



Kabul, Afghanistan

September, 2006



Literacy and Community
Empowerment Program

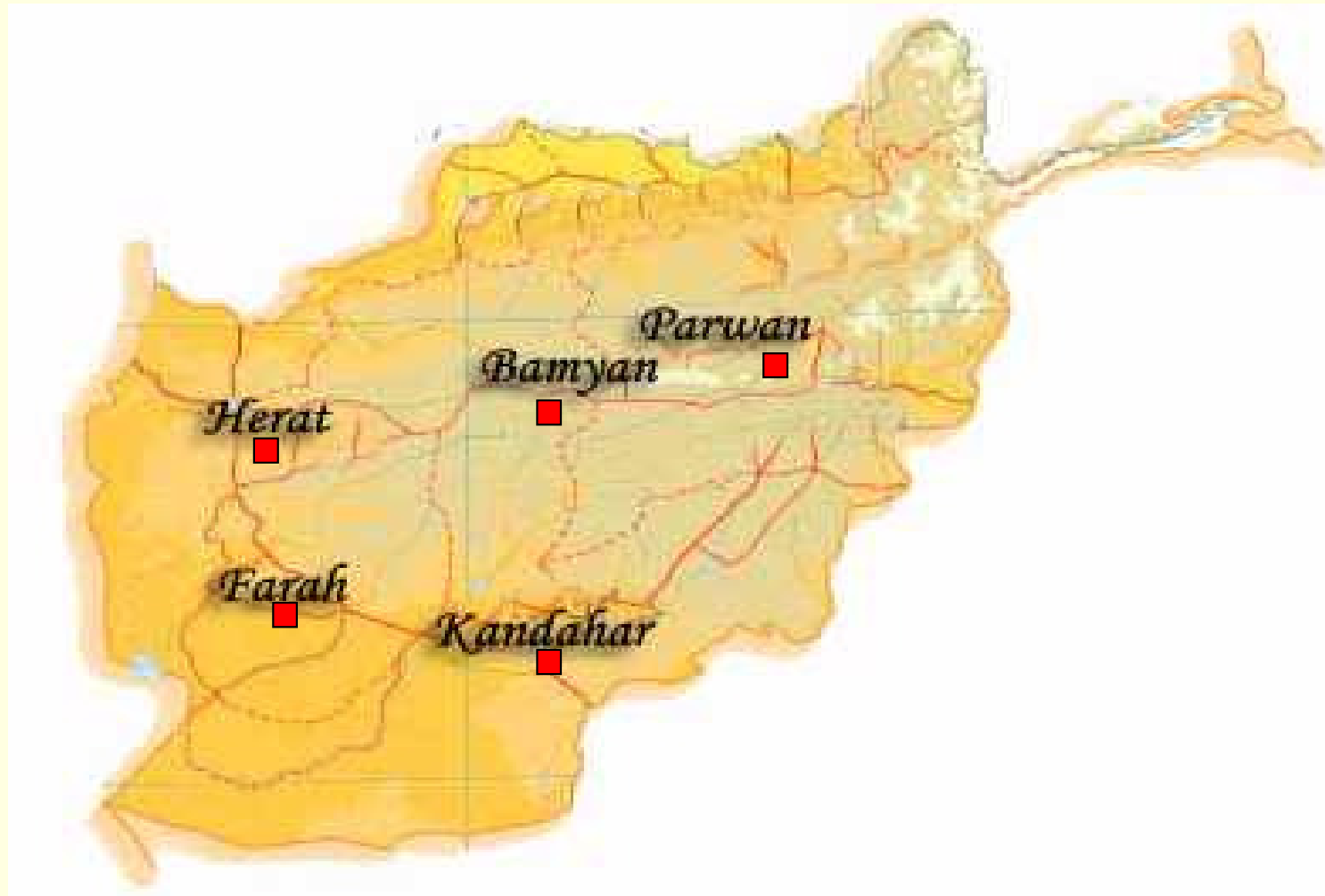
Building the Nation from the Grassroots



LCEP Briefing

- LCEP is intended to be an integrated community-driven initiative in the areas of literacy, governance and economic empowerment.
- LCEP is providing an integrated package of community based interventions to enhance the literacy level, strength the local governance and develop leadership and improved economic productivity at the village level.
- LCEP is Funded by USAID and implemented by education development center (EDC) in partnership with UN-Habitat.
- The Economic Empowerment part of LCEP focus mainly on:
 - Micro Finance and
 - Micro Enterprise

Geographical Coverage



Importance of Savings

“Savings are the forgotten half in Microfinance”

Poor people can save!

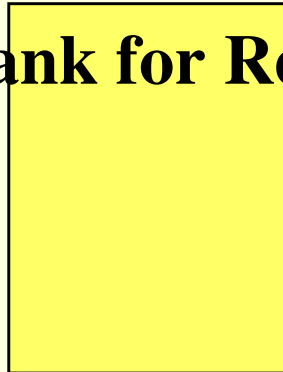
Moving from Micro-credit to Microfinance

“Poor people need facilities on their door step.”

Systemic Approach for Rural Finance

Regulatory and Supervisory Framework For the Rural Finance Sector

Apex-Bank for Refinance



Local Federations to Provide
Non-Financial Services



Community Banks at village/district level

Local ownership, pro-poor, member-based, democratic governance,
provision of Financial services, financially viable

The five Tenets of Rural Finance

- 1. Viability: Cover your operational cost through your operational income**
- 2. Self-reliance: mobilize your own resources**
- 3. Financial self-sufficiency: be profitable and preserve the value of your resources**
- 4. Outreach: try to reach as many poor clients as possible**
- 5. Impact: help the poor to help themselves**

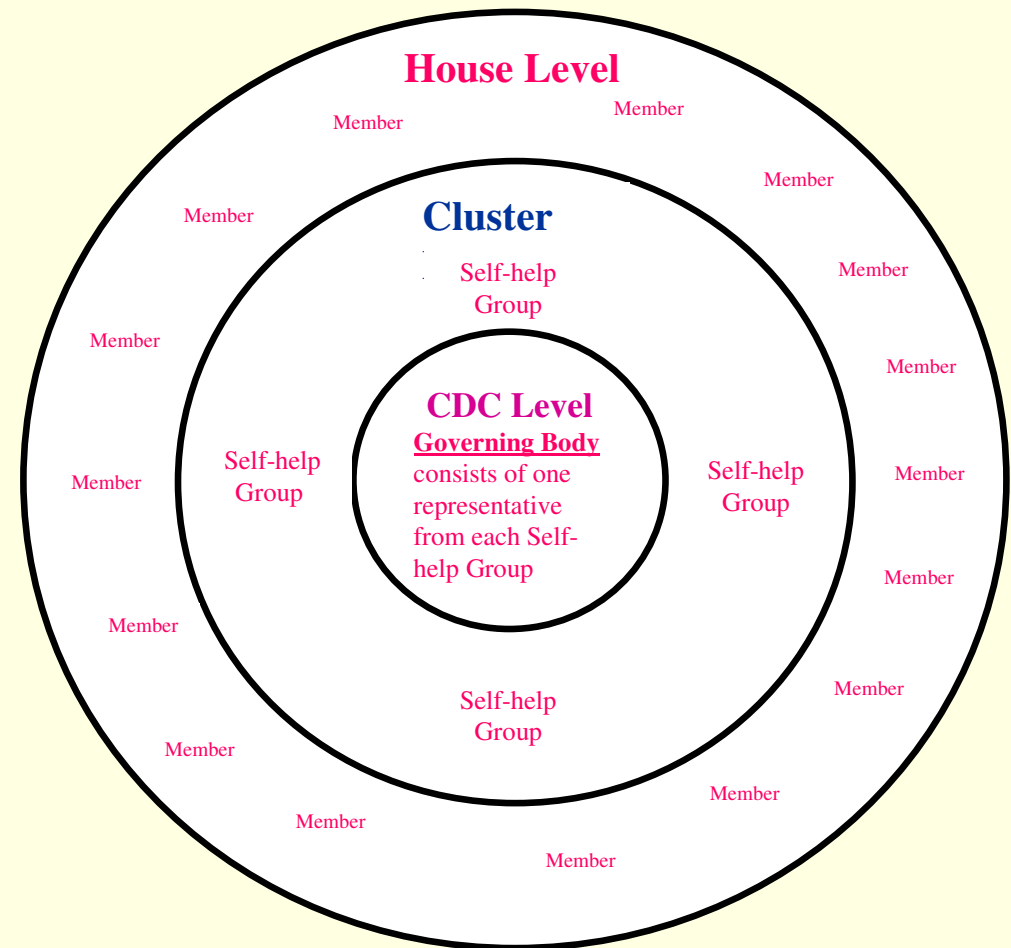
What is Community Bank?

1. Informal groups of local volunteers
 - Provides services to members
 - Services to members “Not for Profit, not for Charity, but for services”
 - Based on mutual help, mutual trust and mutual cooperation.
2. Owned and governed by members
3. Democratic Control
4. Members are not only Clients but users and owners



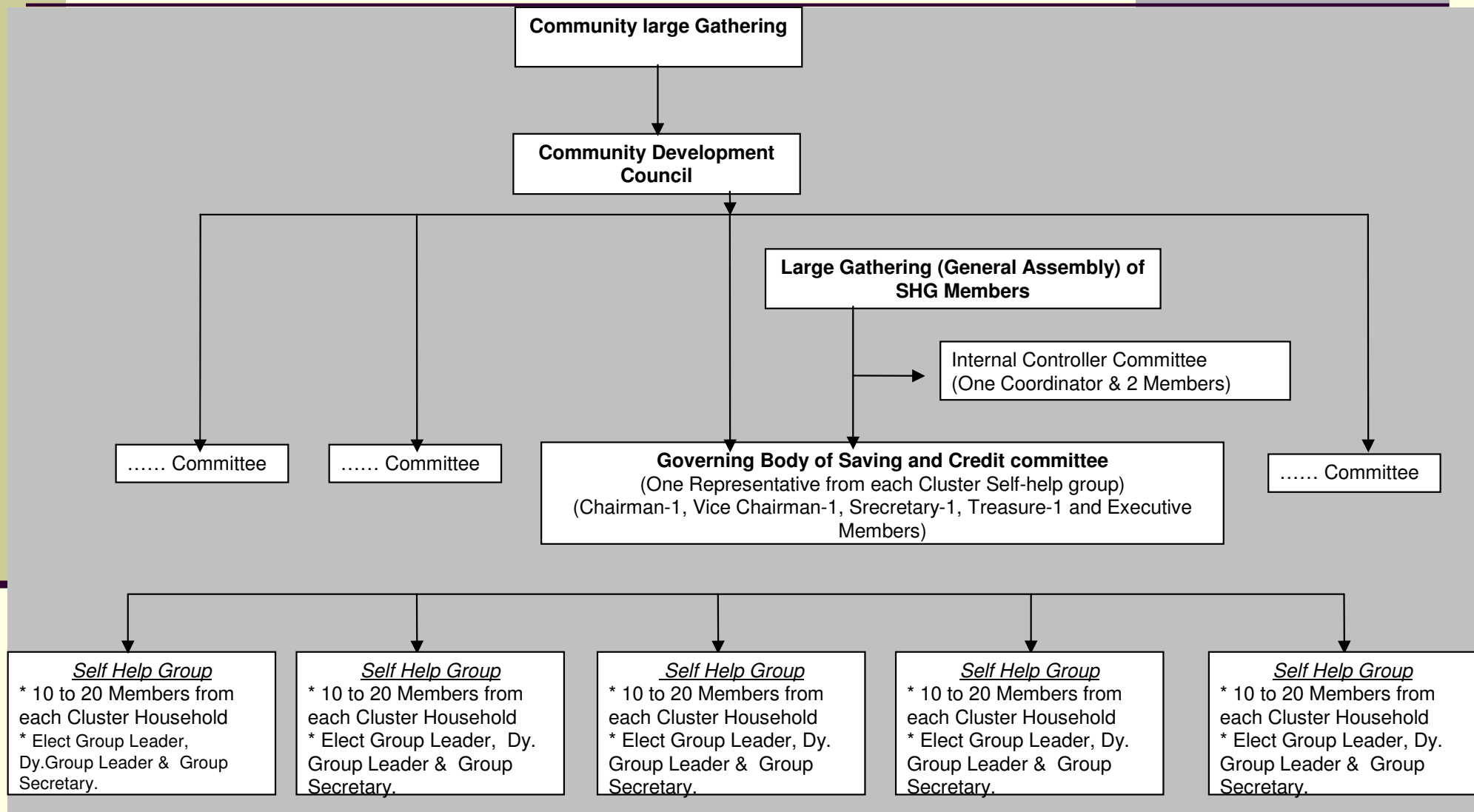
Organizational Structure of Community Bank

1. Community Bank has a two tier organizational structure
 - a. SHG at cluster level or village level
 - b. Governing body and Internal Controller Committee at CDC level.
2. Separate Male and Female Management Structure within one Umbrella at CDC level.
3. Larger Gathering as the highest decision making body.





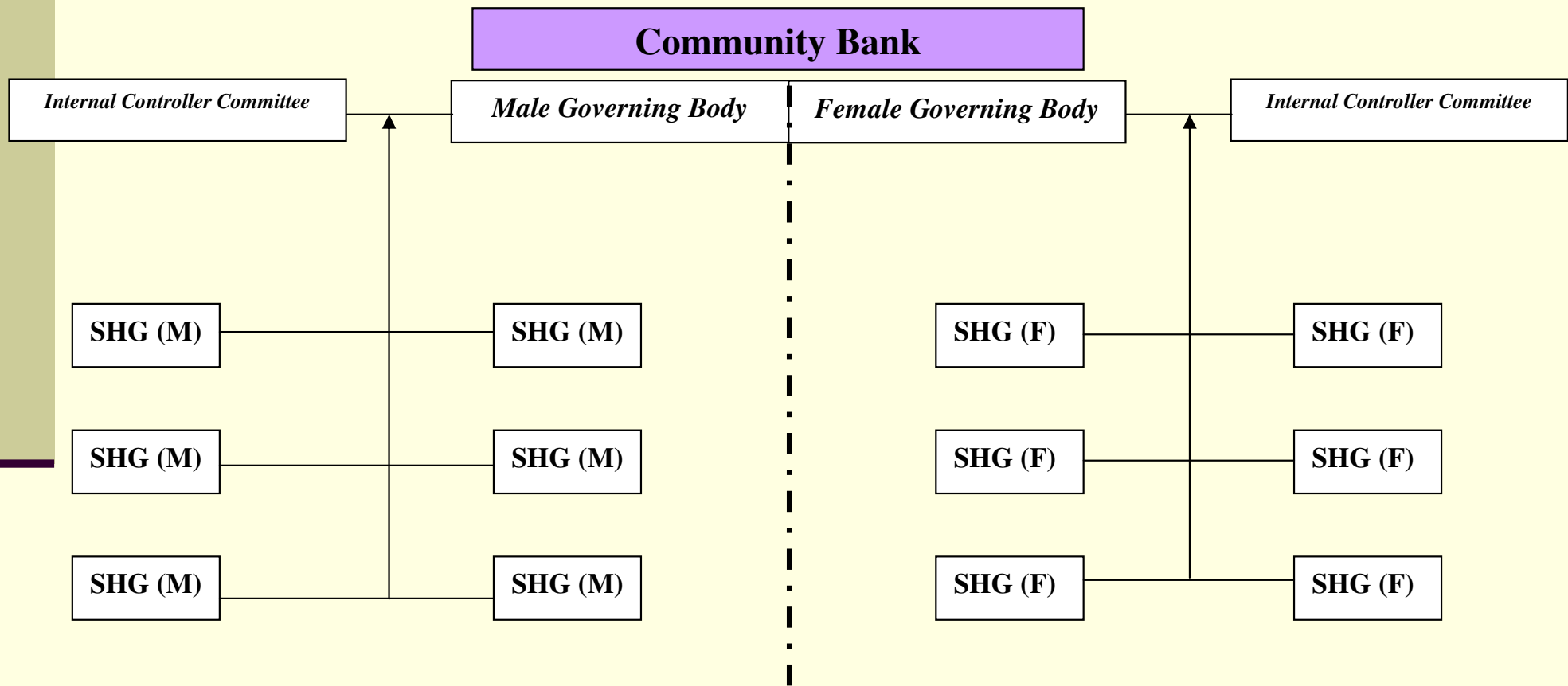
Initial Structure of Community Bank





One Community Bank In One CDC

Community Development Council



Community Bank Principles

- 1. Voluntary membership (household level)**
- 2. Democratic control**
- 3. Member financing**
- 4. Unique distribution system of service fee i.e. contribution for administrative expenses, Social fund and profit sharing fund for members**
- 5. Participation on literacy activities**
- 6. Cooperation among the community banks**
- 7. Responsibility to the Community**
- 8. Services to members**
- 9. Economic capability**

Community Bank Services/Products

❖ **Initial products are as follows:**

Compulsory Group savings

Social Fund

Group Guarantee Credit for IG

Emergency Credit

❖ **More products can be added:**

Savings for specific purposes (e.g. education)

Insurance (e.g. health, livestock, loan)

Loans (rather long-term)

Loans (specific purposes, e.g. housing)

Current Status (up to end of August 2006)

	Districts	Number of SHGs			Number of Governing body			Number of Members			Total collected savings (afs)
		Male	female	Total	Male	female	Total	Male	female	Total	
1	Bagram	115	91	206	23	23	46	1401	1220	2621	1,543,215
2	Jabulseraj	111	107	218	22	22	44	1163	1146	2309	691,706
3	Sayghan	132	111	243	22	22	44	1904	1237	3141	660,500
4	Zendajan	116	118	234	24	23	47	1567	1585	3152	879,945
Total		474	427	901	91	90	181	6035	5188	11223	3,775,366

Female

Collected Savings 1,612,930 afs
 Credit disbursement 358,680 afs

Male

Collected Savings 2,368,106 afs
 Credit disbursement 896,875 afs

SHG and Community Bank related documents

- ❖ **A brief Introduction of Community Bank and SHG for field workers.**
- ❖ **SHG Charter**
- ❖ **Community Bank Charter or bylaws**
- ❖ **Savings and Credit Policy**
- ❖ **Accounting Management System**

Training Manuals of SHG & Community Bank

- ❖ **SHG Formation Training Manual**
- ❖ **SHG Management Training Manual**
- ❖ **Governing Body & Internal Controller Committee formation Training Manual**
- ❖ **Credit and Accounting Management Training Manual**
- ❖ **Preparation of Financial Statement Training Manual**

Challenges

- ❖ To train illiterate SHG leaders especially women SHG leaders for day to day management of SHG and governing body activities.
- ❖ To develop professionalism in governing body officials of the community bank.
- ❖ To protect from misuse of collected savings (consumption purpose), allow to invest only for income generating activities (especially from regular compulsory group savings)
- ❖ Establish linkage with other organizations for capacity building
- ❖ To get legal identity.



Literacy and Community Empowerment Program

Thank You!

