political liberalization in post 1991, the sector saw a marked change in both quality and size. There was also a shift from relief operation to development interventions; several CSOs appeared on the scene to focus on rights-based advocacy (Taye, 2010).

The literature on the voluntary sector in this country often makes a distinction between informal and formal organizations, the former often referring to traditional associations that are loosely structured and not registered with the relevant government authorities, These associations bring together individuals and families in informal cooperation and interaction for social, economic and religious pursuits. The main forms include: Mutual aid, and labor sharing groups, grazing alliances, religious associations, burial societies (*idirs*), rotating savings schemes (*iqubs*), kin-based (or home-boy) networks, and women's self-help groups. And, the formal ones involve "modern" organizations with legal personality and clear structures for decision-making and program implementation. In contrast, these may be described as "outward oriented" groups since their mandate goes beyond the relatively narrow interest of their members or constituencies and embraces issues of broad public concern. Despite their high diversity, the formal structures can be classified into four broad categories⁴ for the sake of clarity, including: third party service providers mainly NGOs; those that primarily serve their own members: professional associations, self-help groups (also labor unions and cooperatives); grassroots or community organizations: CBOs, youth associations, formalized *Edirs*, neighborhood groups; and rights and reform advocacy groups: human rights and governance organizations, rights-based women's and children's groups, environmental organizations, voter education groups, legal aid services, policy research institutions (Dessaiegn, 2010).

2.3 The Women Self-Help Groups (SHG) Approach

2.3.1 History and Origin of SHGs

The approach of SHG has grown out of the study and application of development concepts at a community level, and seeks to combine the social, economic and political aspects of community development, leading to empowerment. It is found to create an environment in

⁴ These broad categories exclude government-initiated organizations such as women's and youth groups as well as ethnic-based Development Associations.

which individuals and communities can realize their potential and work towards their own development (KNH, 2014).

It is originated from a development organization named MYRADA (Mysore Resettlement and Development Agency), in Southern India that started looking for an alternate system of micro-credit than the banking model. MYRADA has adopted the SHG as the appropriate People's Institution which provides the poor with the space and support necessary to take effective steps towards greater control of their lives in private and in society.⁵ The main reason was that the poor very often engaged in different sources of livelihood and the credit had to be more flexible and lend itself to diverse applications. The main feature of this credit model was that the money was saved by the group members and belonged to them and the internal lending was flexible and suited the needs of the borrower. The SHGs were thus born and made their own lending rules. At the group meetings, time was set aside to discuss social problems and issues. Members came up with their problems and suitable solutions. They were encouraged to claim a better place in life economically and socially. Apart from the economic development, the need for holistic development and empowerment was seen in the process (KNH, 2014).

2.3.2 Meaning and Goals of SHGs

The Self-Help Group Approach is a process designed to lead to the empowerment of people. Self-Help Group (SHG) dubbed as the '*People's Institution*' is a voluntary and self-managed group of individuals mainly destitute women who come together to promote their wellbeing. Natural groups of individuals commonly called "affinity groups" are identified with the same socio-economic background to form the group from 15 to 20 poor and vulnerable (typically) women. The SHG grows on the resources and leadership of its members and their increasing confidence to get involved in issues that require their involvement in the private and public spheres (Ban, Gilligan and Rieger 2015).

SHGs are started by non-profit organizations (NGOs) that generally have broad anti-poverty agendas. SHGs are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrolments, improving nutrition and the use of birth control, as well as promoting saving and loan facility (Magar and Deshmukh, 2012). In brief, the overall goal of SHGs is to empower poor

⁵ <http://myrada.org/myrada/rms22> (accessed 12/11/2015).

people— economically, socially and politically and help themselves and thus overcome poverty for their families particularly their children as well as make them (their community) resilient (KNH, 2014).

2.3.3 Women SHG Approach in Ethiopia in Brief

The practice of women SHG development approach, according to CoSAP (2013), was introduced into Ethiopia in 2002 by Kindernothilfe (KNH)⁶. And, two local NGOs namely JeCCDO and EKHC implemented the Approach in Debrebirhan and Nazret (Adama) respectively. Currently, more than 28 NGOs promote the initiative nationally, and there are 10,572 grassroots SHGs in the country and its members mainly women reached 196,565. These women have managed to save more than Birr 51.2 million (\$ 2.4 million) and to disburse a loan amounting 98.1 million (\$ 4.6 million) as to May, 2015 (CoSAP, 2015a).

And, recently (in October 2014) a ‘high-level’ stakeholders delegation has made an international experience sharing visit⁷ to India to learn on points that, inter alia, include: financial inclusion in SHG’s poverty reduction efforts, SHG-Bank linkages, and networking among key pro-poor service providers. This endeavor initiated by strategic policy making delegation brings much anticipation on paving ways for sound enabling environment for the achievement of SHG Approach initiative (CoSAP, 2015b).

2.4 Understanding Livelihood

The use of the livelihood concept has get momentum in the early 1990’s pertaining to rural development and rural poverty. Later, the description of *sustainable livelihoods* is popularized in the period, which ignited what later became the ‘Sustainable Livelihoods Framework’ (SLF). The SLF was used in development programmes with the focus of policy design in issues of poverty. Proponents advocated that the Framework was meant to view components of the Framework and livelihood affecting factors holistically (Morse and McNamara, 2013; Scoones, 2009). But, its critics argued that the Framework had too many components to address, which made it impossible to go in-depth with any of the parts and making its Framework too broad and superficial for analysis. Moreover, due to failures: to

⁶ German based international NGO.

⁷ Organized by CoSAP in collaboration with the MoWCA and Ethiopian Embassy in New Delhi; delegated by 22 participants from WCA, NBE, FMSEA, MFA, commercial banks, NGOs, etc. (CoSAP, 2015b).

make micro-macro linkages, to analyze and measure assets, to make people visible, inter alia; SLF has currently been overlooked (Moser, 2008).

Conceptually, however, livelihood is a central term as it refers to any means of living which secure the basic necessities of life (Singh, Kalliola, and Hietala, 2014). The different meanings of livelihoods given by various writers or institutions are complementary and mutually inclusive as most of them highlight assets and income earning activities. A livelihood refers to the way individuals or households utilize their capabilities or assets in a chosen activity or set of activities to earn a living (Maharjan, and Issahaku, 2014; Rigg, 2007). Adding to this definition, Morse and McNamara (2013) termed livelihood as a means of underpinning quality of life and not just about a means to survival but also about providing resources with which people can enhance and enjoy their lives. The meaning used by UNDP (2013) includes the capabilities, assets (material and social), and activities required for a means of living. On top of income and employment, the concept of livelihoods encompasses any reliable ways that people access food, shelter, health care, education, safe water and sanitation, security, and protection. A livelihood is thus more than just income. A household's entitlements in this case consist of access to assets (physical, financial, etc.), social resources (networks, institutions, values), and human endowments (skills, aptitudes, initiatives).

2.5 The Concept of Livelihood Assets

The building blocks of livelihoods are expressed in terms of *assets* (UNDP, 2013). Much of the research on livelihoods has classified by their focus upon how people are able to access a diverse array of livelihood assets which consists of: *financial, physical, human, social, natural* according to different writers (Morse and McNamara, 2013; Moser, et. al, 2010; King, 2012; VanWey, Hull, and Guedes, 2012; Scoones, 2009; Rigg, 2007). And, other writers and agencies have included *political assets* as a key aspect of the livelihood asset in the form of people's participation in decision making on local affairs (UNDP - 2013; Tegegn, 2010; FAO & ILO, 2009).

Natural assets/capital in the commonly used livelihoods and assets literature is more generally used in rural occupational situation (Moser and Felton, 2007). However, the availability of and access to this natural asset to the poor in urban contexts and areas is usually considered of less importance. This is because urban land is a scarce resource and

serviced land is in short supply (Baud, 2015). Thus, the poor are frequently unable to access the available plots and end up squatting on marginal land within or on the fringes of towns or cities (Payne and Majale, 2004). Despite being a critical productive asset for the rural (poor) communities, in urban areas, land for shelter is considered as a critical productive asset (Moser, et. al. 2010). In assessing urban contexts, housing and consumer durables (goods) are considered as physical assets underlining that physical assets “includes the range of consumer durables households acquire, as well as their housing (identified as the land, and the physical structure that stands on it)” Moser and Felton, 2007: 7).

Accordingly, urban livelihood is mostly mediated by money, and access to the labor market is a key determinant of poverty in urban areas (Lemanski and Marx, 2015). In view of livelihoods assessment, the concept of urban poverty is, in consequence, defined as multiple deprivations of assets (Baud, 2015). Thus, different writers and agencies have held in five livelihood assets very typical to urban settings that include and defined as:

- *Financial assets*: the financial resources available to people such as access to regular income, savings, credit, together with jewellery and insurance;
- *Physical assets*: the stock of tools, equipment, machinery, livestock, vehicles, infrastructure, housing, and other productive resources that people need to support their livelihoods;
- *Human assets*: the skills, knowledge, ability to labor (on-the-job training) and good health that enable people to achieve their desired livelihoods (N.B. *human capital* is essential in order to use the other assets and facilitate livelihood opportunities and decision-making);
- *Social assets*: is an intangible asset, defined as the rules, norms, obligations, reciprocity and trust rooted in social relations/ structures, and societies’ institutional arrangements (people can get help from it in order to achieve their livelihoods— this could be via networking, membership of groups or mere trust between people that make them help each another) (VanWey, Hull, and Guedes, 2012; King, 2012; Petersen and Pedersen, 2010; Moser, et. al., 2010; Scoones, 2009); and
- *Political assets*: the ability of individuals (groups) to have access/ to engage in participation in decision making processes— is a key asset for livelihoods and economic revival (UNDP – 2013; Tegegn, 2010; FAO & ILO, 2009).

2.6 Livelihood Strategy and Livelihood Security

Household Livelihood strategies are the combination of activities that people adopt in order to attain their livelihood goals, whereas livelihood activities are actions taken by the household to obtain household income (Yenesew, Okoyo and Fekadu 2015; Timalisina 2012). Livelihood strategies make up: how people combine their income-generating activities, the way in which they use their assets, which assets they chose to invest in and how they manage to preserve existing assets and income. Reflecting underlying priorities, such as to diversify risk⁸, livelihood strategies have become increasingly dynamic and diversified (Moser, 2008). For example, members of a household may live and work in different places, engaging in various activities, either temporarily or permanently; or individuals themselves may rely on a range of different income-generating activities at the same time, and are likely to be pursuing a variety of goals. More specifically, livelihood strategies can be: land use, employment, migration, education (training) etc. (VanWey, Hull, and Guedes, 2012).

Securing a better living for a family or household is a cumulative process that requires the ability to build assets and diversify across livelihood activities (Singh, and Jha, 2014). The livelihood security question has risen pertaining to whether peoples' lives become better or worse at the levels of families or communities (Singh, Kalliola, and Hietala, 2014). Livelihood security is basically a family's or community's ability to maintain and improve its income, assets and social well-being from time to time (Lindenberg, 2002). Household livelihood security is explained as adequate and viable access to income and resources to meet basic needs (including adequate access to food, potable water, health facilities, educational opportunities, housing, time for community participation and social integration) (Singh, Kalliola and Hietala, 2014). The risk of livelihood failure determines the level of exposure of a household to income, food, health and nutritional insecurity. Livelihoods, therefore, supposed to be secured or enhanced when households have secure ownership of or access to resources and income earning activities, including reserves and assets, to offset risks, ease shocks and meet contingencies.⁹ In this case, in stating the attributes of livelihood security, Singh, Kalliola and Hietala (2014) quoting Chambers and Conway (1992), consider livelihood assets (defined earlier) as essential elements in determining livelihood security.

⁸ http://digitalunion.osu.edu/r2/summer09/yoona/livelihood_concepts.html (accessed 20/11/2015).

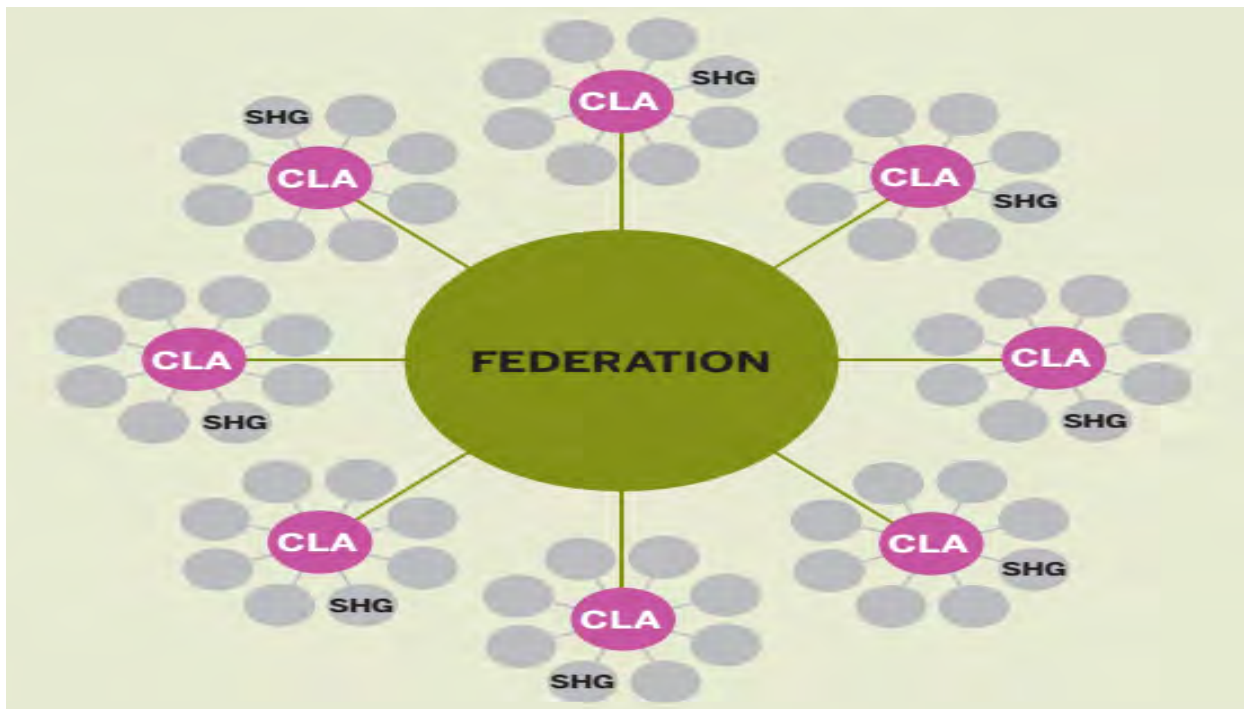
⁹ <http://www.fao.org/docrep/x0051t/x0051t05.htm> (accessed 22/11/2015).

In general, according to HDR of UNDP (2015), securing and earning livelihoods as well as achieving economic wellbeing are realized via work or livelihood activity. From a human development perspective, livelihood activity allows people to improve their capabilities by providing them with acquired skills and knowledge. By working in different livelihood engagements people also increase their material (physical resource) wellbeing. Income generated from work helps households attain a better standard of living and allows them to have better access to health and education— key elements to enhancing capabilities. Working also provides people with expanded opportunities and choices in their socio-economic lives by allowing them to participate fully in society while affording them a sense of dignity and worth. In short, livelihood make societies fairer by providing access and opportunity for poor people to strive for a better living as well as foster equitable growth and poverty reduction.

2.7 SHG Structure and Function

The SHG Approach has a hierarchical structure. A total of 15-20 individuals who know each other from the same neighborhood and on a similar socio-economic level form one SHG and develop their own by-laws. While growing, about 8-12 SHGs living in close proximity, they establish a Cluster Level Association (CLA). Each SHG is represented by two individuals in the CLA which acts and speaks for its members (SHG community) to lower levels of local government (Kebele and Woreda) and undertakes numerous other activities. A number of CLAs generally nearly 8 to 10 CLAs in a given area form a Federation Level Association (FLA) (mostly term as 'Federation' or 'Timret' in Amharic). It represents the membership (the People's Institution) to higher levels of governance (City, Zone/ Province, and Region/ State) besides playing many other roles. The concept of the SHG Approach (People's Institution) thus refers to a harmonized system (Gebre, Dagne and Temesgen 2014). The following figure depicts illustrative organizational structure SHGs.

Figure 1: An Illustrative Organization and Structure of SHG Approach



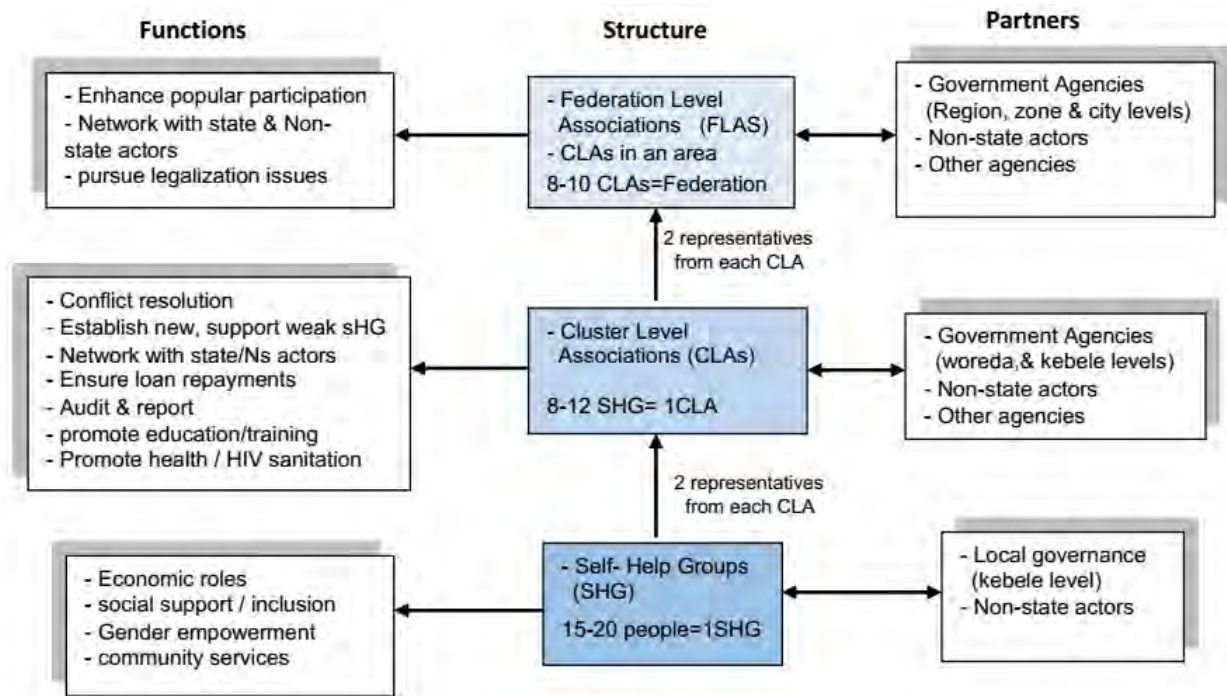
Source: KNH (2014)

Cluster Level Association (CLA)

The CLA takes up social, economic and political issues that are beyond the scope of an individual SHG which focus on members' economic development and solves their immediate social problems. CLA members normally meet once a month on a time and venue convenient to them. The CLA forms sub-committees, e.g. new group formation, audit, conflict resolution, etc. based on identified needs to handle their activities; as well as reflect the action plan and the goals set by the CLA. As showed in Figure 2 below, their work is to look after their constituent SHGs; they are involved in the overall development of the SHG community in terms of structural development and provision of facilities. Social issues in the community that are beyond the capacity of a SHG are taken up by the CLA. To be more specific, the CLA has the following roles and functions:

- Strengthening SHGs and forming new ones,
- Mobilizing and availing resources (financial, material, information, etc.), and
- Organizing capacity building trainings (KNH, 2014).

Figure 2: Structure, Functions and Partners of the SHG Approach



Source: Adapted from Gebre, Dagne and Temesgen (2014)

Federations

The three levels – SHGs, CLAs and Federations – together form the entire *People’s Institution*, as shown in Figure 1 above. The Federation is a representative of 2 members from each constituent CLA for an agreed term (3 years) and meets once in 2 months or quarterly. It has an Executive Committee (with 2 years term) normally made up of 7 to 9 federation members (selected based on its own criteria) and acts on its behalf. The Executive Committee meets more often (normally once a month) to execute decisions made by the Federation. It is also depicted in Figure 2 that the main focus of Federations is political empowerment where they can play an important role in advocating for pro-poor structural changes. Thus, Federations gives support to the SHG organs such as: organizing trainings, creating linkages, and they are particularly expected to play roles, inter alia, including:

- To build and uphold a strong People’s Institution;
- To advocate that need based services reach the community;
- To work towards Peace, Security and Justice in the community; and
- To positively influence people’s thinking and existing policies (KNH, 2008).

Besides, the Federation comes up with a Vision, Mission and Goals for the People’s Institution. It develops its own By-laws, which covers the operational features and the norms

to be followed by the Federation. It is required to be registered and acquired legal identity based on the legal framework available in the country to ensure the nature of registration is compatible with the operational features of the SHG concept (KNH, 2014).

2.8 SHGs in Human Capital/ Asset

The SHGs have been formed from among the poorest of the poor in the community; most of them have missed out an education and its benefits. The capacity building is functional and centered around individual and group activities. As they come together as SHGs, members are eager to learn, and their capacity is built gradually to help them realize their potential. For these reason, capacity building trainings remain to be key components of the SHG approach (Florescu 2009). And, a lot of capacity building training and competence-building is organized and provided by promoters (NGOs) to group members to build their capacity. Here the training methodology is very important. The trainer engages the SHG members in participatory exercises in order to draw out the learning and insights of each member. The trainers could use songs, role-plays, story-telling, examples, visualizations, and other creative methods to facilitate better appreciation and understanding of the topics (KNH, 2014).

Basically, in the SHG Approach there are two kinds of trainings namely: *institution building* (basic concepts), as well as development and empowerment. Initially, the institution building training modules include: the SHG concept; savings, loans and credit management; planning; communication and leadership skills; problem solving and conflict resolution; basic business skills; participatory methods; civil and child rights; etc. Normally no travel allowance or per diem is paid to the members; the understanding is that the members seek training and it is provided to them by the promoting organization. Thus, as the group grows, apart from the “institution building” trainings listed above, SHG members would require other inputs on developmental agendas relevant to them. These include: general health and hygiene, nutritious food for children, contagious diseases and immunization, family planning, HIV and AIDS, adult literacy and numeracy, etc. In such cases, on their regular (weekly) meetings SHGs identify issues of social or other skill gaps and discuss on the matter on hand apart from collecting members’ savings. Community facilitators (CFs) at such occasions intervene and facilitate or provide the training inputs in a logical manner relevant to the groups thereby members are able to improve attitudes (Deininger and Liu (2012). According to KNH (2008), there is a conviction that what women learn in the group about

nutrition, health care, conflict resolution, appreciation of education, child rights and many other things benefit their children immediately.

While the SHGs are growing and forming CLAs, additional trainings such as: CLA concept, formation, function, and management are also delivered to the SHGs. As these CLAs are maturing, advanced capacity building inputs would be delivered about Federation level institutionalization, grassroots participation, empowerment and overall development (KNH, 2014).

2.9 SHGs in Social Assets

The key principles of the social dimension of the village-based SHG organizations are: affinity, trust, participation and mutual responsibility, as per KNH (2014). SHGs are focus, among others, on building the social empowerment, of their mostly female members and serve as a platform for broader social engagement by members in local affairs (Desai and Joshi, 2013). Such social asset allows individual members in SHGs get access to the quantity and quality of social resources (e.g. networks, membership in groups, social relations, and access to wider institutions in society and acceptance), and people draw in pursuit of livelihoods as they access livelihoods information and/ or livelihoods opportunity. The quality of the networks is determined by the level of trust and shared norms that exist between network (group) members. Members use these networks to reduce risks, access services, protect themselves from deprivation, and to acquire information/ opportunity with lower transaction costs¹⁰. SHG social activities help members to participate in the groups and associated access to internal lending possibly will reduce members' vulnerability (Deininger and Liu, 2012).

As the SHG approach focuses on establishing strong social bonds and fostering mutual support among members, some of the social matters that SHG address include: rearing and protection of children, education of children, sickness and health, death of family members, home management, psychological state of members, business activities of members, moments of happiness (birth, wedding, graduation, etc.), among others. This is evidenced as three types of savings are recognized in the institutions including regular, social and optional savings, as saving is one of the principles of SHGs. The particular savings, i.e. social (insurance) savings, earmarked for social protection, and members come to the

¹⁰ <http://pqdl.care.org/Practice/HLS%20Assessment%20-%20A%20Toolkit%20for%20Practitioners.pdf> (accessed 27/11/2015).

rescue of each other at times of sickness, business failure, loss of property and other events. Members also visit each other's homes (in the weekly meetings that held on each members home in rotation) to observe progress and support each other to do better in home management (Gebre, Dagne and Temesgen, 2014).

On the whole, SHGs have significantly strengthened social relations and mutual support mechanisms, thereby revitalizing the traditional social insurance system that has been eroded partly due to urbanization (Ban, Gilligan and Rieger, 2015).

2.10 SHGs in Financial Assets

According to, UNDP (2015) an inclusive financial system is essential for structural transformation and the creation of livelihood. More than 2.5 billion people around the world, roughly half the world's adults, are unbanked. Women are disproportionately affected by a lack of access to finance. About three-quarters of people living on less than \$2 a day do not have a bank account. Yet the poorer a household is, the greater its need for protection against vulnerability.

The SHG Approach create and provide opportunity and access to affordable financial to resources their poor members mainly to promote their social cohesion and improve their livelihood (Ban, Gilligan, and Rieger, 2015; Desai and Joshi, 2013). A typical SHG comprising 15 to 20 women meet regularly to collect members' savings (which are deposited in a joint bank account) and to discuss other (social) issues. Once savings have been accumulated, members can apply for internal loans, drawing on accumulated savings at an affordable interest rate i.e. set by the group members themselves (Deininger and Liu (2012).

Some of these principles are found in micro-credit programmes set up for people living in poverty and lacking financial resources. However, the SHG approach is not a micro-credit programme as the money to be lent is not controlled by an institution or a fund, but saved by all group members themselves. Unlike micro-credit facilities, the savings and other income such as interest payments are meant to be members own and kept within the SHG. It is only loaned to group members based on the group's own rules regarding repayment and interest rates. These features prevent external dependencies, foster and protect the interests of the group and their 15-20 members. Specific attention is given to the assurance of loan and interest payment, and the lending is combined with encouragement and group support for

starting up individual business activities. Moreover, a mutual learning process occurs about finances among group members by starting with small loans, engaging in businesses and growing with the business over time (KNH, 2014).

2.10.1 Savings and Loan Facilities

The weekly saving is a very important component in the SHG Approach; as saving is one of the principles of SHG, generally, three types of savings are recognized such as: regular, social and/ or optional based on the needs of the group.

Members decide what their minimum regular weekly saving should be based on their saving ability. It is essential that all group members bring this amount on a regular basis. Some groups have a system of social and/ or optional saving. Money from this additional saving is given out as loans for those specific purposes. For example some groups save for medical expenses. Other groups save for school fees or for educational materials. These loans normally have a longer repayment period with a smaller interest rate when compared to loans from the main fund, which is mostly for micro-business. Members of SHGs also borrow money to cover household expenses namely consumption, most of all to engage in business activities, as well. The most mentionable benefits or advantages of acquiring loans from SHGs in preference to formal banks or micro-finance institutions are low interest rate as well as absence of collateral requirements (Gebre, Dagne and Temesgen, 2014).

2.10.2 Income Generating Activities (IGAs)

SHGs are formed from among the economically poorest sections of the community, for most of them; self-employment is a viable option since wage employment is hardly available. And, as cash is an important component in the process of business development, many poor people have not had the opportunity to access it. When money reaches their hands, they are only used to spend the same. Now that the SHG members are in a different position where small capital is freely available to them, they must be encouraged to see this new prospect where they can use 'Capital' to make 'Profit'. Many of them tend to live on the accessible financial asset meaning to spend it, but they need to learn to live on Profit and use the Capital to make and maximize profit. In developing a business attitude, SHG members can make a big difference in their economic development; though this is easier said than done, the capacity building inputs in the group formation process ease such scenario. Business development inputs in the process include: the three broad *business activities* (trading, production, and providing services), the *market potential* and *keeping*

business capital and personal funds separate. Profit has to be the bottom line in any business activity. The entrepreneur could be facilitated to maintain three separate moneybags, one each for: the working capital, savings and consumption funds from the profit. Even an illiterate person can count their profit through this method and maintain financial discipline (KNH, 2008).

Both the business development skills and the micro loan provided to the beneficiaries empower them to engage in small business undertakings which consequently allow them build capital and earn a living. In this regard, Ephraim, et. al., (2013: 18) remarked that “the most immediate and obvious impact of the SHGs is a reported increase in incomes as a result of increased investment in income generating activities (IGAs)”. The authors evidently revealed on the impacts of SHGs, that SHG HHs have spent more than double on meals and more than 7 times on clothing compared to non-SHG HHs.

2.11 SHGs in Physical Assets

It is indicated that individuals and their households have differing sets of assets or ‘capitals’ which they can use to improve their well-being. It is worth noting that these assets interact or exchanged as households may reduce or increase some at the expense of others. For instance, finance can be used to purchase physical asset and vice versa as physical assets can be sold. Thus it is necessary to view assets not in isolation or static but as dynamic contexts (Morse and McNamara, 2013). One of such assets, owing to the consideration of natural resource as less important in urban areas is *physical asset* which takes account of: housing, consumer durables, productive, and livestock assets (Baud, 2015).

According to Deininger and Liu (2012), the SHG activities i.e. improved credit access especially the ability to use internal loans increases income of members by encouraging investment and asset accumulation there by reducing vulnerability. In this regard, the study of Ephraim, et. al., (2013) that conducted a cost benefit analysis on the impacts of SHG on the life’s of beneficiaries indicated that the total increase in asset value per SHG households was 50% increase over an 8 to10 year period as it has been assessed against non-SHG households. And, the number of SHG households living in private houses has also increased more than doubled over the same period.

Gebre, Dagne and Temesgen (2014) also explained how members of SHGs borrow money to accumulate assets and cover household expenses and engage in business activities. Similarly, in evaluating program impacts on mature SHGs, Deininger and Liu (2012), found a very significant result of treating investment in non-financial assets, and suggesting that as the groups are growing, the objective of inducing higher levels of investment and capital formation was achieved. These evidences show the non-financial or physical assets accumulation of SHG members.

2.12 SHGs in Political Assets

Increasingly, it is being recognized that in addition to the asset categories defined and stated earlier, it is vital to note on political asset which goes beyond social asset, in that, an individual's stock of political asset will determine his/ her ability to participate and influence policy as well as the processes of local administration. An understanding of political asset is also central in determining the ability of households and individuals to claim privileges (FAO and ILO, 2009). Political asset/capital broadly is the ability to use power to further political or economic positions, which in turn affects livelihood options and outcomes. It refers to the legitimate distribution of rights and power, and how illicit operations of power can frustrate efforts of the poor to access and defend entitlements. Illicit use of political power by state officials and community elites can divert significant resources away from the poor¹¹. In this case, the words of KNH (2014) have revealed that:

“...political empowerment includes strengthening the basic principles of good governance by enhancing people's participation, improving efficiency in pro-poor development and promoting democratic accountability and transparency. As poverty is linked to powerlessness, injustice and exclusion; empowerment means promoting human rights, increasing the diversity of civil society actors, reinforcing the rule of law and the impartial administration of justice and giving the poor a stronger voice and more control over the type, quality, and delivery of services they receive” (KNH, 2014: 13).

At the initial SHG formation stage, the promoters enlighten the SHGs on such issues as human and child rights, gender equality, and other related issues. After the formation of CLAs, they are expected to facilitate training on different topics, including those issues listed above. Documents on SHG claim that SHGs are right-based and are engaged in advocacy,

¹¹ <http://pqdl.care.org/Practice/HLS%20Assessment%20-%20A%20Toolkit%20for%20Practitioners.pdf> (accessed 27/11/2015).

and the examples for such assertions include the participation of SHG members in in-house discussion and awareness creation activities on social issues and bad practices, etc. (Gebre, Dagne and Temesgen, 2014). Mostly, the political (asset/capital) empowerment role in the SHG Approach is undertaken by CLAs and Federations (Figure 2: shows Structure, Functions and Partners of the SHG Approach).

2.12.1 Women Empowerment and Livelihood in SHGs

Evidences on the role of SHGs— how they engage in the wider development endeavor are indicated in different literatures. Some writers showed that SHGs promote broader social improvement (Deininger and Liu 2013a; Fafchamps and Ferrara 2012). However, most writers and institutions argue that building capacities and empowering disadvantaged women to enhance their livelihood or their wellbeing has been a focus of the village-based organizations of SHGs (Ephraim, et. al, 2013; Florescu, 2009; Chen, et al., 2007; KNH, 2014; Nair, 2005). SHGs foster collective action of socially disadvantaged women (Casini and Vandewalle, 2011) and they serve as a platform for broader engagement by members in local civic affairs (Desai and Joshi, 2013).

2.12.2 Discrimination against Women

Despite the case of SHGs in women empowerment, women discrimination plays an important role in reinforcing poverty as 70% of the world's poor are women. Although women and girls put in more than half of all working hours, they own less than 1% of the world's goods. In many parts of the glob they are excluded from education, health and social services and have no property or ownership rights. This exclusion of women and girls from access to and control of resources and opportunities for development arising from gendered roles, stereotypes, rituals, beliefs and other structural arrangements reinforces poverty. Gender-related division of labor makes women particularly responsible for the subsistence of their families and in times of economic crisis, women bear the burden of providing for their families basic needs. One in three women cares for the nourishment and education of her children without a man's help. This huge responsibility is not balanced by the access and the right of women to decision making neither on the level of the families nor on community or political level (KNH) (2008). For this, different stakeholders both from state and non-state actors are working towards gender based intolerance.

The above context points out the feminization of poverty and the importance of the empowerment of women to overcome poverty. With the SHG approach women are

empowered, which will enhance the quality of life, not only for women but also for children, men and community at large KNH (2008). The study's of Ephraim, et. al, (2013) has revealed the substantial benefits that women and girls gain from the SHG model. The writers have reported that women have increased confidence, voice and decision-making power in their home and within the neighborhood.

The SHG Approach is, thus, a process designed to lead to the empowerment of people. Empowerment is a slow process that involves both individuals and institutions. Individuals are the ones who come together and go through the process of empowerment. Institutions such as promoting organizations and/ or agencies can support empowerment with processes that increase self-confidence, develop self-reliance, and help people set their own agenda— unleashing their potential. So, the SHG Approach can be compared to building an Institution— a People's Institution constructed on the foundation of "Empowerment". The institution is supported by three solid pillars— social, economic and political empowerment. These would enable the poorest people to claim and realize their rights as human beings, citizens and as equal participants in civil society (KNH, 2014).

In sum, political empowerment in People's Institution calls for the removal of barriers that limit people's choices or prevent them from participating in decision making as well as taking action to improve their wellbeing. It is based on independence and involvement as the groups take up issues of concern in their neighborhood and work together towards a solution.

2.13 The Role of Stakeholders to SHG Approach

Building a strong SHG initiative that reach the vulnerable to enrich their livelihood and help them escape poverty, entails the collective efforts of many actors and stakeholders.

2.13.1 Government

SHGs have been active in mitigating of poverty and vulnerability as well as improving wellbeing of the disadvantaged poorer community. The absence of legal personality restricts the SHGs' rights to make formal correspondence and claim pubic resources and services. The government is central player to create such arrangements and to put in order the play ground, per se, as well as for various actors in the initiative of People's Institution. These

actors include: agencies and organs of the state itself in different tiers, the SHGs, financial institutions and CSOs/ NGOs (Florescu, 2009; Ephraim, et. al, 2013).

The prominent roles and involvement of the government in the overall SHG initiative from promotion and their establishment by devising enabling arrangements include¹²:

- a) SHG-led national policy initiatives such as: state SHG policy, SHG registration and regulation framework, strategies for promoting SHG capacity building and training for financial institutions and state governments;
- b) Promoting SHGs: Government itself promotes SHGs through its agencies or organs and People's Institutions are formed; and
- c) SHG-Bank linkages guidelines: setting up SHG-Bank linkage arrangements would have guided SHG-Bank relation with both to channel government financial assistance/ subsidy, and to use SHG organs as financial intermediaries. (NABARD, 2014; VOICE, 2008),

2.13.2 CSOs

Initially, SHG was an initiative undertaken by NGOs, although due to its success in improving livelihoods and delivering public goods and services, state agencies engaged in facilitating access to (financial) resources to SHGs. The role of civil societies (donors and NGOs) is especially important in bringing in the SHG Approach as a pro-poor initiative that promotes all rounded development to the disadvantaged groups. And most importantly, apart from promoting the Approach, they build capacities (of both the Institution and its members), mobilize resources, and support the neighborhood groups in their efforts to improve their wellbeing. They also take part in spotting success factors/ stories in the process of implementing the SHG Approach as well as through research and study for replicating the factors and make accessible to unreached and deprived populations. So, the civil society sector is remained to be the back bone of SHG Approach in promoting, capacity building, and financing (KNH, 2014; Florescu, 2009).

2.13.3 Financial Institutions

The role of financial institutions in the making of People's Institution particularly in forming and financing is paramount, mainly in India where "SHG banking ...has grown to become the developing world's largest microfinance program for the ...poor" according to (Singh,

¹² [http://www.ipekpp.com/kp/W&G/Brief_Paper_SHG_Ethipian_Delegation_\(3rd_Sept\)\[1_new\].pdf](http://www.ipekpp.com/kp/W&G/Brief_Paper_SHG_Ethipian_Delegation_(3rd_Sept)[1_new].pdf), Accessed on 24/02/ 2016.

Ruivenkamp, and Jongerden, 2011: 97). The state banks, commercial banks and MFIs are broadly engaged in both promoting SHG formation and financing loan facility through different modalities (directly with the SHG-bank linkage model or indirectly via NGOs or government channels) (NABARD, 2014).

Although various micro-enterprises have been set up in India to challenge the long-standing problem of sustainable local financing, SHGs provide the financial (saving and credit) services as financial intermediaries in a cost effective and sustainable manner to facilitate access for the poor and attenuate risks. Included as a crucial element in the poverty alleviation measures, SHG banking in India has grown to be major microfinance scheme in the developing world for the unbanked poor, and comprising around 2.2 million SHGs with a total of 33 million (self-selected) members, 90% of them women, credit-linked to some 36,000 bank branches and cooperative societies. The SHG-bank linkage program (essentially a vital development bank financing local SHG banks) benefited 4 million families covering an estimated 20 million poor (Singh, Ruivenkamp, and Jongerden, 2011).

Financial institutions have been occupying a critical part in enhancing financial services to the poorer members of SHG and engaging with SHG institutions especially in the following areas¹³; VOICE, 2008) (but not limited to these):

- a) *SHG-Bank Linkage Model*: The most important SHG's institutional model is the SHG-Bank Linkage Model, and in India three different schemes of linkage of SHGs to the financial institutions have emerged:
 - i. Banks, themselves, form and finance the SHGs;
 - ii. SHGs are formed by NGOs, government and other agencies but financed by banks; and
 - iii. Banks finance SHGs with NGOs and other agencies as financial intermediaries.
- b) *Financial Institutions as SHG Promoting Agencies*: Most SHGs are formed with assistance from a promoting institution, and in India State, Commercial Banks, Cooperative Banks and MFIs have been promoting SHG Approach.
- c) *Three Policy Decisions in the Bank-SHG Lending Mode*:
 - Banks could lend to SHGs without ascertaining the purpose for which the loan was being taken by the eventual borrower,
 - Banks would undertake lending to groups without physical collateral, and
 - Banks would be allowed to lend to unregistered groups.

¹³ [http://www.ipekpp.com/kp/W&G/Brief_Paper_SHG_Ethiopian_Delegation_\(3rd_Sept\)\[1_new\].pdf](http://www.ipekpp.com/kp/W&G/Brief_Paper_SHG_Ethiopian_Delegation_(3rd_Sept)[1_new].pdf), Accessed on 24/02/2016.

2.14 Distinctiveness of Women SHGs Approach

2.14.1 The Uniqueness of Women SHG Approach in other Countries

In assessing the contributions of women SHGs in India and other countries, empirical evidences show the distinct traits. SHGs are “village-based” associations that aim at building the savings and credit as well as social empowerment of their mostly female members in India (Desai and Joshi 2013), and they provide social and economic assistance for mutual benefit in Kenya (Fafchamps and Ferrara 2012). The self help group is not a static institution; it grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private spheres.¹⁴ In that SHGs are different from traditional microfinance institutions as they rely on no external financing. Members of the SHG pool their own savings and loan it to members of the group according to specified rules of the group. They may be used as a commitment device, or a peer-pressure instrument to increase precautionary savings (Kast, Meier and Pomeranz, 2012).SHG have also been found to improve food security, consumption smoothing, saving and assets accumulation (Beaman, Karlan, and Thuysbaert, 2014; Deininger and Liu 2013b).

Deininger and Liu (2009) have emphasized the uniqueness of Indian women SHG-led Approach unlike other (traditional micro-finance) institutions in a number of ways. First, it does not exclusively focus on credit or savings but also includes emphasis on social empowerment, outreach, and capacity building. Recognizing that households’ lack of human and social asset may prevent them from making good use of financial resources even if they had access to them, promoters or program organizers put a strong focus on encouraging the groups to establish regular meetings among group members and group savings. There is also an emphasis on outreach whereby existing groups are encouraged to help the “leftover poor” in their village to form SHGs.

Second, the goal is not to establish a separate MFIs but to use the group to intermediate in dealings with the formal sector and help households to create a “credit history” that will eventually allow them to access regular sources of finance. Finally, the CLA and Federation of SHGs is a central element not only with respect to peer monitoring and diversification of

¹⁴ <http://myrada.org/myrada/rms22> (accessed 12/11/2015).

risks on the financial side but Federations at village and higher levels are also used to assist in implementation of government programs, help SHGs provide other services— from technical assistance to marketing— and allow members' participate in local administrations.

2.14.2 The National Legal Framework towards Women SHGs Approach

The Federation would normally register itself as a Community Based Organization and thus have a legal identity for the entire people's institution as being the apex body of the institution of SHGs. Registration normally not only provides legal identity but also better access to services for the groups. The Federation, through its empowered members seeks to bring social transformation in the community. By virtue of its strength in numbers, the Federation lobbies with the government and other civil society players to bring policy changes that are just and fair thereby bringing sustainable change. The Federation wields power in terms of a People's Institution representing a large number of people (KNH, 2014).

In Ethiopia, most of the indigenous CSOs currently operating in the country have a life-span of about a quarter of century. They are mostly donor-dependent and typically engaged in development and service delivery for which the Charity and Societies Proclamation (ChSP) no. 621/2009 is drafted in 2009. It is intended to manage Charities as well as Societies. Charities created using destination of a given property that the administrative structure is based on the control and administration of this property whereas this is not so for societies which can engage in any lawful activity (FDRE, 2009). According to Getinet (2010), the ChSP in its preambles, affirmed two focal objectives for the call for the declaration: 1) “to aid and facilitate the role of Charities and Societies in the overall development of Ethiopian people’s” and 2) “to ensure the realization of citizens right to association enshrined in the Constitution of the Federal Democratic Republic of Ethiopia”.

Both (CoSAP, 2012) — SHG Legal Framework study (the 1st of its kind) and a comprehensive SHG study by Gebre, Dagne and Temesgen (2014: 16) remarked that the most of SHG institutions are in short of legal registration in the country. For example, the authors have shown that “the majority of SHGs... [in the country] lack legal personality except for ... FLA ... in Adama town that has registered with the Office of Labor and Social Affairs”. Quoting CoSAP (2012), they have also indicated that “...a FLA in Jimma town ... also acquired a license from the Office of Labor and Social Affairs. ... some CLAs in

Hawassa were certified by the Bureau of Justice, while CLAs in Jimma registered as business organizations with Micro and Small Enterprise Agency (MSEA).”

2.14.3 Women SHGs’ Uniqueness and Their Legal Registration Option relative to other Institutions

SHG versus (Ethiopian Society proclamation 621/2009)

The ChSA is responsible for the registration and regulation of charities and societies as per ChSP 621/2009. Of the five categories of registration,¹⁵ the category that bears some resemblance to SHGs is the *Ethiopian Society*. However, SHGs cannot register as Ethiopian Society for: first, Ethiopian societies are not allowed to receive more than 10% of their budget from foreign sources but the monetary value of the trainings and other assistance schemes SHGs channeled to SHGs (from foreign sources) may exceed 10% of their domestic revenues. Secondly, membership of societies cannot be transferred to a third party while SHGs’ membership can be transferred to family members.

SHG versus (Cooperative Society– Proclamation No. 147/1998)

Despite some similarities, SHGs lack legality option as cooperatives societies that require *management committees* to take responsibility for managing the activities of cooperatives. This contradicts the ethos of SHGs, namely, direct participation and collective decision-making. Second, cooperatives edict specifies seven option of registration (to select only one)¹⁶. But, the social, economic, and advocacy involvement simultaneously prohibit SHGs’ by-laws in registering in one category (e.g., saving and credit) as cooperatives.

SHG versus (MSIs– Regulation No. 201/2011)

The Proclamation specifies the amount of capital and the number of workers for both micro enterprises and small enterprises should have as entity. However, SHGs are different from MSIs in that during their formative stage, SHGs are not purely business enterprises with capital at their disposal or business ideas/plans developed. Secondly, most SHGs individually engage in petty trades that do not require business licenses. Thirdly, SHGs have non-economic functions (social, advocacy) that cannot be mentioned in the regulation licenses.

¹⁵ The five types of registration include: Ethiopian Societies, Ethiopian Charities, Ethiopian Resident Societies, Ethiopian Resident Charities, and Foreign Charities.

¹⁶ Of the 7 potential areas of registration, (including: agricultural, housing, industrial and artisan producers’, consumers, saving and credit, fishery, and mining) only one can be selected by each cooperative) (ChSP 621/2009).

SHG versus (Associations– Ethiopian Commercial Code and proclamation 621/2009)

Associations are expressly prohibited from engaging in any of the commercial activities (Commercial Code, Article 5), and Article 25 (1) further provides that associations may not carry on any trading activity. Differently, proclamation no 621/2009 provides associations to take trade license, do business activities and utilizes the profit to undertake community development activities. However, SHGs differ largely from the association profile as SHGs are formed by poor women to solve their economic, social, and political problems. Thus, registration as associations would not enable SHGs to engage in commercial activities and political advocacy.

SHG versus ('Idir' Associations)

Edirs are registered by Labor and Social Affairs at City or Sub-cities level administration in Addis Ababa and at municipalities in regional and zonal level. The license is not given at federal level; this means there is no primary laws in the country on which to base defensible legal claims in relation to Edirs Association. The criteria to register in Edirs associations in Addis Ababa and other regional and zonal municipalities are signed minutes of the founders, memorandum of association; photos of three elected representatives as chairman, secretary and treasurer. In addition, there is a requirement that Edir associations to adhere to submit annual plan, activity report and audited financial reports annually.

Federation can register as Edirs association bringing all CLA and SHG members together. This can help the institution to carry out savings and credit service provision, capacity building, and networking for the benefit of its members. Moreover, the license allows them to receive donations from government and nongovernment organizations and undertake various social and development activities to the communities. However, it is good to note that the license does not give legal capacity to do various business activities.

In short, as far as the legalization and registration of SHGs is concerned, both studies disclosed that there are two types of inconsistencies that have nationally been discovered. Firstly, different government agencies were involved in the registration process; secondly, SHGs were registered at both CLA level and FLA level. This lack of uniformity and consistency reveals clear gaps in the regulatory framework and a lack of consensus among (SHG) promoters on the principles of SHGs.

2.15 Constraints Facing SHGs

Realizing effective Self-Help Group Approach and bringing them to the targeted objective and desired outcome inevitably takes along challenges. Study explains that there are a number of concerns that can make it uneasy for the SHG initiative to deliver their services and enrich lives of the needy people who could have been benefited from it. Some of constraining factors includes:

2.15.1 Absence of Fitting Legal Provision

The vast majority of SHGs in Ethiopia have not legally registered for lack of suitable registration opportunity, given that the existing registration options are not suitable for SHGs (Gebre, Dagne and Temesgen (2014). The study of CoSAP (2012: 31) which focuses the existing legal framework of the country's SHGs has revealed that although "there are no perfectly fitting legal frameworks in the country that can accommodate the features, roles and functions of people's institutions ...some CLAs and [Federations] Timrets in [some part of the country] have got legal licenses", and the nature of license differs from place to place. This suggests not only the lack of appropriate regulation for SHGs but also the prevalence of variation and inconsistent regulatory arrangements which alluding to the idea of having a new regulation. Thus, if a national policy guideline on SHG had been set up, this would have supported the flourishing of the SHG Approach in the country (Ephraim, et. al, 2013).

2.15.2 Variation in Implementing SHGs Approach

Variation among People's Institutions not only in registration but in the implementation of SHGs from one promoter to the other is also another constraint facing the Approach in the country. While SHGs are supposed to rely on their own savings, some promoters are injecting funds in the form of seed money, matching funds, competitive funds, and even allowances for attending meetings (Gebre, Dagne and Temesgen, 2014; CoSAP, 2012). As promoting organizations working against SHG concept (Mindaye, 2014), there is a need for greater harmonization of the Approach at the levels of implementing organization and donors (Ephraim, et. al, 2013).

2.15.3 Low Levels of Literacy

Since most of SHG members are the very poorer sections of a community they have been isolated from formal education and its advantage due to factors associated with their poverty (KNH, 2014). As some of the SHG members are illiterate; they are not fast to learn and to

undertake various income generation and development activities at household and community level (Mindaye, 2014; CoSAP, 2012). For this and other reasons, issues related to extreme and chronic poverty such as: poor income, low levels of education and a lack of awareness of developmental options are among the challenges facing SHGs as they organize themselves as specific micro-enterprises (Singh, Ruivenkamp, and Jongerden, 2011).

2.15.4 Lack of Access to Market

An important aspect of micro-enterprises is the access to local market, or, in other words, the ability of the resource-poor to challenge the lack of access to the local market and to its marketing services. The entry of non-SHG enterprise into the SHG-market relationship means a loss of revenue for the micro-enterprises' of SHGs. Local SHG members should be able to sell directly to the consumers and avoid the huge markup taken by middle marketing agencies. Thus, (re-) linkages with market should be created locally to SHGs (Singh, Ruivenkamp, and Jongerden, 2011).

2.15.5 Lack of Access to Space (Land, Building)

Lack of legal personality has limited the formal interaction of SHGs' and their privileges to claim and acquire various benefits from state and NGOs like production and selling places (land/ building) and fund to undertake community development activities (Mindaye, 2014; CoSAP, 2012).

CHAPTER III: METHODOLOGY

3.1 Study Area

Lideta and *Kirkos* Sub-cities are adjacent Sub-cities of Ethiopia's Capital City, Addis Ababa which is structured in ten Sub-cities and lain $9^{\circ}1'48''\text{N}$ latitude and $38^{\circ}44'24''\text{E}$ longitude. The two Sub-cities are located in the central part of the city and bordered by all the rest Sub-cities except *Gulele* Sub-city that is found in the far north (BoFED, 2013).

According to Integrated Land Information Center (ILIC) of the City Administration, *Lideta* and *Kirkos* Sub-cities cover a total of 23.83 square kilometer surface area. They are divided and organized in 21 *woredas* (districts). Total population estimation of the two Sub-cities in 2013 was 438,627 based on employment survey of the City (CSA and BoLSA, 2014), with a population density of 18,407 (peoples per square kilometer).

Figure 3: Map of Addis Ababa City and the Study Sub-cities



Source: BoFED (2013), *Socio-Economic Profile of Addis Ababa*.

3.2 Research Context

Urbanization is taking place with more than 4% in the country and poverty becomes more urban as 22% of the capital city's population fall below the poverty line, for example (WB, 2015b). The existing high levels of poverty, unemployment, vulnerability, social inequality, and lack of opportunities in Addis Ababa, impact the city's poor with more severe shocks and stresses (WB, 2015a). Still, progress in reducing urban poverty over the last decade, as per the WB (2015b) has been very slow.

Poor people in most cases tend to be disadvantaged and excluded from livelihood opportunities, but women and girls in many countries are not only more excluded than men and boys they are also the least served by existing institutions and systems (KNH, 2014; UNDP, 2013). The issues of gender inequalities are much prevalent in and pertinent to Ethiopia too. The country is a patriarchal society that keeps women in a subordinate position, and they are under-represented in education, employment opportunity, decision-making as well as economic empowerment¹⁷. Livelihood mostly in urban setting is mediated by money and access to the labor market as incomes or financial resources are identified as the essential and defining element in urban poverty (Lemanski and Marx, 2015). Urban occupational employment statistics of the country indicated that self employment (with 44%) has the highest proportion of employment opportunity in urban residents to make their livelihood followed by government and private employment (16-17% each), among others (CSA, 2012). Even so, employment survey of the City revealed that in both *Lideta* and *Kirkos* Sub-cities where this study is set, women unemployment is soaring with more than 62% of the total unemployed population (CSA and Bolsa, 2014).

Consequently, this study is set in women Self-help Groups that are found in Lideta and Kirkos Sub-cities. These associations are promoted/ implemented by an indigenous NGO named Love for Children Organization (LCO) (see Table 3 at the Appendices). Currently, these institutions are playing a key role in empowering and enhancing the economic, social and institutional status of more than 9,112 poorest women HHHs in the two Sub-cities. There are 302 SHGs in the Sub-cities running a total capital greater than Birr 4 million (see Table 1 and Chart 3). The empowerment as well as livelihood enhancement supports that SHGs delivering to member beneficiaries include providing different trainings, saving and loan access, socio-economic mutual support, and grassroots participation in decision

¹⁷ <http://ethiopia.unfpa.org/drive/Gender.pdf> (accessed 12/01/2016).

making. These contributions help beneficiaries secure incomes from IGAs and financial resources from saving and loan access as these are identified as the essential and defining element in urban contextual livelihood.

On the scenario indicated above, the SHG Approach happened to be appealing for this research mainly for the following elements, among others. Primarily, the women SHG approach emerged with a broader/ an inclusive growth and change agenda of harnessing human potential to bring social, economic and political empowerment on beneficiary members' life. This is different from most social setups or societal organizations which are established for promoting their members' interests in particular ways¹⁸. Secondly, the SHG initiative focuses on poorer women and their children who are the most vulnerable social group and supports their effort of escaping poverty. In other words, the initiative is allied with the national pro-poor development direction. Thirdly, their economic contribution of availing financial and employment opportunities for the urban deprived women makes them most attractive on the urban setting where income and labor are the most determinant elements in the monetized urban livelihood as this study is framed.

Accordingly, this research has spotted the Lideta-Kirkos Sub-cities' women SHGs for assessment. These SHGs are located at the heart of the capital city where fiery urban concerns such as women unemployment is swelling in more than 62% of the unemployed population, as stated earlier.

3.3 Research Design

Examining, the contribution of SHGs in enhancing livelihood assets of urban poorer women and the gains in engaging in SHG intervention, this research is designed through qualitative and quantitative research analyses mainly because the measures of livelihood assets are both qualitative and quantitative. Methodical blend in the fields of project or intervention assessment has become familiar, according to Yin (2011), which has tended to combine qualitative methods with the use of surveys. In practice, Keegan (2009) also added that hybrid methodologies that include both qualitative and quantitative elements are common as they potentially provide complementary understanding to the subject at hand. To begin with, qualitative analysis examines a real-world setting, discovering how people cope and thrive in

¹⁸ See Chapter Two's 'Distinctiveness of Women SHG Approach' and Chapter Four's Reflection on Distinctiveness of SHG Approach'.

that setting and capturing the contextual richness of people's everyday lives. Looking into a contemporary phenomenon within its real-life context and involving a holistic observation of a social setting, a family, a person, an institution, or even the entire community, case study entails absorbing facts from various sources from which inferences are drawn (Yin, 2011; 2009). Being a very popular form of qualitative analysis, hence, case study method is employed for this study.

The research is also designed to trace the patterns and level of changes in livelihood assets of poor beneficiaries as a result of civil society actors' intervention in the study locality. So, the type or form of *how many* or *how much* line of inquiry is more likely to favor quantitative approaches (Yin, 2003), and the study makes use of panel household data drawn from Lideta-Kirkos SHG survey conducted in 2013 and 2015 by LCO (SHG implementing NGO) and PCI in collaboration with other institutions. This data has shown beneficiaries' socio-economic status and found to be pertinent enough to materialize the study thoroughly as it covers the broader context of livelihood attainment in terms of financial, physical, material and/or social (social insurance fund) assets as well as beneficiary HHs demographic condition. Most importantly, the study design utilizes temporal assessment to substantiate evidence on HH beneficiaries' change in their livelihood asset status after joining the women SHG initiative. As a rule, though, the women SHG intervention employs *Participatory Rural Appraisal (PRA)* techniques to identify the most vulnerable and poorer women HHs as initially beneficiary screening tool. This helps scale the progress in the implementation of the initiative as reference¹⁹.

3.4 Sources of Data

The study has used multiple data sources and collection techniques in order to reveal details that help understand the complex institutional settings, roles, vertical and horizontal relationships and enter-dependencies as case study method involves a multi-perspective analysis. For this, pertinent data was collected from various sources, including: promoting NGOs, SHG institutional organs, consortium organization members, state organizations, and beneficiary members. Hence, the respondents include directors, program coordinators, program officers, community facilitators and staffs from promoting NGOs; officials and experts from Federal, the City/Sub-city Administration and Woreda organs; beneficiary

¹⁹ (See 'Beneficiary selection and membership status of SHGs in the study area' in Chapter Four.)

members, representatives, committee members from the Peoples Institution (SHG organs); and pertinent key informants. These target respondents were purposively sampled or deliberately selected based on their relevance to the subject under consideration. From federal, City/Sub-city/Woreda administrations and organs, promoting NGOs, SHG organs and representatives a total of twelve personalities, and three informants were interviewed and Focus group discussion (FGD) has also been employed on five SHGs.

On the other hand, the study has utilized a quantitative data from panel survey that has been conducted by the SHG promoting/ implementing NGO (i.e. LCO) in collaboration with PCI-Ethiopia and other institutions to complement the qualitative data. Bringing (all) women HH beneficiary population, the survey believed to be vital in generating empirical evidences regarding socio-economic attributes and livelihood situations particularly the demographic and livelihood assets of urban HH members in the case study Sub-cities. On top of these, secondary data including publications (with respect to SHGs), journals, books, magazines, reports, on-line sources, national proclamations, and literatures were surveyed and employed. Facts and figures were also collected from wall charts and graphs. Having been utilizing such multiple sources, the study has used to triangulate information and evidence about the subject at hand in order to enhance validity.

3.5 Data Collection Techniques

Empirical data from various sources were collected through in-depth face-to-face interviews, key informants, FDGs, observation/participation in the SHGs weekly meetings and survey on HH beneficiaries from LCO (and PCI) database to take hold of relevant data supporting the study. Apart from HH survey results, checklists of facts and figures have been used to capture qualitative data with reviewing documents including financial records such as savings, groups capitals, loan disbursement/repayment and beneficiaries' passbook (or individual transaction record book).

During the interview process, care was taken to be fairly open about when and how questions were asked and asking new questions to understand the processes that lead to livelihood assets more clearly. Interviews with SHG promoters/implementers (LCO and CoSAP) and WCAs highlighted the links SHGs and livelihood assets enrichment. The linkage was underlined and meant to contribute to lessen vulnerability and to minimize exposure to shocks as well as to be an important influence on processes of livelihood assets

enhancement plus national commitments for addressing vulnerability. The structured interview method guided the researcher to convince (through motivation) respondents to answer questions and clarify the objectives of the questions. With structured questionnaire, it guided to follow the sequence of questions in the questionnaire, to pay attention linkage of topics, and to minimize non-responses.

Focus group discussion (FGD) has also been employed to secure data from SHG members. This is accompanied by observation and participation by the researcher in the weekly meetings of SHGs. The FGDs have been conducted on five SHGs that include three SHGs from Lideta Sub-city (the initial and matured intervention area) and two SHGs from Kirkos Sub-city (growing SHGs). Being with the community facilitators of LCO, the researcher has joined SHGs' weekly meetings which has normally taken place in members' residence in rotation (with their coffee ceremonies) and managed to conduct the FGDs. Each FGD has lasted on average from 2 to 2 and half hours. In a group 8 to 13 SHG beneficiary members are managed to attend. Consequently, by following appropriate guidelines— pertinent to the progresses of members' livelihoods, the discussion was held in December, 2015.

3.6 Data Analysis

After all the necessary and adequate data are captured, they were organized in a way suitable for analysis. The data collected from responses and different sources were categorized into similar topics (subjects), by creating outline of categories, and tabulating events. Much of the analysis of the qualitative data focused on describing, narrating, explaining and understanding complex social, political and institutional phenomena that influence SHGs emergence and effectual operation pertaining to urban livelihood enrichment. Thematic analysis has been utilized to analyze these data through interpretive statements about the themes obtained from responses and explore relationships among the variables (see Table 2 at the Appendices). The analysis highlighted identifying and understanding the interaction and institutional arrangement of actors, processes, and relationships as to the provision of livelihood asset opportunities for the urban poor women in the case study Sub-cities. Quantitative data were tabulated into different categories and descriptive statistical methods such as the percentage of variables, period average, ratios, graphs and charts were used to summarize and assess the interrelationships between selected socio-economic variables.

3.7 Ethical Considerations

Respondents were fully informed about the nature and purpose of the study as well as what would happen to their response (data) and the confidentiality of the interview. In the same way, all participants of FGD were entirely enthusiastic to provide inputs to the discussion. At the end the discussion, field notes were gathered into organized frame through using a brief standardized outline.

CHAPTER IV: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter is dedicated to the presentation of data collected and analysis of the same. The study is aimed at pinpointing the roles of SHGs in enhancing livelihoods of the excluded and disadvantaged sections of the society in Lideta and Kirkos Sub-cities of Addis Ababa, the capital city of Ethiopia. The grassroots groups that operate in the two Sub-cities are promoted by an indigenous NGO named Love for Children Organization (LCO). And, data were collected from relevant sources including the promoters of SHG (LCO and CoSAP), the SHG organs, federal institutions, city administration bureaus, Sub-city sectoral bureaus, and civil societies.

4.2 Brief Background of SHGs in the Study Area

According to data obtained from the promoter NGO of SHGs in the two Sub-cities (i.e. LCO), the first five women SHGs are established in May 2004 in Lideta Sub-city, woreda 6 with a total number of 100 deprived women members. With the mission of combating poverty, enhancing livelihood, empowering women and their children; the SHG Approach is realized in the Sub-city by the promoter. Later in 2013, LCO expand the Approach in neighboring Kirkos Sub-city. In both Sub-cities, complying with guiding principles of SHG Approach and group specific norms, the Approach has been ensuring members' interest and also meeting social values. Providing capacity building trainings, promoting savings and loan services, engaging members in IGAs and capital accumulation, improving mutual support values, as well as empowering citizens to be assertive are identified as core objectives of SHG Approach.

4.3 Beneficiary Selection and Membership Status of SHGs in the Study Area

Initially, the SHG intervention is instigated by LCO and the concerned bureau (such as WCA) following identification of intervention area (in the Sub-cities) where raging poverty exists. Community Facilitators (CFs) of the promoter approach poor households door-to-door in the vicinity to advocate and lobby the women SHG Approach. As one of its basic

cornerstone principles the women SHG initiative brings the very poorest and most vulnerable women to its front priorities and considers in the intervention as prospective beneficiary membership. For this, the approach utilizes a *Participatory Rural Appraisal (PRA)*²⁰ – wealth ranking tool for selecting and identifying the neediest women in the intervention area (Lideta and Kirkos Sub-cities in this case). Utilizing the PRA techniques the to be beneficiary members are allowed to classify and rank intra and inter HH wealth and socio-economic status using their locally owned knowledge. With such a thorough scrutiny and assessment, by far the least haves are identified as SHG member in the study sub-cities. On top of this initial screening procedure, FGD and survey data show that the beneficiaries have managed to save the weekly savings that have been as low as birr one in the initial intervention periods. Back then almost all women beneficiaries income was below birr 50 and most of them have had to cut daily consumptions (such as of coffee) to remain in the savings list account. This is a baseline reference revealing the situation of beneficiary members in the time of joining the women SHG intervention.

This follow the provision of capability strengthening trainings that aimed at bringing behavioral changes and improving decision making abilities of members on topics of: SHG concept, leadership, financial literacy, basic business skill, problem solving, etc. According to the LCO data, these SHG facilitation process has helped members support each other, have access to savings and loans, and engage in IGAs, inter alia. Currently, the grassroots SHGs have reached 302 in the study Sub-cities, and membership base increased more than 4 fold (439%) since its establishment in the study area. In the process the promoting/ implementing NGO works with Sub-city and woreda organs and CSOs namely CoSAP and other NGOs towards its goals.

²⁰ Being applicable in urban settings, PRA is using local peoples' knowledge and their participation in development intervention (<http://go.worldbank.org/H20XFLV650> accessed 02/20/2016).

Table 1: Lideta-Kirkos SHGs Membership Trend (2004-2015)

Year	Number of SHGs	Household Head (HHH)			Children of SHG Members	Family Size
		Female	Male	Total		
2004–07	56	980	-	980	1,515	2,495
2008	100	1,749	1	1,750	2,704	4,454
2009	120	2,099	1	2,100	3,245	5,345
2010	128	2,238	2	2,240	3,462	5,702
2011	129	2,258	-	2,258	3,489	5,746
2012	130	2,273	2	2,275	3,516	5,791
2013	160	2,800	-	2,800	4,327	7,127
2014	300	5,247	3	5,250	8,113	13,363
2015*	302	5,879	1	5,880	9,087	14,967

* 2015 data covers from January 2015 to June 2015.

Source: Analysis based on LCO's HH Survey and SHG records in the study areas.

This table shows that the SHG Approach has continually been growing its membership base in terms of both number of SHGs and household size. It is noted that an SHG consists of 15 to 20 female household members such that the increase of SHGs boosts its membership base. Male household members in the table do not imply their primary membership but the replacement of their spouses when their partner departs the group for various reasons. With 99.96% (almost all) of women household members, the data tells that the SHG Approach is meant to women and their children (the most disadvantaged sections of the society). This suggests that the Approach has increased its grassroots outreach by increasing its services to the urban poor who had not been able to reach the services namely formal educational or financial institutions.

4.4 Institutional Structure of SHGs in the Study Area

Concerning the organizational structure, a representative organ of the People's Institution at the apex of the ladder is the Federation. According to representatives of the Federation, it comes up with annual work plan, mobilizes funds/ budgets and resources as well as develops its own by-laws which cover the operational features and the norms to be followed by the Federation. The Federation has an Executive Committee which now meets more often not only to execute decisions made by the Federation but also to follow its CLAs operation which submits reports to the Federation on the activities of the people's institution. Acquiring legal identity has been a huge problem for SHG Federations. And, an

extraordinary lobbying and advocacy efforts has been under way by SHG promoters as well as the existing Federation and CLAs. This is evidenced as 'Yitawek' Federation (the Federation of SHGs in the study area) has acquired office building from Arada Sub-city of woreda (district) 6, (in December, 2015).

An illustrative structure of the Lideta-Kirkos SHGs (People's Institution) looks like:

Figure 4: Organo-Gram of SHG Approach in the Study Area



Source: Analysis based on LCO and SHG records in the Study areas.

Pertaining to the CLAs, despite the presence of 22 CLAs as shown in the above figure, 14 of them are found very strong and resilient, that are carrying out their roles and functions as well as serving their SHG constituents successfully. This is mainly due to the fact that all CLA members are voluntary representatives of their SHGs as per the remarks of representatives of the Federation and the promoter (LCO).

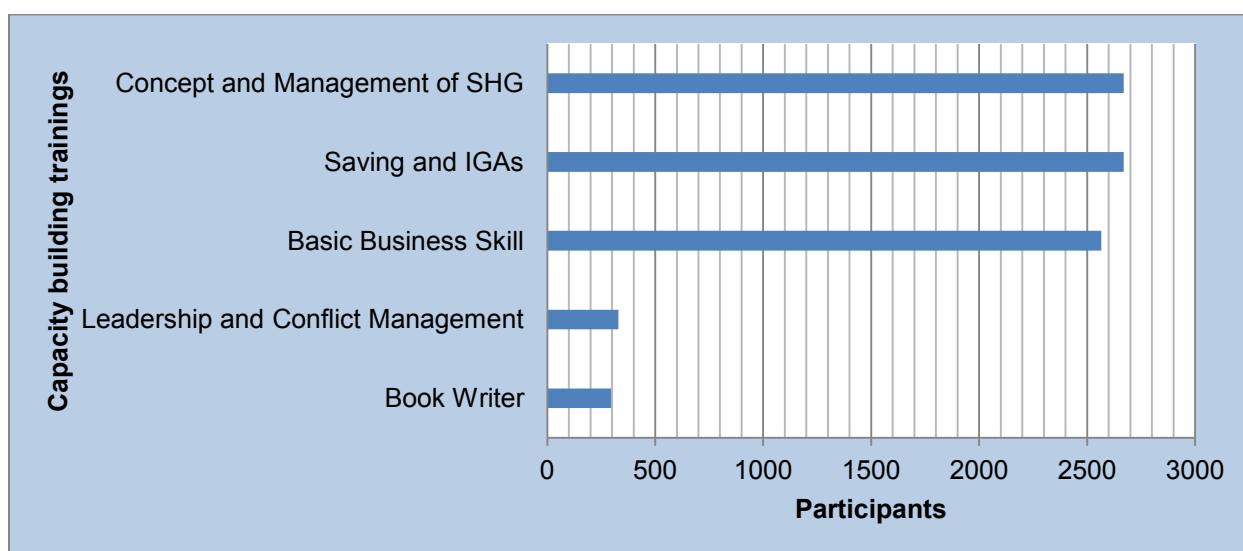
4.5 The Role of SHGs in Improving Human Capital/ Asset

Training is a crucial component of the SHG Approach, and is provided to SHG members soon after the initial groups are formed. According to interview and FGD results, members of the SHG are poor women HHHs who have missed out an education and its benefits. The trainings aimed at alerting the women, inter alia, on relevant SHG concept, saving and loan, IGAs, business and life skills thereby help them empower and enhance their wellbeing.

Accordingly, SHGs that are instigated earlier in Lideta Sub-city have gone through the capacity building stage and currently they have matured and managed to form CLAs and a Federation. As a result, most of the routine facilitation activities are being taken over by the CLAs and the Federation, except for strengthening as well as fostering learning and experience sharing by the promoter.

However, following the trend, growing members of SHGs in Kirkos Sub-city is now being provided different capacity building trainings. The following chart illustrates the trainings among which the SHG members are received in the course of 2015.

Chart 1: Capacity Building Trainings Delivered to SHG Members



Source: Analysis from HH Survey and SHGs' Records of LCO.

The above chart demonstrates that the basic training courses namely Concept and Management of SHG, Saving and IGAs, and Basic Business Skill are delivered to all members (2670) of the growing groups, except some absentees in the later course. However, the remaining courses including Leadership and Conflict Management as well as Book Writer are offered to 330 group leaders and 295 book writers, respectively. This is because both group leaders and book writers are required to be more skilful and literate in their respective tasks to serve their groups better. As the leader plays her role of leading and influencing members, harmonizing differences and resolving conflicts; the book writer must be familiar with banking system, handling weekly cash transactions, balancing account books and keeping individual members' savings books up to date. Apart from these basic trainings, according to interview results, groups are able to choose from a menu of training options based on their needs to discuss on their weekly forum supported by CFs. The

promoter remarked that growing SHGs are also able to learn from matured institutions as they exposed too both experience sharing visits to matured SHGs and SHG festivals or promotional bazaars.

Participants of FGD explain that on their weekly group meetings²¹ in connection with coffee ceremonies different awareness creation and attitude changing sessions are held in the form of discussions, debates, dialogues, etc. that are facilitated by CFs and program officers of the promoter. In this case, coffee ceremonies are recognized as instrumental medium in building upon local knowledge for better positive change in the community. On these forums diverse topics are discussed including: health, hygiene, child care, environmental sanitation, gender discrimination, profit making businesses, inter alia. Apart from these, a variety of awareness raising actions is carried out by LCO in order to make targeted outcomes. For instance, educational and entertainment campaigns using LCO's music and theater club are notable where communities in the area are addressed with burning health issues (HIV) and women's livelihood development through music and short plays. This club has also carried out track shows in celebrating international women's day and HIV day. Furthermore, discussants of FGD remarked that neighborhood groups are also formed to motivate male involvement in the community towards women development actions. These groups are mostly male composed and they instigate talks in the community using their respectful and influential status in the community. The sole purpose is to bring favorable male norms which is allowing to women's equal participation in the actions of the community.

FGD participants has acknowledged that by far the most vital benefit they have gained after joining their groups is the (human) capacity building inputs. And, they have remarked that they are able to create awareness, to bring attitudinal change and to acquire skills on a variety of socio-economic as well as institutional empowerment due to different capacity-enhancement session from the trainings, meetings and coffee ceremony discussions. If it is not been for the trainings, they would have never been able to be assertive, save money, access loans, start small business and uplift their livelihood.

The promoter learned the importance of linking the SHG groups with Sub-city officials as well as sectoral bureaus for supporting women's' SHGs. This allows the administration resource persons and the bureaus to acknowledge the SHG Approach and possibly support the People's Institution in technical areas. Accordingly, BoH and BoWCA are mentionable in

²¹ Regular weekly group meetings are conducted in each SHG member's house in rotation to strengthen mutual introduction, interaction, belongingness and build a strong relationship among the members.

the provision of awareness raising trainings in health, children and gender issues to SHG members in different occasions, as per interview made to LCO and Sub-city organs. With increased interaction between the administration and the SHG, the government officials begin to see the SHG as a crucial element of the community. Such interface helps ensure the long-term sustainability of the Approach.

4.6 The Role of SHGs in Promoting Social Assets

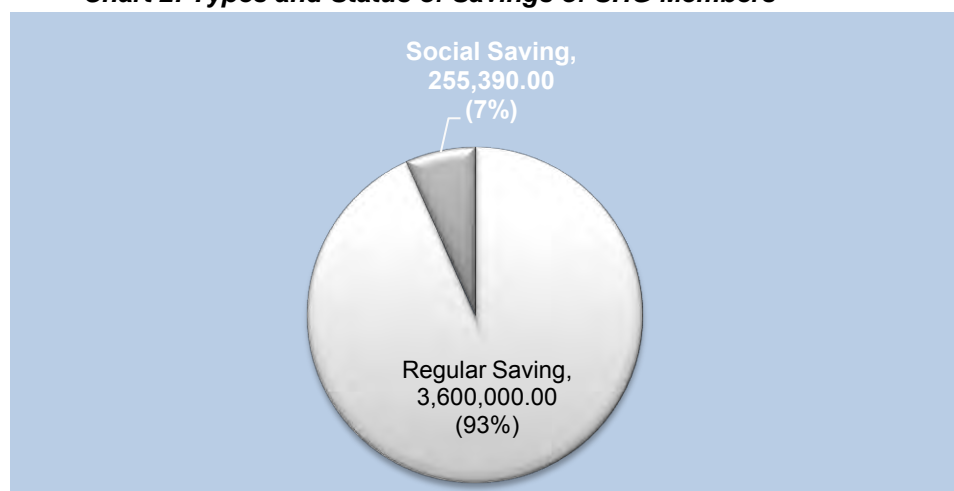
Social asset is the most vital element of SHGs seeing that affinity, trust, participation, and mutual responsibility are the key principles of the social dimension in SHGs. According to records obtained and interview made with the promoter as well as FGD made with SHG members, women themselves are often the best resources regarding the level of trust among the members.

It begins with the initial beneficiary selection, as per absorbed data. To join the neighborhood informal SHGs, women households have to pass eligibility assessment using PRA— self wealth ranking techniques in that the very poorer women are identified. As these members come from similar socio-economic background where they experience common social stigma and exclusion due to their poverty, they provide an instant identity and community each other. Through self-disclosure, members share their stories, stresses, feelings, issues, and recoveries. They learn that they are not alone; they are not the only ones facing the problem. This lessens the isolation that many people, especially those with poverty experience. They can give emotional, social, and convenient support to each other. In the FGD, members highlighted the saying that said ‘better a neighbor than a relative who lives far away’, stressing the value of a nearby neighbor. They explained that they have nowhere to go in time of despair but their group. They remarked that they depended on each other and the group. As the Approach seeks to draw members back from the margins, together they have learned to control the problem in their lives and gradually some specific modes of strong social bond and social affinity as well as social support mechanisms have emerged among members. In this process, members have explored and learned to understand and combat the shame and stigma together, to enhance their self-esteem and self-value, and to encourage each other, consequently, learned to trust each other. Moreover, through participation, they have enhanced their social skills as they are now promoting their social rehabilitation. This is an important initial experience for the very poor, which above all boosts further an enduring development.

These groups also have a system of social saving that aimed at maintaining their social asset. In this saving, all members have to bring the minimum agreed amount (ranges mostly from Birr 3 to 5, as per results of FGD) but those who are willing can save more as and when possible. Focus group discussants explained that their social saving (different from regular saving) helps maintain the balance between social needs and financial scarcity both in good and bad social occasions. They indicated that in time of member's happiness (graduation, wedding, birth, etc.) or member's unfortunate moments (business loss, loss of family member, etc.) they use social saving and the moment to share with the target member as a social (insurance) support mechanism. So, this eases the heavy social burden of the person experiencing the occasion by sharing the load among group members as social obligation financially, emotionally or physically. A FGD participant woman has explained as 'my group is my family where I belong and I favor to be in time of in need (either emotionally or financially) and most importantly, with dignity and proud, so, sometimes it is even more than a family'.

Keeping the same rules for everyone helps maintain a democratic atmosphere in the group. And, it does not offer any special advantages to those who save more. It is also indicated in the FGD that this saving is provided to the member without an interest since its purpose is mutual social support and reciprocity. Following is a chart that shows the social (insurance) savings of SHGs in the study area as per the records of the promoter.

Chart 2: Types and Status of Savings of SHG Members



Source: Analysis based on LCO's HH survey and SHG records in the study areas.

As this chart illustrates the amount of social saving also termed as social insurance (7%) in relative to regular saving (93%) looks relatively small proportion. However, a money worth of

Birr 255,390.00 dedicated only to social occasion expenditure coverage (as a social insurance fund) is a huge success owing to the income level of members. Moreover, this effort shows the level of commitment and/ or extent of groups' social (insurance) value, the SHG Approach promoting. On the other hand, the regular saving is dedicated to mainly individual IGAs as well as household emergency expenses (Chart 4 shows members' loan utilization from regular saving).

Data captured through interview from both promoters (LCO and CoSAP) has justified that one of the core contribution of SHGs has been the strong social network that has been built among members, since it is established on voluntary initiatives and built on trust, affinity and reciprocity.

4.7 The Role of SHGs in Enhancing Financial Assets

Being one of the core values of the SHG Approach, SHGs are providing access to financial assets in the form of saving and loan to the financially excluded and unbanked poorer and most vulnerable women in the study area. The most vital ingredient in building financial livelihood asset is the awareness creation and financial literacy inputs that help members receive the idea of saving and loan contribution and its benefit. For these, according to interview and FGD results, inputs from both the initial capacity building training and group meeting has had much to offer.

4.7.1 Savings

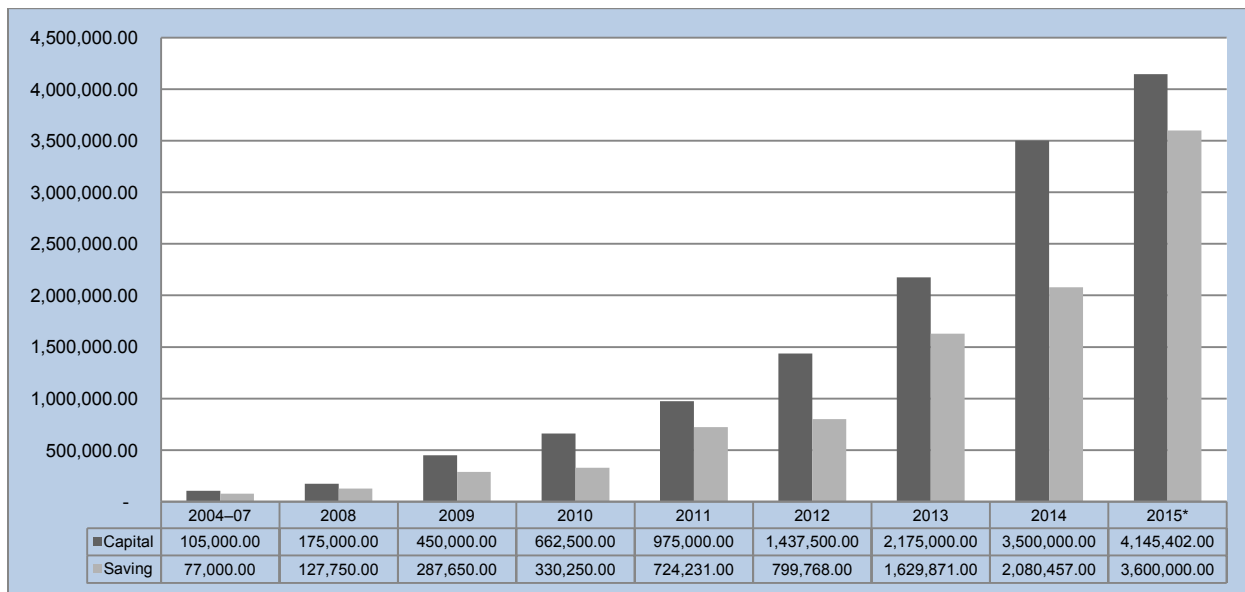
Regard to savings, two types of savings— regular saving and social saving are set up in the locality as indicated in Chart 2 above. According to data obtained from the promoter, savings are monies that are put into the SHG by its members on a weekly basis, as recorded in their passbook²². At the beginning, group members have to decide what their minimum regular weekly saving should be based on their perceived ability. The amount should not be too easy for some and too difficult for others. The need for forming homogenous groups emerges in aspect like this. Owing to their income level, some groups in the vicinity started with a minimum saving of as low as Birr 0.50 (\$ 0.05 in the then exchange rate). It is vital for all members to bring the amount on a regular basis. This amount is normally increased after some time when members realize their potential to save

²² Individual SHG members book that is used for keeping records of weekly saving money.

and when their income starts growing. The primary concern for most SHG members was to admit the idea that a little saving would turn into big sufficient sum to make a difference in their lives. To their astonishment, however, the savings steadily increased, allowing them to take loans at a low interest rate (also determined by group members) to cover household expenses and/ or engage in small businesses so as to improve their livelihood.

As can be seen from the following chart (Chart 3), the SHG member's regular saving is able to increase by an average of 68% in the period under consideration since its establishment. As depicted in the chart, the trend in saving indicated a continuous increase in the period and it was quite lower than the capital as capital includes saving and other incomes²³. Attaining such saving result has been required so much effort from the promoter to convince beneficiaries in making a commitment to save and really work hard to bring that saving in early days. Most SHG initial members commonly remarked that savings could be made possible by working some extra labor and earning a little more or it could be by reducing some expense and bringing in the money. In some instances, they had to cut down their daily coffee consumption to bring Birr 0.50 to 1 (\$ from 0.05 to 0.10 in the then exchange rate) a week to their saving.

Chart 3: Trend of Members Savings and Total Capital Status (2004-2015)



* Note that the 2015 data covers from January, 2015 to May, 2015.

Source: Analysis based on LCO records in the study areas.

²³ Fines, interest from saving in the bank, interest from loan provided to members, income from group IGA, etc.

Apart from savings, the above chart also depicts members' total 'capital' which similarly increases by an average of 62% in the periods under review. This 'capital' is the overall value of the SHG asset, including: savings, fines²⁴, interest earned from loans provided, interest earned from deposits in banks and funds generated through group IGAs. As this total capital is based on members' saving, the value of total capital has increased more than savings by an average of 51% in the period. And, both savings and capital indicates quite similar growing trend signifying that members' savings and their total capital increases as time goes. FGD results also revealed that members commit to boost their capital by using their group money for the benefit of the majority through different activities. For instance, they bring commodities from wholesalers with relatively cheap wholesale price and distributed to members for a small margins. The total capital asset shown in the chart represents the overall value that members of SHG own. In view of that, this is the worth that would go to the members in case of SHG dissolution.

The financial service delivered by SHGs is reaching a smaller number of households but the poorer and marginalized section of urban society in the study area. This financial service is also limited merely to the saving ability of SHG members; member's savings similarly is narrow since the affiliates are poorer sections of the society and have irregular and unreliable income. Wide-ranging financial mobilization is decisive to build inclusive financial system to bring material change in the lives of the beneficiaries. This insight is set on facts that the poor do save from they hardly have either as a way to engage in IGAs, to build livelihood assets or to cope with shocks. When members put their savings into their groups, the amount not only channeled to credit facility but also increases group's total capital, which is also used for group IGAs. Further, the benefits of keeping saving schemes in the SHGs, as learned from FGD and data obtained from the promoter, among others, include:

- Members have greater involvement in SHG activities via saving;
- A habit of savings encourages financial discipline among members;
- They can benefit from interest on deposits and other incomes on group IGAs;
- It helps them keep their money safe at convenient place;
- It helps them for bad times on unexpected shocks and emergencies; and
- Builds a culture of self-reliance, as its capital base increases, enabling them to take better financial decisions.

²⁴ Penalties charged by members for late saving payments, late loan repayments, late coming to meetings or not attending without permission, etc.

Evidently, savings is an essential and integral component of a SHG strategy to enhance financial livelihood asset. It avails financial resource and provides a financial stock as well as made access to credit for members. The process of accumulating savings itself absorbed members into financial services and increases their familiarity with financial concepts. Being a vital step toward financial inclusion, the SHGs has thus provided financially excluded people with saving opportunities and empowered the poorer sections of the study area. It is desirable that the SHG membership embraces a saving culture so as to boost their low incomes, leading to improved quality of life as well. The role of the SHG in mobilizing savings and thereby channeling funds into loan facility for members' investment and employment opportunities is therefore vital to a successful endeavor for enhancing urban livelihood and ensuing economic development.

4.7.2 Credit Access

As per data obtained through FGD, for most excluded urban poor of the area, obtaining a commercial loan either for IGAs or other emergency needs has not been very easy. They cannot afford the interest rates charged by banks and even MFIs. Nevertheless, SHGs have begun easing their access to credit and enabling them to start small businesses and improve their livelihood. It is a unique channel because sources of fund for loan is only members' savings unlike MFIs (which has external funds), and it fundamentally supports the poorest women HHHs and motivates them to engage in IGAs. This unique feature boost member's confidence and empowerment economically, but most importantly, it takes away any external interference on SHG operation.

Taking loans has become a frequent practice among SHGs in the study area. The occurrence of taking loans and amount of loan disbursement has been steadily increasing, and members have taken loans repeatedly as frequently as up to 12 times in the Lideta area, as per the promoter's records. The total internal loan disbursement of all SHGs in the study area increased from Birr 31,981.00 in 2007 to Birr 2,985,700 in 2015. The loan disbursement of a single SHG called 'Biadgigne' in Lideta area increased from Birr 141 in 2004 to Birr 64,348 in 2012, and in Kirkos area an SHG called 'Selam' increased its loan disbursement from Birr 927 in 2013 to Birr 37,100 in 2015. These illustrative figures confirm the sound increase in the demand for loans.

Within the last 5 operational years, for example, the SHGs has improved its credit access by delivering a loan to a total of 11,750 borrowers (number of cases) or it has succeeded to

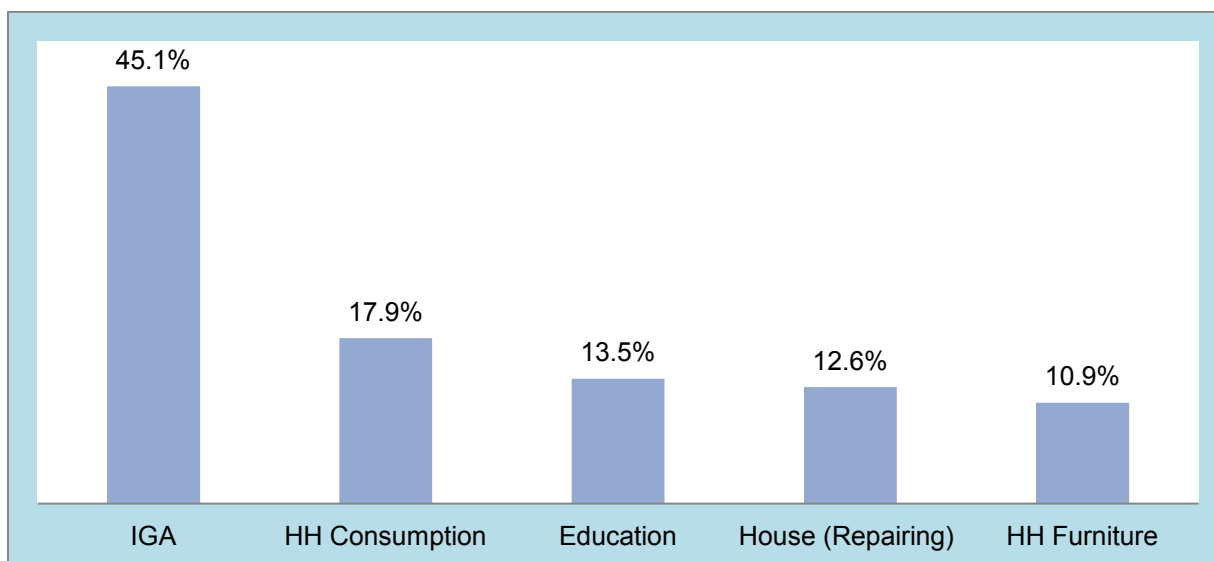
disburse a loan to 2,350 members per annum. Number of borrowers show beneficiaries or loan accounts held at the SHGs, which is supposed to have benefited the borrowers and their descendants. It's a good indicator of financial assets (resource and facility) outreach as well. According to FGD conducted, the loan is mostly utilized for an initial petty trade outlays or for existing business expansion. In other hand, the loan also covers different expenses both for household consumption and household furnishing. Focus group discussants stressed that without access to the credit, SHG members cannot easily launch or expand their business or overcome unforeseen events. Moreover, they added that the SHGs have created opportunities to an employment which is enormous and more people are joining their SHG community.

The following Chart (Chart 4) shows the main purposes of loans provided to members by their SHG. A high proportion of the loans nearly half (45.1%) of the total disbursement were used to start or improve income generating activities. In this, the money has outlaid for capital goods (i.e. equipments used for producing consumable items), merchandises and working capital needs. Accordingly, the common activities undertaken by members of SHG are making and selling: food and drinks, potato chips and popcorn, 'baltina' (local bread or 'enjera', spices, etc.); selling vegetables, charcoals, secondhand clothing; as well as clothe washing services; and so forth. Beneficiaries that are participated in the FGD reported that the micro credit facility they borrowed for IGA has significantly been creating employment and/ or earning opportunities, increasing their household income as well as enhancing their overall livelihood. Most of all members are exerting extra effort to save from their income for better tomorrow.

In these livelihood activities, as per the FGD results, the majority of urban SHG members are operating their business in their homes and outdoors such as Sunday open markets and public spaces (e.g. streets or squares). Yet, very few managed to get rooms through rental arrangements with relatively higher fee rates. The focus group discussants also highlighted that the most common challenge facing members in their short run IGA endeavor is lack convenient and affordable place for their business as they are unable to afford rental. As place/ location is the most determinant factor for business success along with the intensity of training and the amount of loan availed (which is only channeled from members' savings); lack of which would severely affect the earning or employment opportunities on which livelihoods of the SHG members as well as their families relied on. However, the FGD

participants also remarked that in the long run while both their capital and their SHG (institution) grow they shall manage and afford owning their (business) premises.

Chart 4: Loan Utilization and Physical Assets Accumulation Status of SHG Members



Source: HH Survey and Records of SHGs Obtained From The Promoter.

As per SHG members' loan utilization (illustrated above), affiliates of the SHG have also spent about one fifth (17.9%) of the loans they borrowed for HH consumption, while 13.5% went to education support, 12.6% to house maintenance and 10.9% was spent on HH furniture. Regarding the HH consumption, it mainly includes foods and HH items; the share of educational loan is also meant for costs of educational accessories such as: educational materials and school uniform. The advantages of taking loans from SHG as opposed to formal banks, MFIs, and private money lenders are several. As per interview and FGD results, the following are the most notable benefits, among others, including:

- Very low interest rate, solely determined by members of each group, based on their own perceived ability to pay (as per LCO, SHGs in the area charged 3 to 5% interest rate),
- Fast loan disbursement,
- Non-bureaucratic procedures,
- No collateral requirements, and
- Further, defaulters are tolerated or even given (recovery) support (typically from social/ insurance saving) provided that their reason is justified.

4.8 The Role of SHGs on Physical Assets Accumulation

As far as the physical asset is concerned, the above chart (Chart 4) shows how members of SHG utilized credit access of their institution for building their livelihood physical assets, as well. These assets are non-financial and non-consumption resources and encompass properties, such as: furniture, tools or equipments (for household or business) and house furnishing. As the above chart illustrates, the informal neighborhood groups have managed allowing their members to increase these resources through micro-loan so as to foster all rounded livelihood growth. So, as the lion's share of the loan (nearly half 45.1%) goes to IGAs, beneficiary FGD participants remarked that they have spent their loan, inter alia, on the purchase of capital goods. These goods are equipments or tools used for making other consumable items, as opposed to consumption goods and include: utensils (baking, roasting, cooking, and serving materials), shelves, tables and chairs; clothe washing and ironing (manual) materials, inter alia.

From the total loans dispersed to SHG members in the study area, almost a quarter of the loan (23.5%) is utilized for house furnishing (House repairing and household furniture), as the above Chart shows. From these, money spent on house repairing accounts for 12.6% whereas purchase of household furniture makes up 10.9%. According to beneficiary FGD participants, thanks to their SHGs, they were no longer forced to sell assets at shock and stress times for decreased prices. It is notable from this that major beneficiaries of the SHG are women HHs who are becoming much more financially secure. As a result, they are much less exposed to stress to the extent of selling their assets at low price but maintaining their assets at a higher value.

Members of SHGs are encouraged to borrow money mostly for IGAs. As the above assessment evidenced, members used the available loan to cover household expenses such as: consumption, house repairing, furniture and education.

This specific research thus conveyed evidence that the poorer households of urban society have involved in SHG Approach and have thus financially benefited the poor. Empowering the social and human capabilities of poor member beneficiaries to mobilize their own available resources is a milestone initiative of development. In such a context, the provision of credit (totally from their own savings) to the poor themselves is considered an important way to initiate a process of social and economic change that facilitates a transition from a life of vulnerability, despair and social disadvantage to greater self-confidence and self-

reliance. Results of FGD and interview conducted as well as data collected from the promoter revealed regarding benefits of the financial services of SHGs, among others, takes account of:

- providing employment (earning) opportunities thereby improved income of members through IGAs;
- enhancing housing conditions, household furniture and equipments (as it offered an opportunity to take in business);
- improving enhanced money management skills (saving, credit, income and others);
- helping reduce inequitable distribution of income in a society;
- enabling members to reduce extreme vulnerability and to build self-reliance; and
- improving accumulation of livelihood assets.

4.9 The Role of SHGs in Promoting Political²⁵ Assets

The central contribution of the People's Institution, along with socio-economic empowerment, is its role in promoting grassroots empowerment and participation. This is explained not only from awareness raising activities on human and social assets but also from its role on taking up the underprivileged and cultivating the culture of democratic participation on decision making in the groups, as per interview and FGD made. The SHG Approach is working to empower the most disadvantaged women in a community where a majority of SHG members (as much as 99.96%) are women HHHs in the study area as shown in Table 1. Focus group discussants remarked that their participation and engagement in both SHG and household decision making is increased in the years. In their group, for instance, members are decisively involved in participation of internal dialogue and awareness raising activities on gender violence, the rights of women, human rights issues, etc. When the rights of women are violated, groups tended reporting to the police and/ or WCA for action.

Interview and FGD outputs disclosed that the SHGs in the study area have by-laws developed by members themselves through direct involvement. Matters related to savings, loans, interest, and loan repayment, social issues, women's rights, child rights and community works are deliberated on democratically. Furthermore ordinary members chair regular meetings on a rotational basis, thereby developing leadership qualities and

²⁵ The political capital discussed in this context refers to access to and participation in decision making processes but not party membership.

management skills. During these meetings, participants are strongly encouraged or required to voice their views in front of others, thereby overcoming fears, worries, and timidity. Consequently, members have developed assertiveness and confidence over the years, and this was noticeably suggested from their tale.

As it has been said that educating a woman would educate a family or community, enlightening and empowering them increased their confidence and voice, both at home and within the community. In view of the empowerment inputs they acquired from their groups, they have had better decision-making power in their households towards household finance management, health care, child rising, neighborhood sanitation, etc. Due to SHG member's awareness and care taken on household hygiene and sanitation is improving. They have also been using the voluntary counseling and testing, family planning and diagnostic lab services²⁶. Consequently, besides to having had HIV tests and family planning services, women SHG members have managed convincing their spouses to have had the test and the service, as noted from FGD participants.

According to interview conducted and data obtained from SHG organs and the promoter, the institutional and political empowerment functions are more materialized by the upper ladders of the People's Institution. The 14 strongest and well organized CLAs in the two Sub-cities are carrying out different activities regarding institutional and political empowerment. For example, the CLAs are establishing networks with partners, and mobilizing both resources (administrative budget) and information to disseminate to grassroots groups.

Whereas, the 'Yitawek' Federation of SHGs in the study locality is the higher organ that represents the People's Institution in decision making concerns outside the community. It also advocates both for pro-poor policies at different state structures and for the (legalization) registration process of the People's Institution. As a result of its sound lobbying effort the 'Yitawek' Federation has acquired office building (free of charge) from Arada Sub-city (a local state organ) (in December, 2015). As per the remarks of representatives of the Federation and promoters, this step shows the growing perception of state organs towards the contribution of SHGs that reinforced poverty reduction initiatives of the country. And, it also considered as a milestone step towards the legalization process of People's Institution. Basically, the Federation is expected to take over responsibilities from the promoting NGO and carry on the facilitation of matured SHGs. Matured and empowered SHGs would lead

²⁶ These services are provided by the Child and Youth Friendly Center of LCO (the SHG promoter NGO in the study area) and with the help professional laboratory technician and nurse counselor.

not only to enhancing livelihoods of its members and its communities but also to intensifying inclusive growth and development of the country, as noted from interview made with the representative of the Federation and the promoter.

4.10 Stakeholders Support to SHGs

Stakeholders have their role to play in supporting the SHG Approach. The Approach is a process whereby people's lives are gradually transforming from vulnerability, isolation, and deprivation to empowerment, participation, and development. Following are the stakeholders that have contributed their own role in supporting the SHG initiative in the study area:

4.10.1 Government

Sub-city state organs in the study area have been supporting the SHG initiative at different level as per interview made with the organs and promoter NGO officials. For instance, from the outset administrations of the Sub-cities provided permissions in their jurisdiction to the promoters for launching the Approach and the organs facilitated assessment of beneficiary selection and provided training venues free of charge when SHG is launched. More importantly, some of the concerned bureaus provided SHGs with technical support in their respective area, for instance, capacity building input provision (at various occasions) includes: BoH (on health issues e.g. HIV, hygiene, sanitation, etc); BoWCA (on gender mainstreaming, child care and OVC); BoE (on adult education) are worth mentioning. Besides, BoWCA in particular organize different exhibition and trade fair events where by SHGs have benefited from both promotion and selling their products.

4.10.2 CSOs

So far the SHG Approach is being facilitated and promoted by NGOs according to the data obtained and interview made from promoters (LCO and CoSAP). Currently, more than 28 NGOs (including LCO which is promoting SHG in the study area) are promoting the SHG Approach in the country. CoSAP is a Consortium of Ethiopian Resident Charity Organizations that is engaged in the promotion of People's Institution in the country. These NGOs primarily made the initiative to reach the poor, empower them and help them improve their wellbeing as the case of LCO revealed in this study.

Hitherto, the two actors (the state and predominantly the civil society sector which is the primary SHG promoting sector in the country so far) are working on SHGs nationally; however, Indian success experience on SHG revealed that the effectiveness of SHG Approach entails the engagement of multiple actors including (state, NGOs, banks, technology and service providers) in various aspects that, inter alia, includes: promoting SHG, creating SHG-bank linkage, creating enabling environment as well as setting up market linkage.

4.11 Constraints to SHGs Intervention

Although the People's Institutions (SHGs) have been playing their roles in enhancing livelihoods in the study area, they are not without barriers and constraints. The barriers include not only internal (within the people's institution) but also external (outside the SHGs).

4.11.1 Internal barriers

According to interview and FGD conducted, *low level of literacy and commitment* is hindering the People's Institutions, which limited the SHG endeavor to bring effective change in the life of the beneficiaries. There is high level of illiteracy among the members since most of the beneficiaries have been poor women who did not pass through a formal education. Despite a mounting effort made to raise member's literacy and understanding by the training sessions, there is a gap or differences among the members in understanding the concepts of the trainings. Some of the women were fast learners and some of them need extra details to understand the contents of the trainings. On the other hand, some SHG members did not take the advantage from training sessions and group discussions due to lack of commitment and discipline to get into action. Currently, however, some of SHG members are enrolled in the state (MoE) adult education program that would ease the illiteracy in the future, as per the promoter.

Both interview and FGD results revealed that most SHG members had other life obligations related to their livelihood activities whereby they engaged in informal sectors (such as: daily labors, petty trades, etc.) to earn their daily bread. In few situations, this minimized member's commitment and engagement not only in training sessions but also in weekly group (meeting, saving, and/ or loan repayment) schedule despite the presence of strong social bond among group members. For example, some members were appearing late, being absent, and interrupting their saving/ loan repayment. Above all, they disobey their

own group rules, and this lead to disciplinary measure and controversy. In such instances, a few members tend to abandoned their group consequently dissolution of a group. Records of the promoter showed that ten SHGs have been dissolved in the newly growing SHGs in the study area, which would have made 312 total SHGs in the study area (as shown in Table 1).

4.11.2 External Barrier

On the other hand, a number of external forces or factors influence and affect the SHG initiative. These forces or factors are beyond the control of the People's Institutions, which require engagements and actions of external stockholders (mainly from state organs and financial institutions); the actions will allow SHGs boost access to strategic and structural capabilities, resources, and/ or services. In these regard, the external barriers mainly, among others, include:

- a) **Lack of Suitable Legal Provision:** Findings from interviews made and data obtained from the promoter suggested that there is lack of appropriate legal provision that should address the unique features of SHGs. It is learned that there is no any legally registered SHG entity (SHG, CLA or even the 'Yitawek' Federation) in the study area. It is indicated, however, that the overall coordination and facilitation responsibility is being taken over from the promoting NGO by matured SHG institutions (principally the Federation) that had to be registered as legal entity. Since the existing legal frameworks and registration options did not accommodate SHGs' features, suitable registration option for SHGs sounds timely. If not, the privation of the apt legal provision continues escorting inconsistent implementation of the SHG initiative, as per SHG promoters. Still, representatives from regulatory organs (namely: Federal ChSA and WCA) respond on this issue that they didn't perceive women SHGs different from other institutions, such as MFIs, cooperatives or unions, and they convey the option for SHGs to be entertained within the prevailed ChSP.
- b) **Absence of Multiple Actors Involvement:** hitherto, SHG is being initiative of NGOs and promoted and instigated solely by NGOs with the support of the state organs. Currently, other stakeholders are not taking up the People's Institutions scheme. However, on account of both macro (poverty reduction, equitable growth, wealth distribution, etc.) and micro (HH livelihood improvement, HH vulnerability reduction, etc) contribution of SHG, other actors namely the state and banks should have made SHG their agenda and engaged in creating enabling environment and linking/ financing SHG,

respectively as Indian experience suggested. In the short-run, SHG organs and promoting NGOs have emphasized the need for strong, consistent and regular consultation platform amongst SHGs' vital actors including: promoters, SHG and regulatory organs, state, and potentially financial institutions.

4.12 Reflection on Distinctiveness of SHGs Approach

4.12.1 Informal Nature

The SHG Approach is well known for its informality. This informal nature is well featured mainly in the neighborhood groups (formed from 15 to 20 poor women). These grassroots and their members are the foundation organs and valuable resources of the People's Institution. From the outset, the concept of these institutions targeted these social groups of a society. The Approach also promotes informality to allow flexibility and to suit both members' needs as well as local settings in its institutionalization and administration. Since SHGs and their CLAs are a voluntary and self-managed neighborhood groups, the nature of informality allow them full autonomy and control over their resource and operation. And, members themselves set their own group by-laws in line with members' resources, capabilities as well as unique local setting. For the Federation, however, more formal arrangement is required as the legal holder and top representative of the People's Institution as it not only gradually takes over the overall admin of SHGs but also speak for them with external actors.

The sources of the national SHG promoter (CoSAP) noted a registration issue as a major challenge facing the People's Institution in the country since the Approach is 'new' to the country. There is no legal recognition and registration of groups, as result, the women groups are not interlinked with MFIs and other service providers; remarked these being really the challenges. Particularly the legalization issue to the People's Institution at CLAs and Federation level is a big challenge as the country has no experience on the issue. Unless they are legalized, they can't open bank accounts, conduct meetings and interrelate with others, and difficult indeed to link them with resources and service providers without making them legalized. There shall be continuous dialogues to find most appt legal framework so that SHG institutions can be registered. It is noted that efforts are being made in this regard in collaboration with the concerned state bodies.

According to the federal ChSA and WCA representatives, the contribution and role of SHG to the community and to the country at macro level is significant, and this is noticed by the state. And, there is evidence for example that the international experience learning visit organized in collaboration with the federal WCA, CoSAP and other actors. It is revealed that the issue of legality would be ruminated.

The Yitawek Federation in the vicinity is not able to register and acquire its legal identity mainly due to lack of flawlessly fitting legal frame in the country for the People's Institution, as per representative of the Federation. This has disregarded the Federation its legal holding prospect for the whole People's Institution in the study area. Thus, all formal interaction and communication of SHGs and their institution has been via its promoter NGOs (LCO and CoSAP), or Sub-city offices (BoWCA).

Further, being recent to the country (about 10 years) compared with NGOs (Societies and Charities)²⁷ or CBOs (Edirs)²⁸ which have accommodated by a provision for legal registration, the SHG Approach lack the same that suits its concept. In relative variance with other CSOs that aim either the social or economic or both in some cases , as revealed in empirical literatures²⁹ the SHG Approach has been intending to bring comprehensive developmental outcome. Their outcome emanates from bringing poor and vulnerable women together in an institutional SHG platform and providing them with attitude changing and skill developing trainings. Base on these inputs the HH beneficiaries are enabled and empowered to build strong social network, to get access financial resources (through saving and loan arrangements), and to make decisions on their own local affairs. Thus, the unique feature of the SHG Approach with its informal grassroots outreach is to be addressed by an enabling legal framework that impeccably fitting with the country's context for the People's Institution to realize their aim.

4.12.2 Target Poor Women

The women SHGs Approach is primarily aimed for the deprived and disadvantaged section of the society, i.e. women and their children. Pursuing the saying that says '...educating a woman would educate a family/ community', the SHG Approach is acting as a source of empowerment. The approach allows poor women to participate in the social, economic and institutional/ political processes, and is able to improve their livelihood so that they become

²⁷ Charities and Societies Proclamation No.621/2009 (FDRE, 2009).

²⁸ Edirs are registered by LSAs as Association at city or sub cities level (CoSAP, 2012).

²⁹ See 'Distinctiveness of women SHGs Approach' in Chapter two.

assertive in both their household and their community. Currently, the Peoples Institution in the study area is serving a total of 5,880 members 99.96% of them are women with family sizes of 14,679. Moreover, all members in the Federation, on the strategic structure as well as its seven members of the executive committee (along with the conflict resolution committee, loan committee, and audit committee) are women.

4.12.3 Start from Own Potential/ Resource

The women SHG Approach is basically relied on the poor members/ beneficiaries themselves and their own existing but hidden potentials or resources to instigate the poverty escaping development initiative with no direct and external resource injection. This is realized (as per advocating/ implementing NGOs and surveyed data) due for the two most basic principles of the women SHG Approach. The first principle believes in the tremendous 'God-given' potential of every human being while the other considers the remarkable strength of the poor who together as a homogenous collective can make a difference as this study revealed.

To begin with the first, the Approach believed that every human beings (in this case the poor) can unleash their hidden potential if a conducive enabling environment is provided. Society has pushed certain sections of people to the margin. The vulnerable and marginalized people gradually come to admit and internalize the situation they have been thrown into. The very poor are therefore often unheard and unseen by the rest of their community, and in particular by decision makers. The very poor are thus easily excluded. For example, some financial loan providers deny loan to the very poor because they do not have collateral and are considered credit unworthy. Regardless of such exclusion and disempowerment, the very poor have enormous natural potential (capability/ resource) to improve their own lives. The SHG Approach seeks to bring out this potential and fosters their integration with the rest of the community. The Approach seeks to draw them back from the margins. Once they begin discovering their potential and self-worth, they keep growing in the development. The process involved in the SHG Approach helps them to (re-) discover their potential steadily and realize that they are worthy and resourceful citizens who can achieve a lot in life.

Accordingly, the second principle of the SHG Approach focuses on building (or rebuilding) strong and more just communities by bringing people together and empowering them. Value systems are systematically restored, redefined and infused in the community. Their

collective bargaining power increases, enabling them to access better opportunities and services as well as claim their entitlements. Here, it is notable the synergistic relationship between human development and livelihood endeavors³⁰. In that way— enhancing knowledge, skills, awareness and health; human development increases human capital and broadens opportunities and choices. In turn, livelihood activities/ works also enhance human development by providing earning for livelihoods, by reducing poverty and by ensuring equitable growth. The earlier discussions of this chapter revealed that SHG beneficiaries have obtained different human capital inputs which have effected in enhancing livelihood and vice versa. The most notable key factor to the success of this endeavor, thus, is an attitude change among poor people themselves, towards believing in their potential in order to act a balance between economic, social, and institutional empowerment as well as overall livelihood development.

4.12.4 Livelihood (Assets) Outcome

The women SHG Approach aimed at impacting inclusive or all rounded livelihood change and improvement on the communities it serve. It is indicated that the SHG intervention is well realized on poverty stricken communities and serve the very poorer households whose livelihood is deteriorated and stricken by different shocks. The role of the People’s Institution as justified on evidence (discussed in this chapter) resulted (all-round) livelihood assets (human, social, financial, physical and political) improvement in the study area. Cognizant to the multidimensional and multifaceted nature of poverty that goes beyond devoid of enough income or the means to meet basic needs (e.g. food, clothing and housing), the women SHG Approach puts steady emphasis, inter alia, on the outcome of economic, social and institutional/ political empowerment.

In general, the overall sensible livelihood changes and achievements examined in the study area and worth mentioning here include: improvement in attitude, skill and social network; increase in financial service, asset and job opportunity; and enhancement of active participation in decision making (women assertiveness and self-esteem).

4.12.5 Affordability

Interview and FGD results have indicated in view of financial services to the beneficiaries that lack of proper financial services forced the communities to cut their consumption or postpone their needs. It has been revealed that for the most excluded urban poorer

³⁰ The 2015 Human Development Report (UNDP, 2015).

communities obtaining loans from banks and MFIs has been difficult due to their lack of collateral and the higher interest rates charged by these institutions. According to NBE (2015), loan interest rate structure of commercial banks was about an average of 12%; still, MFIs charge interest rate ranges from 9% to 30% on their various types of loans (averaging of 19.5%)³¹. Note also that some of these institutions charged different fees (such as service fee and insurance fee). And, if informal money lending is considered, from its very nature of being illegal and purely personal, its interest rate is typically very high.

However, as per the interview conducted, FGD results and promoter's data; the SHGs in the study area have managed to avail a micro-loan with interest rates ranging from 3 to 5%. The most interesting aspect of these interest rates have been that they are solely set and determined by the beneficiaries themselves based on their own perceived repayment capability. Interest rates of commercial banks and MFIs became as high as 3 fold and about 5 fold respectively against interest rate of SHGs.

Hence, compared with limited loan access from banks, higher rate charged by MFIs and unsafe/ illicit form of usury (informal money lenders, if taken); SHGs come about a better-off option for the financially excluded community in the study area.

³¹ <http://www.mftransparency.org/microfinance-pricing/ethiopia/> (accessed 14/01/2016).

CHAPTER V: CONCLUSION AND POLICY IMPLICATIONS

5.1 Conclusion

The existing high levels of poverty, unemployment, vulnerability, social inequality, and lack of opportunities in Addis Ababa, impact the city's poor with more severe shocks and stresses. This urged the government (with global agencies) to devise Urban PSN program starting from 2016 to support over 4.7 million urban poor in major cities through access to safety nets and livelihood asset building services. In other hand, the Peoples' Institutions also referred to as women SHGs are operating in the City and in the study area since 2004. Being simple and unsophisticated when they start, these institutions utilize/use members own potential (available resources) and aspire to empower poorer women in socio-economic as well as grassroots decision-making. Particularly, they pave opportunities for beneficiaries to build resilient livelihood assets and perpetually allow beneficiaries escape vulnerability and poverty.

The assessment of this study revealed that the women SHGs initiative has indeed changed livelihood assets of the beneficiaries mainly by improving the attitude and skills of the women, enhancing their social network, creating access to finances and IGAs, improving housing and HH furniture, as well as promoting grassroots decision-making. However, in the process of their endeavor in the study area, SHGs are not panacea and they have encountered both internal and external impediments namely: low level of literacy and commitment as well as absence of formal/legal registration option.

On the whole, it is concluded that the women's SHG Approach has proved to enhance livelihood assets of the destitute and marginalized sections of the society particularly women and their children in the study area and able to address vulnerability and poverty in spite of the barriers they encountered. Hence, the women SHG Approach has emerged with an incremental intervention, emanating from what community knows and transforming what is intended to be 'right' change, cost effective and efficient, practical and builds sustainable local institutions that serve development and governance goals of the society.

5.2 Policy Implications

Relying on most important findings of the analysis the following major policy implications are forwarded:

- i. National government should create a National Women's SHG Approach Legal and Policy Guideline arrangements that suited and aligned with SHG features. Such set ups shall aim at enhancing the formal institutionalization and consistent implementation of the SHG scheme.
- ii. The women SHG institutions are emanated from the local knowledge, potential and resource; proved to be unsophisticated and cost effective while implementation that makes them highly relevant and appealing for the pro-poor national development endeavor. Hence, policy makers should address the barrier of the initiative as well as strengthen and scale up the growth of these voluntary sector institutions so that their constructive lessons should be replicated to expand their outreach.
- iii. Stakeholders other than NGOs, such as: banks and governmental agencies should be reinforced to form as well as promote the People's Institution (SHGs) like what NGOs has achieved in the country thus far, so that SHGs can precede as strong means of urban livelihood progress. Thus, it is imperative to attain synergies among NGOs, the state, banks SHGs themselves and other potential actors to build a strong national People's Institution network to make possible to engage enhancing livelihood of the poor and vulnerable women jointly in the country.

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APPENDICES

ADDIS ABABA UNIVERSITY

School of Graduate Studies

**Graduate Programme in Public Management and Policy
(Specialization in Development Management)**

Dear respondents,

It is my greater pleasure to invite you to participate in my study (thesis) entitled “*The role of Self-Help Groups in enhancing urban livelihood: a case of Lideta-Kirkos Sub-cities’ Self-Help Groups*”, whose major aim is to identify and explore the contribution of SHGs in promoting and improving livelihoods to the urban vulnerable poor. The goal is to spot a novel finding that can notify regulators and all other stakeholders to reduce vulnerability existing in the country especially in urban areas through SHG Approach. I am confident that your expertise and knowledge are very crucial for the accomplishment of my project. Your input could influence policy making in this country looking to learn and replicate good and successful practices in the areas covered by this study. Looking forward to completing the study and sharing the results with you, I am very thankful for your valuable time and contribution in advance. I want to assure you that your responses are held in strict confidentiality.

Mekibib Teshome

Interview Questionnaire for SHG Promoter in Lideta-Kirkos (LCO)

Part I. Profile of the Respondent

1. Job title:
2. Education: Doctoral Degree/PhD Master’s Degree Bachelor’s Degree
 Diploma Higher Secondary Education
3. Experience
 - a. In current position/ Organization:
 - b. In Other Organization:

Part II: General Information about the SHG

1. First establishment of SHG: No. of SHGs:
 Address:Sub-city:
 Woreda:
2. The Federation: Name:
 Year of establishment:
 Address: Sub-city:
 Woreda:
 No. of CLAs:
3. Please provide historical background of the Lideta-Kirkos SHG organs and its structure.
 (enclosure)
4. Please provide data on the following progress results:

		2004-07	2008	2009	2010	2011	2012	2013	2014	2015
No. of SHG										
Member of SHG	Female									
	Male									
	Total									
Children of SHG members										
Family size										

Part III: Information on Livelihood Asserts

The following list of questions make up of livelihood asserts and related information. Please mark on the appropriate response from the available alternatives and describe briefly in vacant options.

Human Capital/Asset:

1. Please provide data on the following results of basic training modules delivered to SHGs:

Participants	Training type	No. of participants	Remark
- Group leaders			
- Group Bookkeepers			
- Group members			
- Others			

2. Please indicate and provide (if there is any) other types of awareness raising and capacity building (options) sessions delivered to SHG members.

.....

3. Please describe challenges and progresses identified in the process of capacity building activities.

Challenges:.....

Progresses:.....

Social Assets:

4. What features (elements) does LIdeta-Kirkos SHG social (asset) empowerment consists of?

.....

5. What social benefits do individuals/ groups gain in joining SHGs?

.....

6. Is there saving arrangement in LIdeta-Kirkos SHGs for social cancer?

- Yes No

7. If yes for question 6, please indicate individual social contribution and total savings of the group.

Individual social saving contribution Birr:

Total group social savings Birr:

8. For what (individual) social concern does the social saving is utilized?

.....

9. What financial services (products) does the promoter provide to the SHGs and its members?

- Financial literacy Cash (Money) Other (please explain in enclosure)

10. What financial services (products) do LIdeta-Kirkos SHGs provide to its members?

- Financial literacy Cash (Money) Saving
Loan Other (please explain in enclosure)

11. How individual members and groups managed (what efforts made) to save and accumulate capital?

.....

12. Please provide on the following financial progress results:

	2004-07	2008	2009	2010	2011	2012	2013	2014	2015
Saving amount (in Birr)									
Total capital									
No. of beneficiaries									

13. What distinctive attributes (benefits) does SHG's loan facility offer to its community unlike other financial institutions?

.....

 14. Please indicate the following information on credit loan facility progress.

Years	Amount of loan dispersed	No. of borrowers	Purpose of loan	Remark
2011				
2012				
2013				
2014				
2015				

15. What challenges and progresses have been encountered in the provision of financial services?

Challenges:.....

Progresses:.....

Physical Assets

16. What physical capital assets demanded by member?

- HH³² furniture
- HH utensils
- Tools and equipment for IGA
- Domestic animals
- Housing (Repair)
- other (please explain in enclosure)

17. What type of physical capital asset constraint has been encountered, if any?

.....

³² Household

Political³³ Assets

18. What is the central contribution of the SHG Approach in building political capital– grassroots participation and empowerment?

.....
.....
.....

19. How SHG organs represent their institution in the wider political environment.

Stakeholders Support to SHGs

20. Which actors are actively engaged in the Lideta-Kirkos SHG Approach, such as:

- NGOs Government Financial institutions other (please mention)

21. In the following options, please indicate the stakeholders corresponding to their roles in the Lideta-Kirkos SHG Approach.

Stakeholders contribution	Stakeholders	Remark
Capacity building		
Financial		
Material		
Technical		
Marketing		
Other (please mention)		

Constraints to SHGs Intervention

22. What is the major constraining factors encountering Lideta-Kirkos SHG Approach?

- Lack of resources (human, financial, material) absence of legal framework
Members’ commitment Low level of literacy
Varying partners’ perception to SHG Approach other (mention in enclosure)

³³ The political capital discussed in this context refers to access to and participation in decision making processes but not party membership.

Federal ChSA and WCA

Part I

1. Job title:
2. Education: Doctoral Degree/PhD Master's Degree Bachelor's Degree
 Diploma Higher Secondary Education
3. Experience
 - a. In current position/ Organization:
 - b. In Other Organization:

Part II- SHG Status

4. Is there a national SHG strategy or policy framework? Please elaborate.
.....
.....
.....
5. What is the nation direction or prospect towards SHG? Please explain.
.....
.....
.....

SHG Federation

Part I

- 1. Job title:
- 2. Education: Doctoral Degree/PhD Master's Degree Bachelor's Degree
 Diploma Higher Secondary Education
- 3. Experience
 - a. In current position/ Organization:
 - b. In Other Organization:

Part II

- 4. How the SHG organs represent their institution in the wider political environment?
.....
.....
.....
- 5. What roles the Federation has been played? Please elaborate.
.....
.....
.....
- 6. What results have been achieved?
.....
.....
.....
- 7. What major constraints the Federation is facing and how the constraints entertained?
.....
.....
.....

Sub-city Organs³⁴

Part I

1. Job title:
2. Education: Doctoral Degree/PhD Master's Degree Bachelor's Degree
 Diploma Higher Secondary Education
3. Experience
 - a. In current position/ Organization:
 - b. In Other Organization:

Part II

4. What are the areas you engaged with SHGs in your vicinity?
.....
.....
.....
5. In the SHG initiative, what roles do you play and what support do you provide them in your vicinity?
.....
.....
.....

³⁴ Including (BoWCA, BoFED, BoLSA and BoE).

FGD Checklist

1. How did you join the SHG and establish your SHG (SHG by-law)?
2. What do you discuss in your weekly meetings and who provide and facilitate the discussion (inputs)?
3. What benefits have you acquired after joining your SHG in terms of livelihood capital assets, including: human, social, financial, physical, and political/ institutional capital assets?
4. How do you manage to save in the weekly savings?
5. How much and for what purpose do you save and borrow? (Please, mention accumulated individual and group savings, if possible).
6. How often do you borrow and repay your loan?
7. What problem have you encountered in your engagement with SHG and in your SHG institution?

Table: 2 Thematic Qualitative Data Summary

s.no	Research Questions	Respondents				Summary
		HH Beneficiaries and Grassroots Groups	SHG Organs (CLAs and the Federation)	Promoting/ Implementing NGOs	Policy Makers	
1	In what ways has the women SHG initiative implemented by LCO in Lideta and Kirkos Sub-cities improved the livelihood assets of the beneficiaries?	Voluntary and membership involvement	Voluntarily involvement	Organize and deliver different trainings	Provide support and resources namely offices	Women SHG Approach is a voluntary and membership involvement
		Mutual support	Get permit for initial implementation from Sub-city/ woreda admin	Facilitate experience sharing and learning	Provide trainings	Beneficiaries' attitude, skill and knowledge has been enhanced
		Receive training	Get support in beneficiary assessment and selection from Sub -city/ woreda admins or BoWCA	Advocate women's SHG Approach	Supervise and regulate SHG intervention	Members' social network and insurance has been built
		Managed to save money	Organize awareness creation opportunities and trainings	Shall hand over the management of SHG endeavor to SHG organs	Supervise and regulate SHG organs' and promoting NGOs activities	Access to saving, loan and IGAs has been created for beneficiaries'
		Take loan	Advocate women's SHG Approach	-		Grassroots decision making of members strengthened
		Engage in IGAs (start micro and small businesses)	Shall take over NGO promoters' role of SHG facilitation and support	-	-	-
		Participate actively in owen (i.e. individual/ HH, group's and community's) affairs	-	-	-	-
2	What are the barriers to the implementation of the SHG initiative in Lideta and Kirkos Sub-cities in achieving its objectives?	Low level of literacy	Lower level of literacy and income at individual beneficiary level	Lower level of literacy and income at individual beneficiary level	Acknowledge the contribution of SHG initiative	Low level of literacy and income is featured on most beneficiaries
		Low income at individual level	Absence of suitable legal provision	Absence of suitable legal provision (that lead to uneven SHG implementation	Let the SHG initiative be entertained within the existing ChSP/ other provisions	Lack of suitable legal provision is a major barrier of the endeavor
		-	Incapability of formal/legal registration as legal entity	Absence of strong multiple actors' network nationally	-	Absence of formal/legal registration as legal entity is resulted for the above point
		-	Absence of strong multiple actors' interaction and collaboration	-	-	The regulatory perceived SHGs as other CSOs let be accommodated with in prevailing ChSP
3	How policy-makers, promoting NGOs & poor beneficiaries selected involved in the initiative to achieve targets of the intervention in study Sub-cities?	Need strong state support and interaction	Actors are not interacting and collaborating strongly	Actors are not interacting and collaborating strongly	Interact with SHG organs and NGO promoters	Stakeholders lack strong network and interaction towards the intervention
		-	-	-	provide support to SHG organs and NGO promoters up on request	There is a need for sound, consistent and regular consultation platform amongst the vital actors on women's SHG Approach

Source: Owen Construct.

Table: 3 Women SHGs and their Promoting/ Implementing NGOs

S/N	Promoting/ Implementing Organization	Started promoting SHG	Implementation area	Total number of SHGs	Total number of SHG- members
1	Love for Children Organization (LCO)	2004	Addis Ababa	302	5,880
2	Society for Women and AIDS in Africa-Ethiopia (SWAAE)	2008	Addis Ababa and Fiche	288	5,004
3	Mission for Community Development Program (MCDP)	2004	Addis Ababa, Chenchu	278	5,858
4	Pro Pride	2008	Addis Ababa and Chiro	202	3,460
5	Save Lives (SL)	-	Addis Ababa, & SNNPRS	140	2136
6	Remember the Poorest Community (RPC)	2008	Addis Abeba and Nazreth	130	2,136
7	Organization for Prevention, Rehabilitation and Integration of Female Street Children (OPRIFS)	2006	Addis Ababa and Bahir Dar	110	1,839
Total				1,450	26,682

Source: Analysis based on CoSAP records.

There are 28 women SHG promoting/ implementing local NGOs nationally under the umbrella of CoSAP by June, 2015. Amongst these, only seven NGOs have an intervention on SHGs in the capital city as indicated in Table: 3 above. But the rest 21 of them are working across (different parts of) the nation. Note that, one none-CoSAP member institution (namely, Ethiopian Kale Hiwot Church) is promoting/ implementing the Approach in about ten areas of the country including Addis Ababa.

The above table also shows that the women SHGs implemented by LCO (in Lideta and Kirkos sub-cities) are the largest in number of groups (302) and number of HH beneficiary members (5,880). Besides, LCO focused solely on one project area (i.e. in central Addis Ababa). These facts shown in the table reveal that LCO's endeavor has relatively the leading urban beneficiary (women SHG Approach) outreach compared to other promoters/ implementers that are working in and outside the capital city. This upper-hand urban outreach of LCO's women SHG initiative in the hub of the largest metropolis relative to the rest of the country's towns is the central justification for setting the study around the two Sub-cities that are one of the poorest neighborhoods and suburbs of the city- 'a city with dynamics')

Declaration

This thesis is a presentation of my original work. Where contributions of others are engaged, every endeavor is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.

Signed: _____

Date of Submission: _____

Addis Ababa University

Supervisor's Declaration:

I, hereby, declare that this thesis is from the student's own work and effort, and all other sources of information used have been acknowledged. This thesis has been submitted to examiners with my approval.

Signed: _____

Date: _____