

Self Help Programme in Ishkhashim and Jhurm Districts of Badakshan

Developing an alternative
approach to Microfinance

The project area

- 2 Districts - Jhurm and Ishkhashim
- 25 Villages selected
- Field visits made to more than 30 villages
- Discussions with Shura and elders were held to get their cooperation.
- District level consultation with CDCs

What is a Self Help Group (SHG)?

- Voluntary association of members (poor people) to improve their economic and social condition.
- They operate informally based on
self help,
mutual trust and
cooperation

Objectives of the Group

- Promote Regular Savings
- Lend to members – Give Loans to members
- Developing their family resources and raising their incomes
- Improve status of women, children and the underprivileged

Self Help Group in Ishkhashim



Members are

- From the same village and not from different villages
- Family must reside in the village permanently
- Should have some place to live and not be mobile and migrant
- Able to save some amount regularly
- Attend group meetings regularly

Activities of the SHG

- Savings
 - Ask the members to make regular monthly savings
 - Mobilize additional savings from other sources if possible
- Credit
 - Issue loans to members from the savings
 - Mobilize loan from outside
 - Ensure repayment of members
 - Ensure repayment to the banks on time
 - Monitor the use of loans

SHG Meeting in Progress

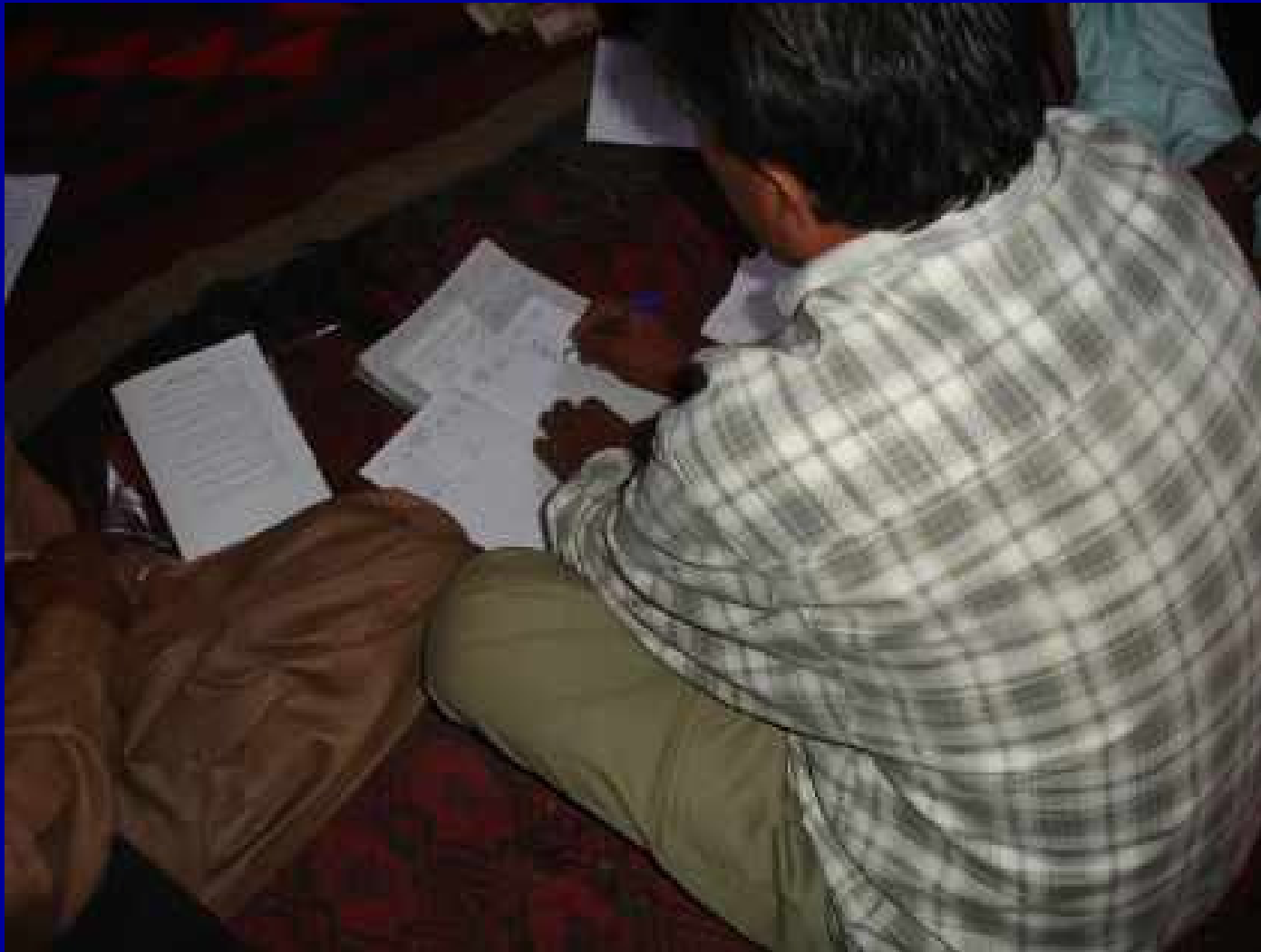


How do SHGs function ?

Have a Bye Law

- SHGs have a Bye Law for the group
- The bye law specify
 - Objectives of the group
 - Time and periodicity of meetings
 - Amount and periodicity of savings, rate of contribution to the group loans, service charges for members etc.,
 - Procedure for loans- who will get first and how much? Who will decide and how it is decided etc.,
 - Purposes of loans, repayment periods etc.,
 - Dealing with defaulters, guarantees etc.,
 - Election of leaders and changing them
 - Personal development

Pass Books



How much to save?

- **Minimum** : One or Two days of their wage labor or their equivalent every month. More savings are welcome and encouraged
- **Maximum**: Any amount is possible – Capture the surplus earnings during harvest and, employment seasons

**Members shall decide the amount.
They must feel comfortable.**

Leadership / Office bearers for the SHGs

- Three members be elected as office bearers
 - President – to chair & conduct the meetings
 - Secretary – to record the transactions and minutes
 - Treasurer – to keep the account books and balance cash
- The leaders represent the group to the outside world and closely work with the field workers of AKF

Disbursal of loans

- Loans must be decided and distributed only during the meeting
- All loans should have a loan repayment schedule
- Loans have to be based on the need of the member and availability of cash with the group.
- Loans need not be given equally to all the members.

Books of the SHG

1. Member Passbook
2. Meeting Minute Book
3. Cash Book and Ledgers

Update the books as and when the meetings are over.

Pass Book is the identity of the member and always be with the member as a record of savings and credit.

Books 2 and 3 must be with the Group Leaders.

Disbursal of Credit



Linkage Loans

- Six months after the SHGs are formed
- Linked with a banks to get bigger loan
 - The size of the loan depends upon
 - Savings
 - Sincerity of members
 - Accounts keeping of the group
 - Loan disbursasl from the group
- Loan size will be normally two or three times of the savings of the group
- For example:
 - Group Savings is 15,000 Af
 - Loan for the group will be 45,000 Af

Achievements till October '06

- Enrolled around 1600 families as members Self Help Groups in two districts of Badakshan.
- 94 groups formed and functioning for more than six months (34 Women groups)
- Mobilized a savings of Af 1.81 Million
- Savings grow at a rate of Af 0.3 – 0.4 Millions every month
- Plans to deliver a total credit of Af 7.5 millions by year ending December 06.

Learnings from the project

- Acceptance for Self Help Groups
 - More villages want the project
- Access to Savings : Average savings per month per member
 - Ishkhashim Af 135 and
 - in Jhurm Af 290.
- Involvement of Women
 - Around 35 Women groups
- Flexible terms for loans