

Gender Mainstreaming in Afghanistan's Microfinance Sector: An Impact Assessment

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ACRONYMS

ADB	Asian Development Bank
AFN	Afghan Currency
AFS	Ariana Financial Services
AMFI	Afghanistan Microfinance Institution
ARMP	Agha Khan Rural Microfinance Program
BRAC	Bangladesh Rural Advancement Committee
DAB	Da Afghanistan Bank
FGD	Focused Group Discussion
FINCA	Foundation for International Community Assistance
MADRAC	Microfinance Agency for Development and Rehabilitation of Afghan Community
MFIs	Microfinance Institutions
MFPs	Microfinance Programs
MISFA	Microfinance Investment Support Facility for Afghanistan
MIX	Microfinance Information Exchange
MoFAD	MoFAD Microfinance Company, affiliated with CARE International
OXUS	OXUS Afghanistan, a part of OXUS Development NETWORK (ODN)
PARWAZ	An indigenous microfinance organization
SPSS	Statistical Package for Social Sciences
UN	United Nations
UNICEF	United Nations International Children Education Fund
WB	World Bank
WWI	Women for Women International

1. EXECUTIVE SUMMARY

In many countries, microfinance services are considered as an effective tool to alleviate poverty and improve the social and economic wellbeing of the poor. Likewise, in Afghanistan, microfinance is being developed to play a key role in reducing poverty, as well as providing access to finance. For this purpose, the Microfinance Investment Support Facility for Afghanistan (MISFA) was established in 2003, as an apex body to promote and fund microfinance activities. Evidence shows that microfinance has played a positive role in poverty reduction in Afghanistan, (Microfinance in Afghanistan: A baseline and initial impact study for MISFA, September 2007.)

This study was commissioned by MISFA to assess the impact of microfinance on the economic and social empowerment of women clients through the services provided by its partner microfinance institutions (MFIs). The findings of the study suggest that microfinance has had a positive impact on the social and economic empowerment of women in Afghanistan, as seen in many parts of the world.

The study sample consisted of three groups: clients, dropouts and non-clients. Data was collected from the active and dropout clients of eight MISFA MFI partners. In addition, non-clients were interviewed in the areas where these eight MFIs are operating to provide a basis for comparative analysis. A total of 800 respondents were interviewed, out of which 400 were clients, 200 were dropouts and 200 were non-clients. All the respondents were selected randomly by the survey team, assisted by MFI employees.

The first part of the survey was designed to determine the respondents' literacy level. The data indicated that 73 percent of the respondents were illiterate, and a major portion of the remaining 27 percent had primary level education. Very few of the respondents had education of 10 years or more. The next section studied the seasonality in business, which showed that clients had the highest ratio in having permanent businesses than dropouts and non-clients. As for dropouts, the major reasons offered by respondents for leaving the program are: their need was fulfilled; the lending program was not so productive; and because the loan was used mainly for consumption smoothing or an emergency need at the time it was borrowed. Other reasons given pertain to: the process of applying for a loan being complicated; high interest rate; and long loan terms.

Five indicators of access to basic services were used as proxy indicators for measuring the impact of microfinance on the economic development of households. These indicators were electricity, access to health facilities, access to education, cooking fuel and clean drinking water.

The data shows that clients' access to electricity has improved after joining a microfinance program, with 84 percent of the respondents obtaining electricity from various source – up from 63 percent before the loan.

Access to clean drinking water also improved with more microfinance clients using safe sources of drinking water. Furthermore, access to health facilities and education increased with the improvement in the economic condition of the clients.

The data for economic empowerment shows gender mainstreaming having a positive impact on the lives of female borrowers and their families. Women clients reported contributing to business decisions, being consulted on the following: selection of a business, expansion of business, changing of business and changing the location of business.

There was also a positive impact on women clients' participation in the household economic decision-making, particularly when it comes to expenses on food, utilities, health, education and clothing. Improvement was also seen in client savings, with 69 percent of clients saving money, compared to only 34 percent before taking the loan. There was also a positive impact on assets. As the data indicate, the assets of more than 70 percent of the clients have increased after utilization of the loan.

To add another dimension to this research, a section was added to assess the standard of living of the three sample groups, through the enumerators' observations. Enumerators were tasked to rank the respondents' standard of living based on their overall appearance and environment. Four indicators – housing, clothing, jewelry and living condition – were used to rank the respondents' standard of living on five scales: Worse, Below Average, Average, Above Average, Good.

The enumerators' general observations of the respondents' housing, living conditions, clothing and jewelry convey that the client group's households appeared to have a higher standard of living. This seems consistent with the results of the rest of the survey. However, the indicators used to gauge standard of living are not comprehensive, by any means. Further study is required, particularly to ascertain causality and initial conditions upon entering the program i.e. are clients becoming better off, or are better off clients using the products?

The data for social empowerment also indicates a positive impact on the social status of the clients. The data shows that clients were participating more in decisions, such as education and marriage of children, as well as the family's participation in social events. Other indicators for social empowerment were mobility, purchasing decisions, self-confidence, self respect, respect within the household, respect in the neighborhood and respect in the eyes of relatives. More than 90 percent of the respondents said that there was a positive improvement in all of these areas.

This qualitative case study indicates that microfinance appears to be having a positive impact on the economic and social empowerment of women in Afghanistan, but there is a need to expand these programs to enable more people to receive these benefits.

One area that needs to be investigated is the reasons for dropouts. Dropout clients interviewed for this study provided varying reasons, including the cultural practice limiting—if not banning—interactions between men and women. Having knowledge of the real reasons for clients dropping out could help in developing loan products and a

lending methodology in accordance with local norms to enhance the acceptability of the programs.

Further study of potential client needs and livelihoods is required to inform the design and delivery of appropriate products and services that can bring about socio-economic empowerment to women clients. This is an important step as MFIs improve upon and/or expand their outreach in the coming years.

2. METHODOLOGY

2.1 Objectives

The study was conducted to investigate the following:

- Impact of microfinance services on the social empowerment/status and economic wellbeing of women clients of MISFA's partner MFIs
- Effects of microfinance services (loan and savings) on the economic situation of women in particular and the household in general
- Impact of the loan on the borrower's position in the family in terms of influence (decision-making)
- Impact on expanding economic activities/income, mobility and other aspects
- Barriers, constraints and shortcomings in the existing microfinance programs in order to make actionable recommendations toward improving the lives of Afghan women through microfinance.

2.2 Scope

The study covered four Provinces: Kabul, Nangrahar, Balkh and Herat. The scope of work covered the following variables:

- **Review of MISFA:** This initial phase involved a review of existing strategies and implementation and other relevant program documents.
- **Assessment of MISFA's partner MFIs:**
A Focus Group Discussion (FGD) with a select group of MISFA partners, as well as MISFA representatives, was conducted to evaluate issues and practical experiences in the sector. The FGD focused on:
 - The findings of the consultants regarding the program policies and interventions from MISFA;
 - MFIs' practical progress and their key experiences working in Afghanistan; and
 - Hurdles and threats faced by MFIs in Afghanistan.
- **Survey of female microfinance clients**
 - Demographics: household size, gender, age classification, employment status, estimated household income, and education level;
 - Access to basic services: What kind of access did people have to basic services in rural and urban areas of Afghanistan?

- Social impact of MISFA loans: What role did microfinance play in lifting the social status of women?
- Economic Impact of MISFA loans: What role did microfinance play in lifting the economic status of women?

2.3 Project Execution

Both qualitative and quantitative methods were applied and primary and secondary data was collected. The survey method was mainly used for primary data collection. A sample of 800 households was selected from the four provinces of Kabul, Nangrahar, Balkh and Herat. The respondents were divided into three groups: clients, dropouts and non-clients, with a sample size of 400, 200 and 200 respectively.

In the first phase, data and information provided by MISFA were reviewed. This was followed by a focused group discussion (FGD) with the partner MFIs of MISFA. The experiences of the participating MFIs proved to be valuable in conducting this study. The FGD had two sessions. In the first session, the partners introduced their organizations, discussed their priorities and how gender mainstreaming factors into their strategies. In the second session, the participants were divided into three groups where they discussed the issues around women as clients or potential clients and gave recommendations on how policies/strategies/environment can be more conducive to women's participation in socio-economic activities. These recommendations were included in designing questionnaires and were useful in the data collection and analysis.

In the next phase, a questionnaire was designed for the three groups of respondents (see Appendix section) and were shared with MISFA. After obtaining feedback and incorporating the necessary changes, the questionnaire was pre-tested. The finalized questionnaire was then sent to the field for data collection. The survey team included a survey supervisor, a fieldwork coordinator, two monitoring officers, four survey team leaders and 16 enumerators: eight male and eight female. A stringent monitoring system was designed to ensure authenticity; more than 50 percent of the questionnaires were checked by the team leaders at the time of fieldwork and 20 percent of the questionnaires were verified by the monitoring team.

The data collected was then entered into data sheets and then processed with the help of a statistical package (SPSS). The tables and figures generated through SPSS were then used for this report.

3. ANALYSIS

3.1 General Information

This section includes information on the sample distribution of the target groups, their current status in the household, seasonality of business, loan cycles and any inconvenience encountered in the loan process.

A total of 400 active clients and 200 dropout clients of MISFA's implementing partners were interviewed for this survey. Another 200 women – non-clients – were interviewed for a comparative analysis and for an assessment of the external factors that affect a household's socio-economic conditions. Respondents representing each sample group were interviewed from both rural and urban areas. The distribution sample of clients and dropouts is shown in the following tables:

Table 1. Clients sample

Organization	Respondents (Percent)
AFS	9.5
ARMP	7.3
BRAC	27.2
FINCA	18.9
MADRAC	4.6
MOFAD	6.6
OXUS	13.8
PARWAZ	6.0
WWI	6.1
Total	100.0

Table 2. Dropouts sample

Organization	Respondents (Percent)
AFS	9.3
ARMP	8.0
BRAC	37.3
FINCA	14.7
MOFAD	6.7
OXUS	13.4
PARWAZ	5.3
WWI	5.3
Total	100.0

The educational level of all respondents, clients, dropouts and non-clients, is very low. The survey reveals that 73 percent of the total respondents were illiterate, while around 13 percent had primary education; eight percent had eight years of education, 5 percent had 10 years of education, 0.7 percent had 12 years of education, while 0.2 percent had completed 14 years of education (see **Figure 1**).

Figure 1. Respondents' educational level

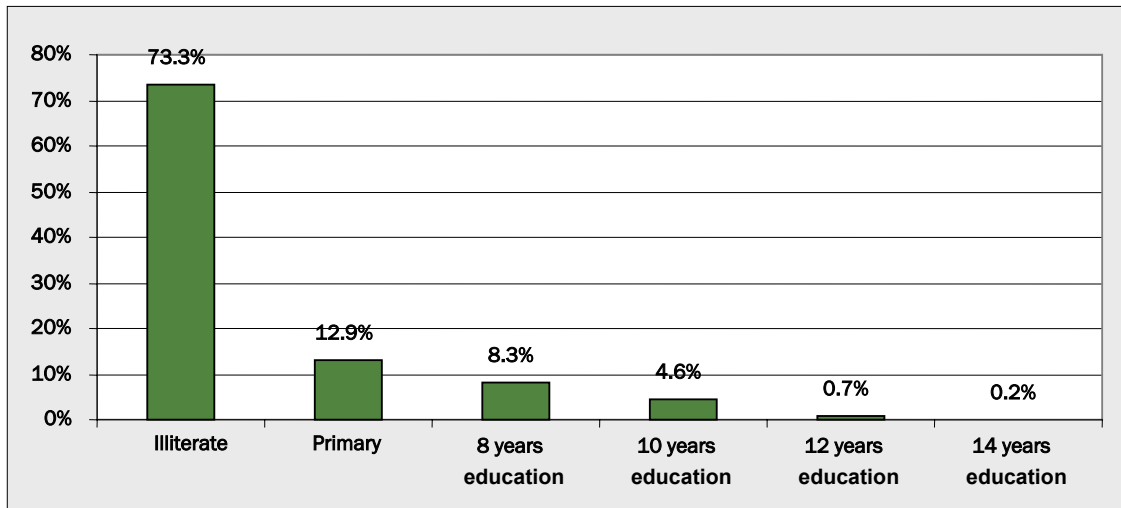
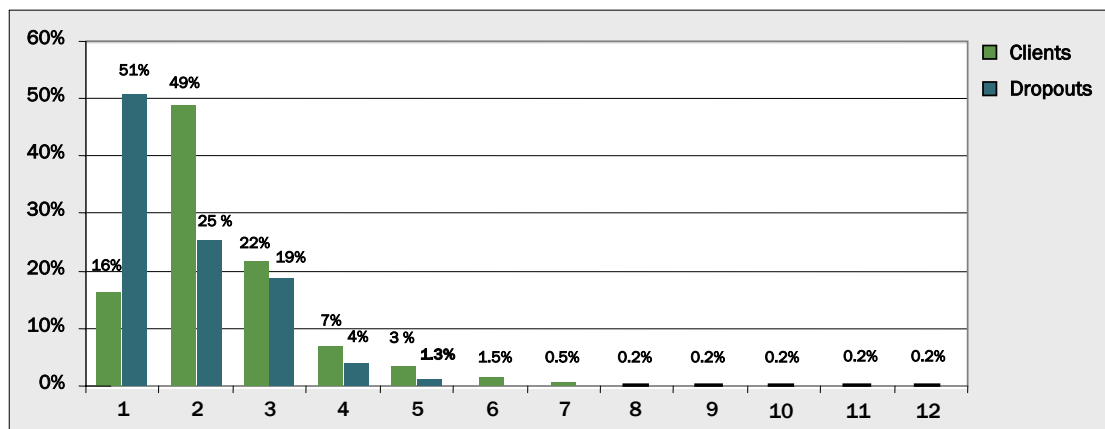


Figure 2. Loan cycles of clients and dropouts



The data shows that 16 percent of the clients are in the first cycle, 49 percent are in the second cycle, 22 percent are in the third cycle, 7 percent are in the fourth cycle, and 3 percent of clients were in the fifth cycle of loans.

Meanwhile, 51 percent of dropout clients did so during the first cycle of their loan; 25 percent in the second cycle; 19 percent in the third cycle; four percent in the fourth cycle and 1.3 percent in the fifth cycle.

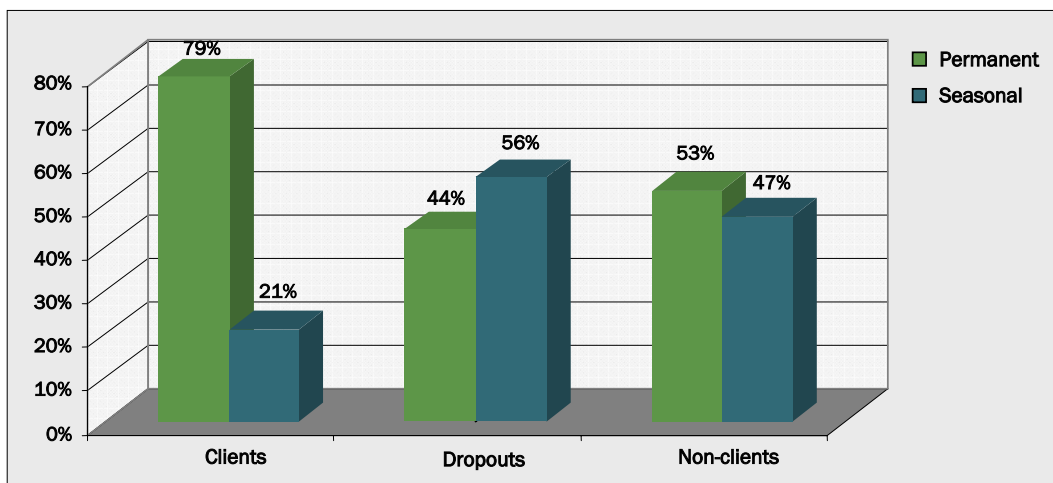
The survey also looked at the family's and the respondents' economic status. One can argue that being head of a household is an indicator of women empowerment, although such a role has both opportunities and challenges for a female.

Around 21 percent, 17 percent and 23 percent of the active clients, dropouts and non-clients, respectively, were heads of their households,

Having a permanent source of income is another indicator of economic empowerment. A household having a permanent source of income is generally considered less vulnerable and often better off than a family not having a permanent source of income and engaged in seasonal business activities.

The data collected indicates that out of the three sample groups, microfinance clients maintained more permanent sources of income than dropout clients and non-clients, indicating some evidence of positive economic impact and independence (see **Figure 3** below).

Figure 3. Respondents with permanent or seasonal businesses



3.2 Access to Basic Services

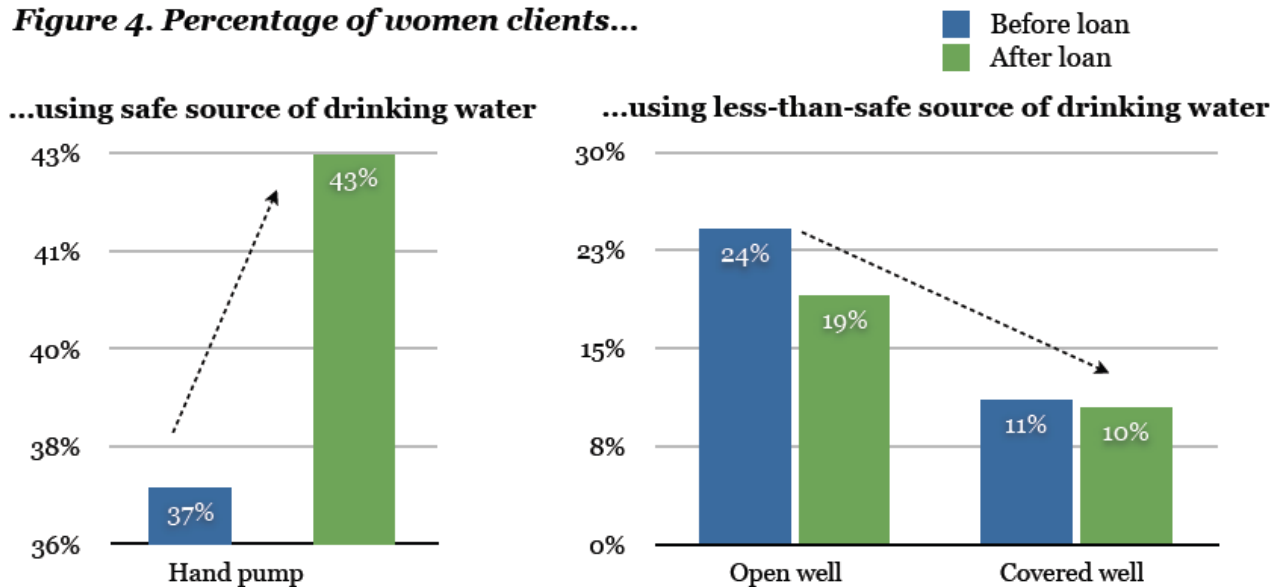
Access to basic services is a set of indicators commonly used for assessing the economic wellbeing of a population. For this purpose, the study looked into the respondents' access to: clean drinking water, sources of cooking fuel, electricity, health and education.

3.2.1 Clean drinking water

Potable water is used from different sources in Afghanistan. According to the survey, the primary sources of drinking water are: covered wells used by 11 percent of the respondents, open wells used by 24 percent, hand pumps used by 37 percent, and other sources used by 22 percent of the respondents.

The data collected indicates a considerable improvement in the ratio of women clients having access to clean drinking water after loan utilization. The percentage of women clients using hand pumps, considered to be the safest source of drinking water, has increased to 43 percent after the loan, while the share of those using open and covered wells has dropped after loan utilization (see *Figure 4*).

Figure 4. Percentage of women clients...



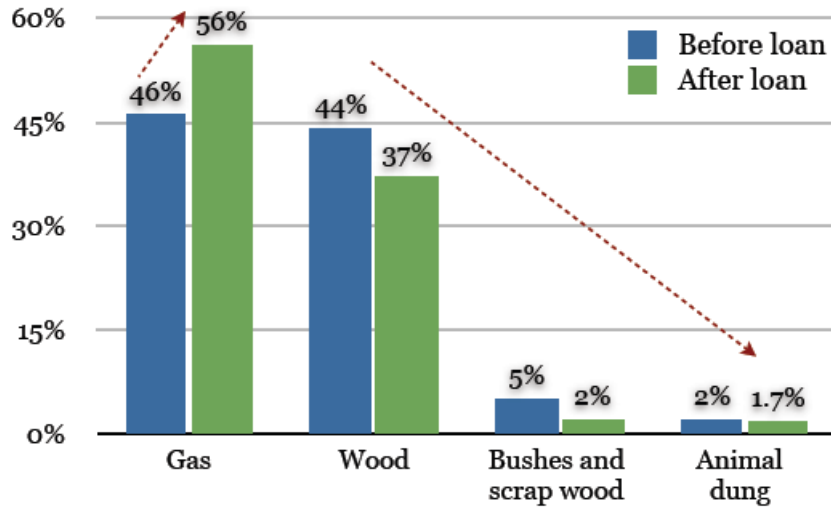
3.2.2 Safe cooking fuel

Cooking fuel is another important indicator used to measure the impact of microfinance on households. Around 46 percent of respondents use gas; 44 percent use wood; five percent, bushes and scrap wood; two percent, animal dung; one percent, electricity; another one percent, kerosene oil; and yet another one percent use other sources.

The positive impact of loans on using safe sources of cooking fuel is notable, in comparison with cooking fuel usage before the loan. The data indicates that the percentage of women clients using gas, considered the safest fuel available, increased from 46 to 56 percent after the loan, while those using wood for fuel dropped to 37 percent from 44.

Similarly, users of the less-than-safe sources of fuel decreased across the board after the loan: bushes from five to two percent; animal dung, from two percent to 1.7 percent; and kerosene oil, from 1 percent to 0.2 percent (see *Figure 5*). This trend could also have a positive impact on the environment and on public health. For example, a decreased consumption of wood and bushes for cooking could prevent deforestation, while less use of kerosene oil could lead to less toxic fumes and harmful pollution.

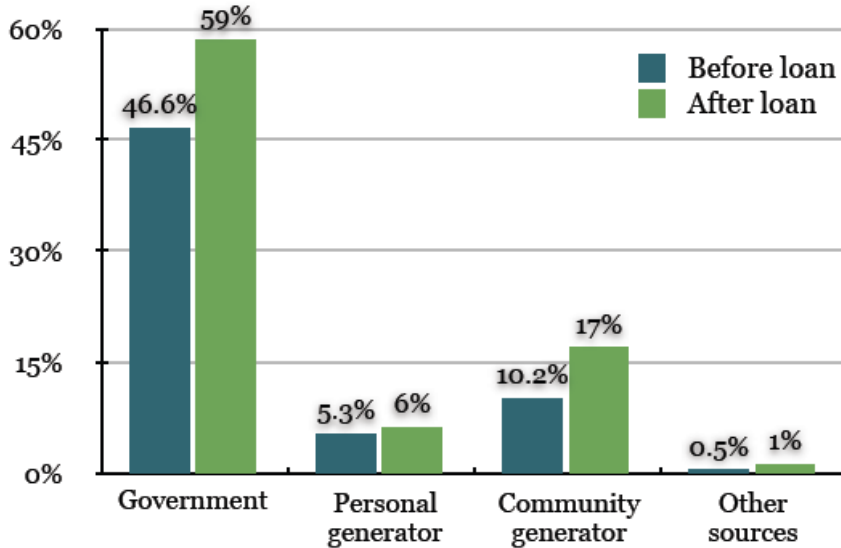
Figure 5. Percentage of client households using cooking fuel, by type



3.2.3 Access to electricity

According to the survey, 62.6 percent of clients had access to electricity before taking loans. The sources of electricity identified are as follows: government supply, personal generator, community generator and others. After utilization of loans, the clients' pattern of consuming electricity showed a marked improvement, with 82.5 percent gaining access to electricity, showing a growth of almost 20 percent (see **Figure 6** for a comparison of clients' electricity usage per source, before and after the loan).

Figure 6. Percentage of clients with access to electricity, by source



The increase in personal and community generators could be attributed to microfinance. The use of personal generators increased from 5.3 percent to 6.3 percent, and that of community generators from 10.2 percent to 17 percent. Consequently, the percentage of clients who did not have access to electricity decreased from 37.4 percent to 17.2 percent. The respondents were asked whether their better access to electricity can be attributed to their access to credit, or other reasons. The survey shows that around 33 percent of the respondents attributed their access to electricity to the microfinance loan they obtained.

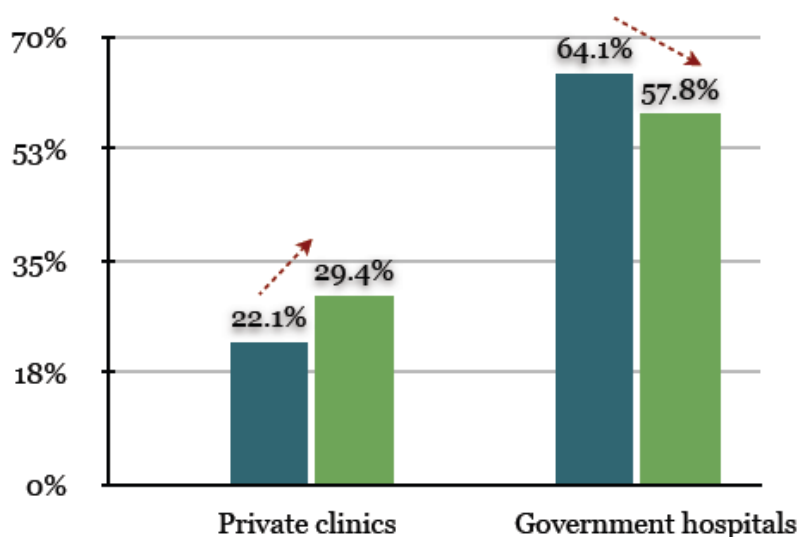
3.2.4 Health facilities

Primary health care is one of the basic necessities of a household. Unfortunately, health care centers are not commonly available in Afghanistan. People have to go to big cities or even to neighboring countries to seek medical treatment and other services.

According to the study, 64 percent of the respondents had access to government hospitals before the loan; 22 percent to private clinics; seven percent to basic health units; 3.4 percent to *hakeems*; 2.2 percent to mobile health clinics; and 1 percent to dispensaries.

After gaining access to credit, a higher percentage of clients went to private clinics, presumably because they could afford to: from 22.1 percent to 29.4 percent (see *Figure 7*).

Figure 7. Percentage of clients with access to private clinic vs. government hospitals



3.2.5 Access to education

The fifth important indicator of economic development tested in this study is education. Out of the 78 percent of clients who have school-age children, 66 percent are sending their children to school; six percent have kids not going to school because the family couldn't afford education; and the remaining 6 percent have issues with security and the accessibility of educational institutions.

Twelve percent of clients, who send their children to school, said that they would not have been able to do so if they had not availed of the loan facility, which increased their income. This shows that education becomes more affordable to families involved in microfinance programs.

3.3 Economic Empowerment

The previous sections show that microfinance may have a considerable impact on the economic development of clients. But does it have a positive impact on the economic empowerment of women?

The basic assumption is that microfinance empowers women economically by making them stakeholders in the household economic decision-making. In this section, more variables are examined to see if this assumption is true in the case of Afghanistan.

Box 1. When economic participation leads to social empowerment

Zarghona (not her real name) was born into a family of construction laborers. She did her studies in a government school for three years and could not continue further because her family thought that she has grown up and should not continue any longer. She got married to Sher Ahmad at the age of 24. Sher Ahmad is also a daily wage laborer. However he is more open minded than Zarghona's parents, and he let her join an NGO training center where she learned how to stitch and make clothes.

"I learned about BRAC and its microcredit program from one of our relatives, who was a member of BRAC," narrated Zarghona. "I went to BRAC office and enrolled myself in the program."

Now Zarghona has taken a third cycle of loan and she used her loans to buy sewing machines for her business. Zarghona believes that microfinance has changed her life; now she has improved living conditions, compared to two years back. Her clothing, food and education are all much improved. Both of her daughters are going to school. "I have savings at home and I can easily spend money on the health of my family if they fall sick".

"The neighboring women think that I am very intelligent because I have supported my family economically," said Zarghona. "They consult me in their domestic and family social issues."

Zarghona's husband is supportive: "I am a happy man as I am not the only income earner in my family. My wife supports me in running our household and I never take any decision without consulting my wife because I am confident that she understands the household matters."

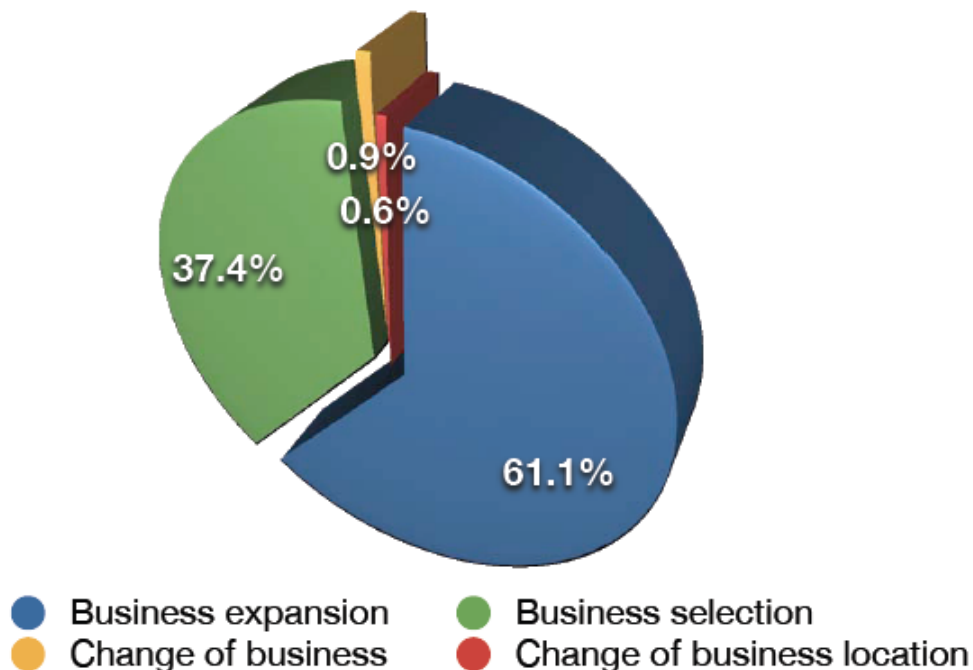
As stated in Section 1, 20 percent of women clients are heads of their households. The awareness level was high and 95.6 percent were utilizing the loan amount for the purpose for which it was borrowed. The proper utilization of loan amount was attributed to the borrowers' awareness level, because 20.4 percent of the respondents said that there was no monitoring from the MFIs to ensure the proper utilization of loan amount.

3.3.1 Utilization of loan amount and impact on participation in household business decisions

A total of 80 percent of the respondents said that their loan was utilized by a male member of their household. When asked about participation in household business decision-making, their response was encouraging: 74.5 percent of female clients said that the loan had increased their participation in economic matters, 2.9 percent said that it remained the same, and another 2.9 percent said that the loan had no effect. The remaining 19.7 percent could not determine whether the loan had any impact on the matter or not.

On the other hand, only 52.5 percent of non-clients participated in household business decisions. For 94.7 percent of dropout clients, participation in business decision-making had increased, which indicated that through these loans, women were still consulted about business decisions even after they stopped taking loans from MFIs.

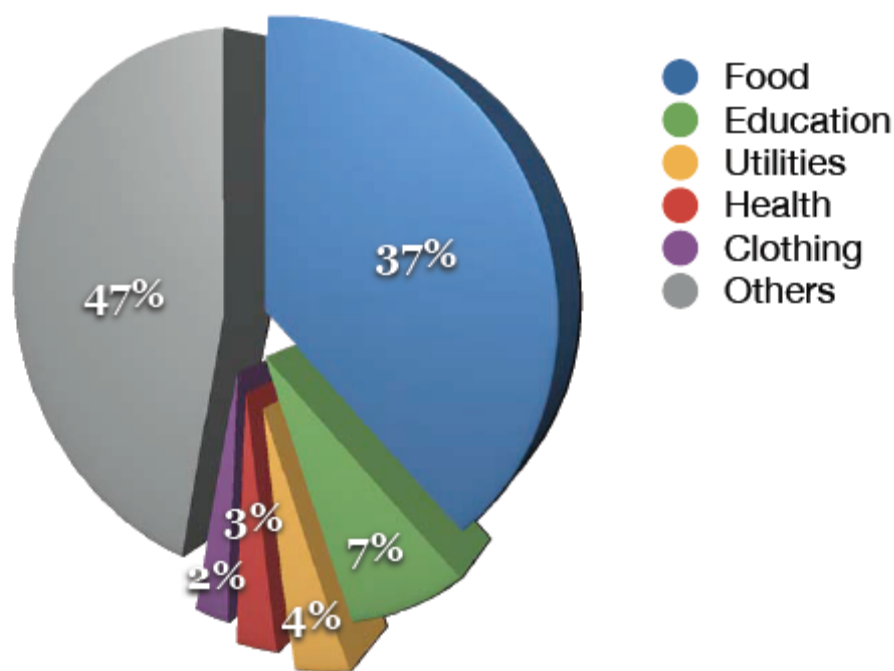
Figure 8. Household business decisions that women clients participate in



3.3.2 Impact on participation in household economic decision

The involvement of women in household economic decision-making is another area indicative of empowerment. Seventy-seven percent of the women clients said that they participate in household economic decisions around food, utilities, health, education and clothing, compared to the 61.1 percent among non client females.

Figure 9. Household economic decisions that women clients participate in



Box 2. Participating in household economic decision-making

Rizwana (not her real name) resides in Kabul city. She got married to her cousin at the age of 18. They live in a rented home with their two daughters and one son. Her husband Ehsan is a car mechanic. Unlike her husband, she has attended school until seventh grade; however she has always been a housewife.

"I took the loan to help support my husband in his business," she told the survey team. "He uses the money and I just work at home." She was slightly aware of what is the loan money used for and what is the exact profit that is made from the money.

"I may not be the one utilizing the loan money but my husband is very careful about me now as the loan is taken from MoFAD in my name," she added with a proud grin.

"The loan has truly supported our family," Rizwana's husband said. "And now I can earn more and I am already sending my elder daughter to school. The decision to take a loan was pursued by my wife after a long debate on the issue, but I am happy that we took the right decision. After realizing the benefits of the loan, I feel that my wife understands the household's economic matters and I have more confidence in her now".

3.3.3 Impact on purchasing power

The survey shows that 87.4 percent of female clients can make purchases independently, while only 46.5 percent of non-clients can do so.

3.3.4 Impact on savings

Savings work as a shock absorber for any household. One reason for pervasive poverty is a lack of savings which makes poor people more vulnerable to external shocks and unforeseen events. Given that microfinance is intended to support sustainable income generation, microfinance organizations create awareness and emphasize the importance of savings among clients, which not only makes the loan amount more secure, but also prepares clients for tough times ahead and prevents them from spiraling into poverty.

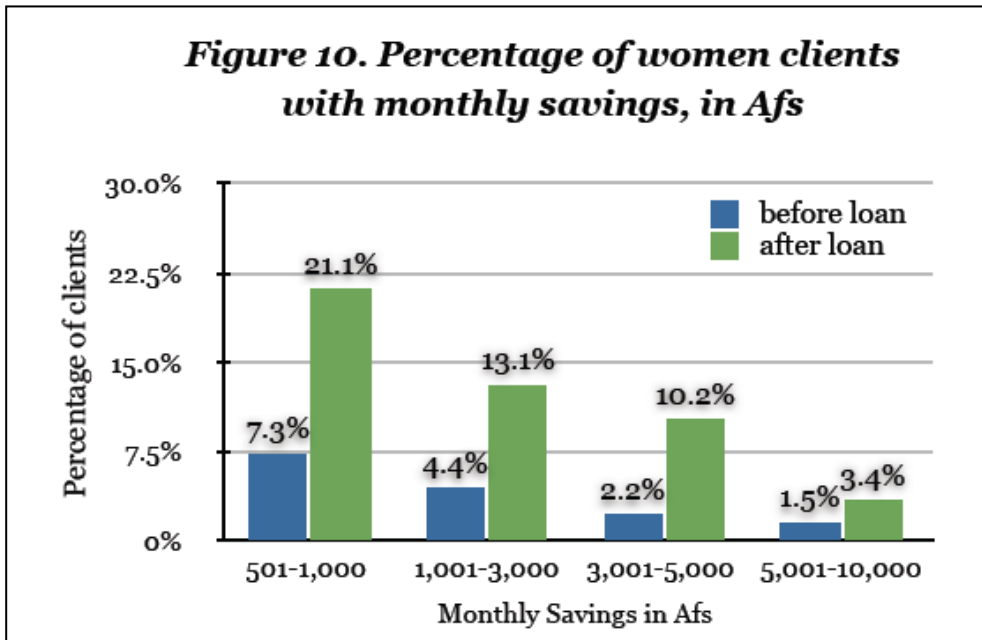
Data show that the saving habits of clients have improved. Before becoming microfinance clients, 33.5 percent of the respondents saved money. After taking loans, the number of clients able to save varying amounts increased, while the number of respondents who had no savings before taking a loan decreased with access to credit, as demonstrated in Figure 10.

The percentage of respondents who were not saving dropped from 66.5 percent to 31.3 percent after becoming microfinance clients. Moreover, the percentage of respondents with the least amount of savings – less than 100 Afs (short for Afghanis, the local currency) – decreased from 2.9 to 2.7 percent, while those saving between 101 to 500 Afs increased from 13.1 to 15 percent.

Access to credit clearly improved the ability of clients to save and this is demonstrated in Figure 10, which shows that the percentage of respondents having higher amounts of monthly savings increased three-fold after they've taken loans. The percentage of those saving in the 501-1,000 Afs range, for example, rose from 7.3 to 21.1 percent. Those with savings in the 1,001-3,000 Afs range increased from 4.4 to 13.1 percent; and more significantly, those with savings in the 3,001 to 5,000 Afs range increased from 2.2 to 10.2 percent. Even the percentage of respondents who are saving between 5,001 and 10,000 Afs every month increased from 1.5 to 3.4 percent after the loan; as well as those saving 10,000+ Afs, from 2.2 to 3.2 percent.

When the direct question was asked of whether the loan increased or decreased the vulnerability of clients, 96.1 percent said the loan decreased their vulnerability.

Figure 10. Percentage of women clients with monthly savings, in Afs



Box 3. Having the capacity to save for emergency and future needs

Zakia (not her real name) is a middle-aged woman. She grew up in the suburb of Herat city where her father was a farmer. She got married to a cousin at the age of 14. Now she lives with her husband, her mother-in-law and one son in the rural area called Enjil. Abid Jan, her husband, is also a farmer and sharecrops land with a landlord in the village.

“I first learned about ARMP and its microcredit program from a Loan Officer,” Zakia narrated. “She told me the detail of the program and I got interested and decided to take the loan. Initially, Abid Jan was reluctant about me joining the program, but I convinced him and took a loan from ARMP. We bought two sheep from our first loan, and after taking and utilizing the second loan amount, we now have five sheep.”

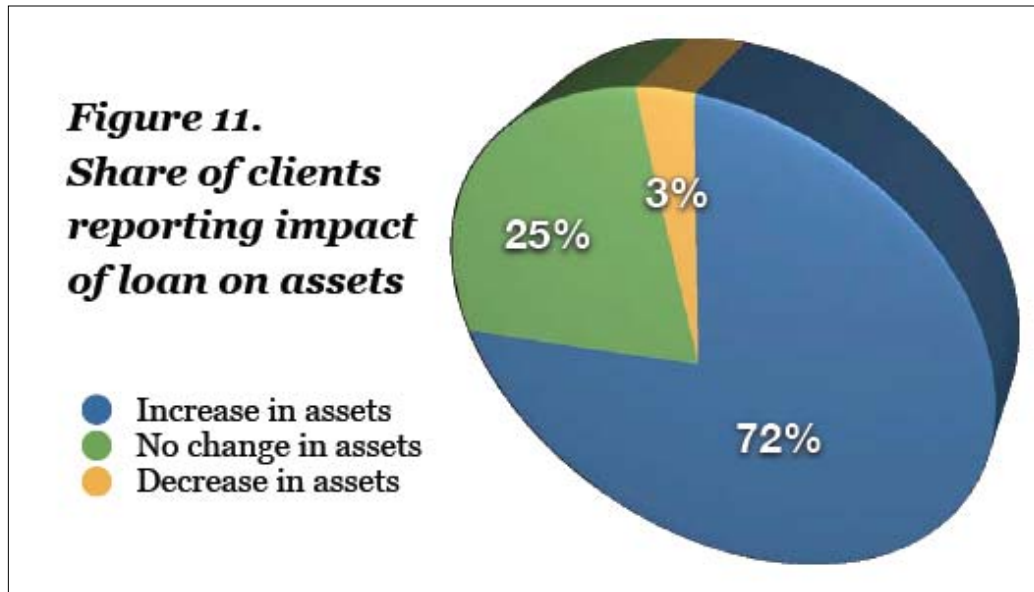
She was happy that she took the right decision at the right time. She still remembers that before taking the first loan, her family used to experience food shortage several times a year. Now she is happy because she can provide sufficient and good quality food to her family. She has also started sending her child to school, on seventh grade.

“Although many people keep talking about the government’s inability to handle the problems of the country, I believe that the government has provided us this opportunity to take loans and this is a good support of the economic development of poor people like us,” said Abid Jan.

At the end of the interview, he said: “I am quite confident of this government now.”

3.3.5 Impact on asset building

According to the survey, 72 percent of the clients stated that their assets had increased; 25 percent said that there was no change in their assets; while 2.9 percent of clients said that their assets had decreased after taking the loan.



Box 4. Asset building through microfinance

Zainab (not her real name) was born into a family of farmers. At age 20 in 1993, she married Sahib Jan, who is also a farmer and lives on a farm owned by a landlord. He sharecrops the land to earn bread and butter for his family. The family does not have any assets base and in cases of external shocks, they will have to borrow from the landlord. This makes them dependent on the landlord and they have to work for him until they repay the money they owe him. Zainab has six children, the eldest being a girl, followed by five boys. The family is completely illiterate—not a single person knows what it's like to attend a school.

One day, a woman visited their home and informed them that small loans were available for poor families. The visitor was a Loan Officer from FINCA. After discussions with her husband, Zainab and the family decided to take a loan. The loan was utilized to buy three sheep. The sheep are now ready for selling and as per the market price, two out of the three sheep could enable them to repay the loan. The one sheep left they can keep and will help them start their asset base. Zainab is excited about keeping one sheep and taking another loan to buy more sheep to keep building on their asset base and decreasing their economic dependency on the landlord.

"Our economic situation is going to be better now," said Zainab with excitement. The sheep I am going to keep is my family savings and I will keep on adding more." She thought that her husband now respects her and her views more.

"I wanted to sell all three sheep," said Sahib Jan. "But my wife wants to keep one and I agreed because this will reduce our vulnerability to external shocks and dependency on the landlord."

3.3.6 Standard of living: Enumerators' observations

This section was added to document the observations of enumerators, who were tasked to rank the respondents' standard of living based on their overall appearance and environment. Four indicators — housing, clothing, jewelry and living condition — were used to rank the respondents' standard of living on five scales: Worse, Below Average, Average, Above Average, Good.

Most of the respondents (clients, dropouts and non-clients) fall under the Average ranking in two categories: housing and living conditions. The Enumerators' recorded observations on clothing and jewelry, however, yielded mixed results as seen in Figures 12 through 14.

Figure 12. Clients' Standard of Living: Enumerators' observations

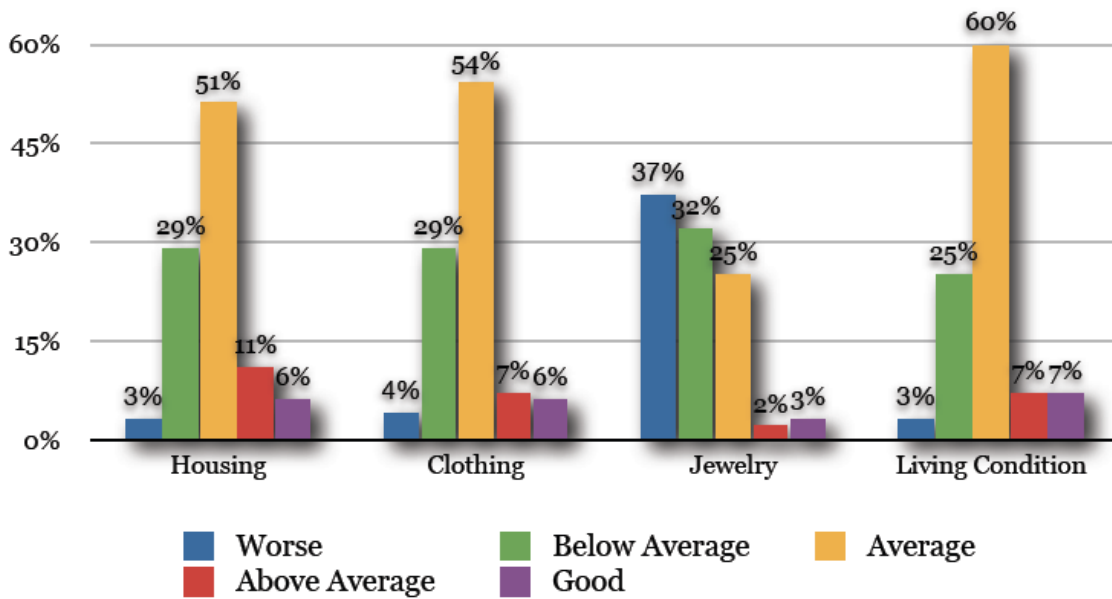


Figure 13. Clients' Standard of Living: Enumerators' observations

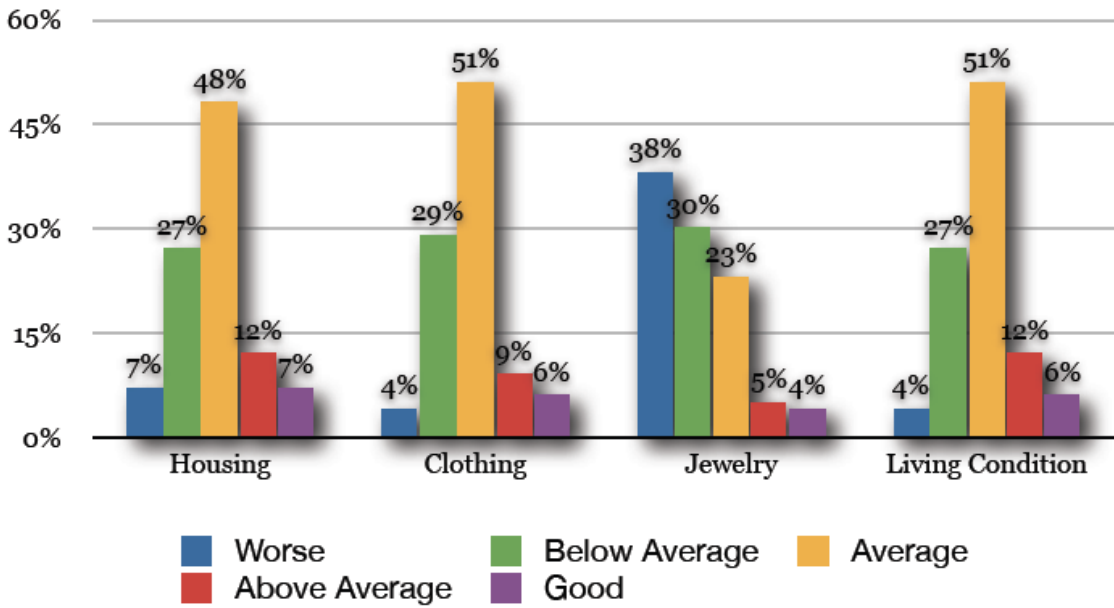
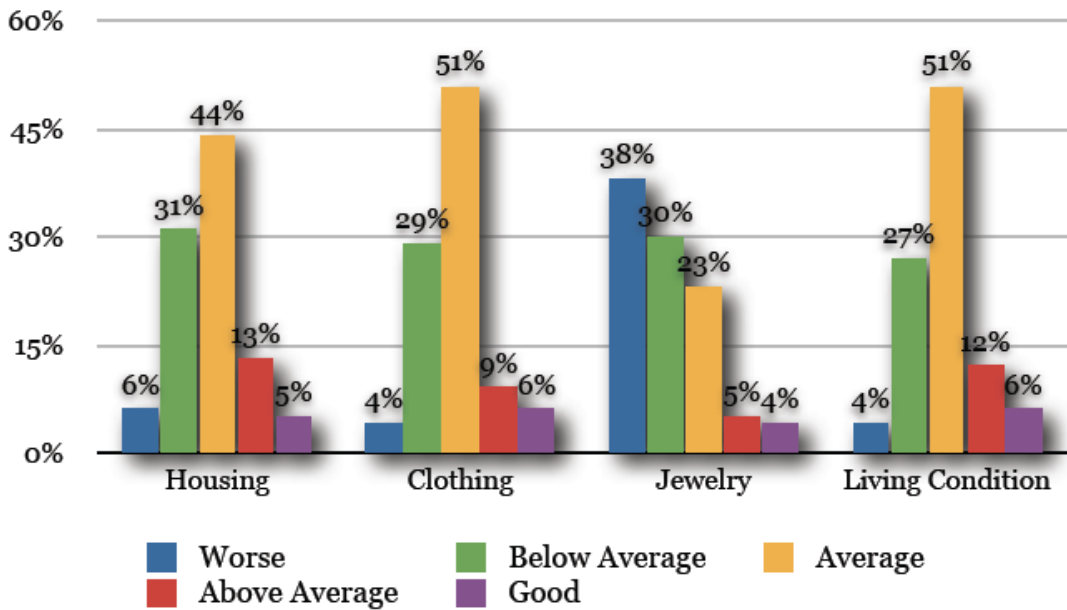


Figure 14. Clients' Standard of Living: Enumerators' observations



3.4 Social Empowerment

Economic empowerment can translate into social empowerment. The study methodology was designed to investigate whether the reported economic empowerment of microfinance clients interviewed had any effect on their social status, or had led to social empowerment. The three indicators used were: (i) mobility; (ii) self-confidence and respect in society; and (iii) participation in household social decision-making.

3.4.1 Mobility

In the Afghan context, where there remains a strong social stigma attached to women working outside of the home, mobility is a key indicator of women's social empowerment.

When asked if participation in economic activities through the microfinance program had an impact on their mobility, 95 percent of the respondents stated that their mobility had increased inside and outside their residential area. Needless to say, the ability and willingness of Afghan women to move around social circles require a degree of self-confidence.

3.4.2 Self-confidence and respect in society

When asked about self-confidence, 99 percent of the women clients interviewed said that their level of confidence had increased after establishing a source of income using the loan. Around 98 percent of this sample also said they felt more respected in their society after taking the loan.

Following are the other changes reported by this sample:

- 98 percent said that they've earned more respect in their households;
- 98 percent said that they were more respected among relatives and the neighborhood;
- 99 percent said that their opinion was respected in the family's economic and social decision-making;
- 95 percent said that the loan had changed their role from a traditional housewife to a productive member of the society.

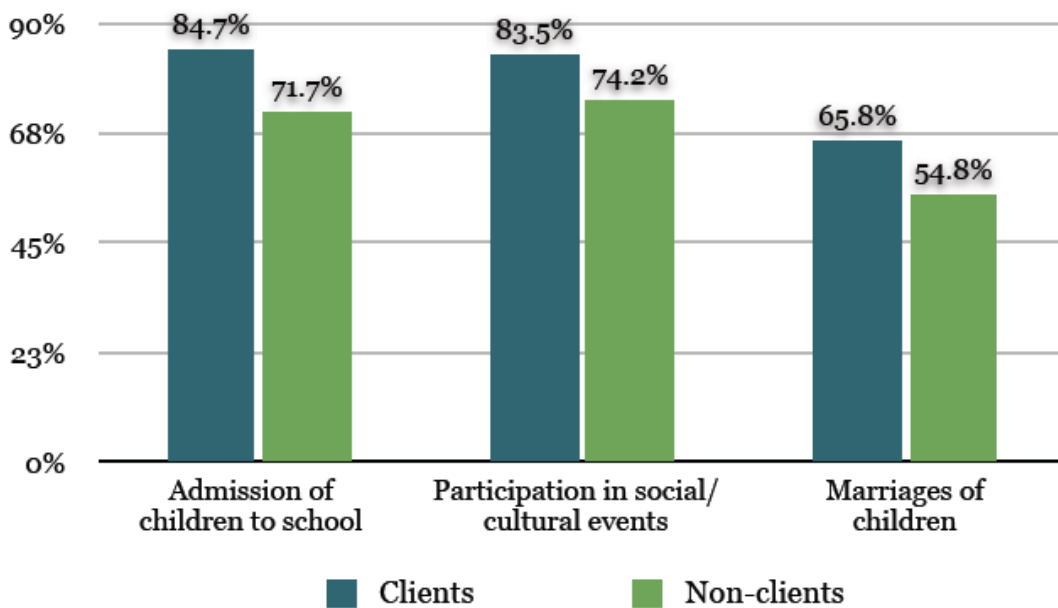
3.4.3 Impact on participation in household social decision-making:

Women borrowers, according to the data, are more involved in household social decision-making, compared to non-clients:

- 87 percent of the client group participated in decisions regarding admission of children to school, compared to 72 percent of non-clients.

- 66 percent of the female clients interviewed said they had a say in decisions on their sons' and daughters' marriages; only 55 percent of non-clients could say the same
- 83 percent of clients also reported that they could make an independent decision as to whether to participate in social and cultural events or not, compared to 74 percent of non-clients.

Figure 15. Share of women clients participating in household decision-making



4. BARRIERS AND CONSTRAINTS

4.1 Accessibility

A set of questions were prepared to determine whether the loans were easily accessible or not and the replies are worth considering. For 87 percent of the active clients sample, the loans were easily accessible.

Similarly, 92 percent of the dropouts interviewed said that they had no problem obtaining a loan. This feedback suggests that most of the dropouts were not refused by the MFIs, but just chose not to take any further loans.

In addition, 97 percent of active clients and 89 percent of dropouts found no problem in dealing with male loan officers. It's possible, however, that among the remaining 11 percent of the dropouts, cultural sensitivities in dealing with male loan officers played a part in the decision not to take any further loans.

4.2 Client Satisfaction

The survey identified the reasons for dropping out, as shown below:

Figure 16. Reasons for dropping out of microfinance program

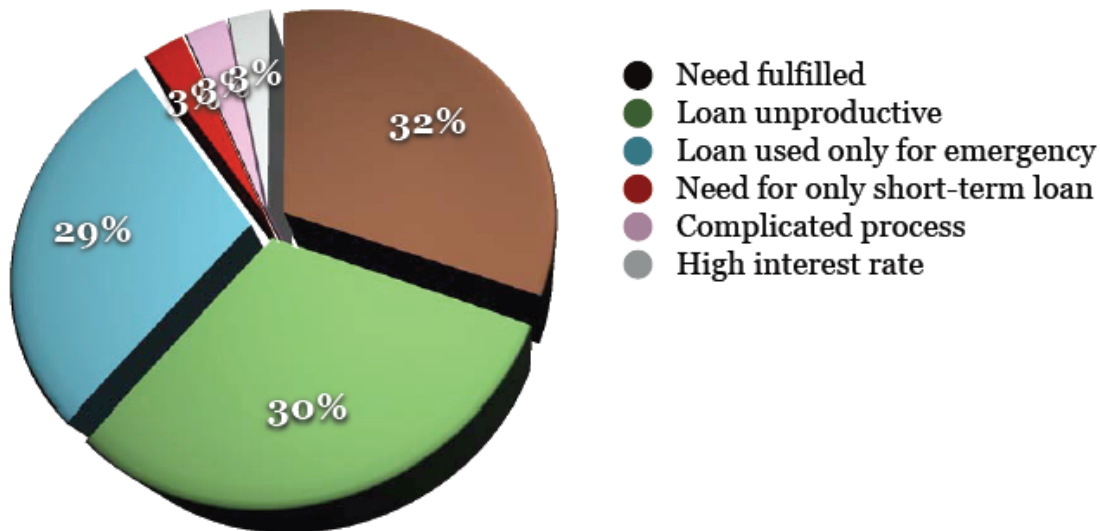


Figure 16 shows that 32 percent of clients decided not to take loans because their need was fulfilled, while 30 percent of dropouts considered the loans to be unproductive. Some 29 percent responded that they needed loans for consumption

smoothing and emergency purposes; the rest either had issues either with the interest rate, or found the loan process complicated. A few of the respondents stopped taking loans because their need was for a short term only. Some clients stopped taking loans because they got employed, while some clients became physically unable to continue with their livelihood activities. Other reasons cited for dropping out were: the amount of loan is small, problems with the repayment schedule, and a lack of skills building or vocational training in the microfinance program.

A majority of the clients, 94 percent, said they would continue taking loans, indicating satisfaction with the services of microfinance institutions. On the other hand, 75 percent of the dropouts said that they would take loans again in the future if the need arises. A significant 86 percent of non-clients said that they needed financial support for their livelihood activities. This shows that a high demand for microfinance services has yet to be met.

Box 5. A dropout client's story

Mumlikat (not her real name) was born in the village of Mirbachakot in Kabul province. She got married to Naeem at an early age and now at the age of 36 years, she has four children. She is living in a combined family compound, sharing space and expenses with the brothers of her husband and their families.

Her husband is a farmer by profession. The land that her husband owns is very small in size and could only produce an income that could meet a part of their household expenditure. The remaining income is through wage labor that her husband tries engage in on a daily basis.

"The roof of our mud-made home was not in good shape," said Mumlikat. "During rainy season, the water seeps here and there and wouldn't let us sleep at night. So we decided to take a loan from an MFI and repair the roof. The loan from the MFI did give us a breathing space and we repaired our roof.

A few weeks later she realized that her repayment term of weekly installments was burdensome for their fragile household economy. "With the passage of time the burden kept on increasing and finally, Naeem had to sell his bicycle and some farming tools to pay off the loan from the MFI. We could pay off the loan installments on monthly basis but the tight repayment schedule deprived us of our assets" said Mumlikat.

There is a need for more client-focused microfinance programs to retain clients and ensure the sustainability of both the clients and the MFIs. To be able to deliver demand-driven products, the reasons for dropouts should be taken into consideration. According to the data, the three most cited reasons for dropouts were: i) need fulfilled; ii) loans were unproductive; and iii) loans were needed for consumption and emergency needs. All three reasons suggest that the loan products did not match the needs of the clients. Client-focused microfinance programs could lead to proper loan utilization and, in turn, client retention. There is also a need to improve client-appraisal systems in order to select the most appropriate clients for the program. One reason named for dropping out was the social stigma attached to interest-based lending. Although eliminating this negative perception is near impossible, MFIs can make their programs

more socially acceptable by taking into consideration the local norms and traditions while designing their lending methodology and loan products. Different models of Islamic financing could be successfully integrated into product development and lending methodologies to fit into the Afghan context.

The constraints and barriers within the existing microfinance programs in the sector were also reviewed through a series of meetings with MISFA officials; a comprehensive review of the portfolio record of its MFI partners; and Focused Group Discussions (FGDs) with partner MFIs. Both, the meetings and FGDs were very useful in identifying constraints and barriers and in forming the recommendations below:

4.3 Constraints

- a) Traditional and religious norms are limiting the participation of women in economic activities in most of the areas where MFIs were providing services.
- b) The volatile security situation is also a contributing factor to the limited economic opportunities across the country.
- c) The low level of literacy, particularly of women, is a serious constraint to women's participation in economic activities.
- d) The public in general, and women in particular, do not have identity cards (Tazkira). This does not only increase the risk taken on by MFIs, but also limits the choices in loan disbursement.
- e) Due to very few economic opportunities for women in Afghanistan, the loan amounts tend to be utilized by the male head of the household. In such cases, the money is in the hands of males, while recovery remains the responsibility of females. Therefore any difficulty in repayment by the males discouraged the females from taking any further loans because they carry the burden of repayment, despite having no control over the money.
- f) There are few non-financial, business development services (BDS) offered to female borrowers. As a result, women in microfinance are pigeonholed in traditional trade assigned to women, such as sewing, embroidery, carpet-weaving, etc. More effort is needed to expand the skills of women clients and create more market linkages for their products.
- g) Another major constraint is the non availability of female staff in MFIs, who could undertake frequent visits to field areas. MFIs faced great difficulty in finding qualified females who were willing to go on field visits. In general, the number of female staff working in MFI offices is just not enough to cover all female clients. There have been cases when loans were diverted to male clients due to some female clients having issues interacting with male loan officers.

- h) In addition, the mobility of female staff in rural areas was either very expensive or was very risky, or both in some areas.

Additional research is required to facilitate greater understanding of clients' needs and their livelihood strategies and to close the gap between the perceived needs and actual needs of the clients.

5. CONCLUSION AND RECOMMENDATIONS

Considering microfinance as an effective tool to alleviate poverty, the need for an inclusive program for women becomes essential in making microfinance equally beneficial for all segments of society. Ignoring women's capabilities and denying them the chance to actively participate in economic opportunities would mean leaving half of the population dependent on the other half. This puts to waste the productivity of 50 percent of the country's human resources. Various studies suggest that microfinance empowers women by facilitating their inclusion in economic decision-making, thereby promoting gender equity and improving their wellbeing.

The fact that 60 percent of the entire sector's active clients are women is indicative that they could be key players in lifting their families out of poverty; and by engaging in economic activities could also be significant contributors to the growth of the national economy.

This is well recognized by MISFA, the apex organization in charge of guiding the microfinance sector of Afghanistan towards sustainability. Commissioning this study is part of MISFA's efforts to ensure that the needs of the majority of active microfinance clients in the country are met and that the program is making a positive impact on their lives. MISFA has also begun integrating social performance management (SPM) indicators in data collection and has recently conducted a workshop with its partner MFIs on SPM.

Box 6. Microfinance: a way out of poverty for a widow and her family

Nafisa (not her real name) is a middle-aged widow. Her husband died during the fratricidal civil war in Kabul after the fall of Dr. Najibullah's reign.

"I was born to a very poor family but I deem myself lucky that my mother taught me the art of sewing clothes," she said during the interview."

"My husband was also a daily wage earner, and I used to work at home to support my family." The civil war took everything from this family, including the male head of the household. The family took refuge and came back to Kabul in 2003.

"We started from scratch," said Nafisa. "My eldest son is now head of the household; he is a driver by profession. He used to work two shifts to support the family. Luckily, I came to know about the microcredit program of PARWAZ from a neighbor. I joined the group and took the first loan after discussing it with my son. Now I have a sewing machine and I earn to support my family. My son can now give better time to his wife and children as I help them shoulder some of their economic burdens."

Nafisa's son, Mohammad Amin said, "I am a lucky person. My mother not only supports our family financially but also likes her daughter-in-law, my wife). Normally, mothers-in-law in Afghanistan have a lot of quarrels with their daughters-in-law, but I don't have this problem at home. Secondly, now we have much improved living, thanks to the financial assistance from PARWAZ."

This study was primarily focused on the impact of microfinance on economic and social empowerment of women. The data showed that microfinance programs are inclusive and marginalized groups avail of them. Some MFIs are actually exclusively serving Afghan women, evidence that microfinance can be a vehicle for gender mainstreaming. This focus on women has increased their participation in economic and business decision-making and has given them social empowerment, as the data indicates.

However, despite the gains achieved to date by the microfinance sector, more can be accomplished by improving the effectiveness of current interventions and also exploring new products and delivery methods designed to specifically meet the needs of women.

5.1 Recommendations:

- MISFA should explore areas of activity that can lead to:
 - greater opportunities for female participation;
 - more value added activities within a gender conscious paradigm; and
 - more demand driven products and services.
- MFIs might also explore other avenues of action such as joint signatories or counter signatories, whereby spouses, regardless of gender, sign on behalf of the borrower—something akin to a family loan vs. an individual loan.

This review of impacts and issues indicates that further investigation and innovation is required.

APPENDIX

- A. Questionnaire for active clients
 - B. Questionnaire for dropout clients
 - C. Questionnaire for non-clients
-

A. Questionnaire for active clients

1. GENERAL INFORMATION

Date of Interview: ____/____/____

Name of Respondent: _____ Name of Surveyor: _____

Age of Respondent: _____(years) Gender (Don't ask): ____ (1 Male 2 Female)

Location (Pre-fill): _____ (1 Kabul 2 Nangarhar 3 Balkh 4 Hierat)

1.1 MFI Name (Pre-fill): _____

1. AFS
2. ARMP
3. BRAC
4. FINCA
5. MADRAC
6. MoFAD
7. OXUS
8. PARWAZ
9. WWI

1.2 What is your marital status?

- | | |
|------------------|---------------|
| 1. Married | 2. Un-Married |
| 3. Widow/Widower | 4. Divorced |

1.3 Who do you live with? What is their relationship to you?

1. Husband
2. (husband's other wife?)
3. Your mother
4. Your father
5. Any of your sisters? Brothers?
6. Husband's father
7. Husband's mother
8. Husband's brother (and brother's wife, children etc)
9. Husband's sister
10. Cousins
11. Children
12. Others (specify) _____

1.4 Do you have any family members live nearby? (your family members and not your husband's family members)

1. Yes

2. No (Ask 1.6)

1.5 What is your relationship to the family member living nearby?

1.6 How much contact do you have with your family members living nearby?

1. I go to their home more than twice a week
2. I go to their home twice a week
3. I go to their home once a week
4. I go to their home once a month
5. I go to their home only on special occasions like eid, etc
6. I go to their home on social events like marriage, deaths etc.
7. Others (specify) _____

1.7 What are the ages of your children?

1. Child 1's age _____
2. Child 2nd age _____
3. Child 3rd age _____
4. Child 4th age _____
5. Child 5th age _____
6. Child 6th age _____
7. Child 7th age _____
8. Child 8th age _____

1.8 Who would you describe as your household head?

1. I myself
2. Father
3. Mother
4. Father in Law
5. Mother in Law
6. Brother
7. Sister
8. Husband
9. Husband's brother
10. Others (specify) _____

1.9 What is your household head's level of education?

1. Illiterate
2. Primary
3. Middle
4. Metric
5. Intermediate
6. Bachelor
7. Below M.A/M.Sc

1.10 What is your mother's level of education?

1. Illiterate
2. Primary
3. Middle
4. Metric
5. Intermediate
6. Bachelor
7. Below M.A/M.Sc

1.11 What is your level of education?

1. Illiterate
2. Primary
3. Middle
4. Metric
5. Intermediate
6. Bachelor
7. Below M.A/M.Sc

**1.12 What is your children's (or if no children your niece or nephew's) level of education?
Answer for each child noting gender.**

	<ol style="list-style-type: none"> 1. Illiterate 2. Primary 3. Middle 4. Metric 5. Intermediate 6. Bachelor 7. Below M.A/M.Sc 	<ol style="list-style-type: none"> 1. Female 2. Male
1 st Child		
2 nd Child		
3 rd Child		
4 th Child		
5 th child		
6 th child		
7 th Child		
8 th Child		

1.13 What do you think/hope your children's level of education will be in the future? Answer for each child noting gender?

	<ol style="list-style-type: none"> 1. Illiterate 2. Primary 3. Middle 4. Metric 5. Intermediate 6. Bachelor 7. Below M.A/M.Sc 	<ol style="list-style-type: none"> 1. Female 2. Male
1 st Child		
2 nd Child		
3 rd Child		
4 th Child		
5 th child		
6 th child		
7 th Child		
8 th Child		

1.14 Does the household head need to travel for his occupation?

1. Yes
2. No (Ask 1.6)

1.15 Who look after the matters of household when the household head is away?

1. I myself
2. Other male member of the family
3. Other female member of the family

1.16 Are you the main earner of your household?

1. Yes
2. No (Ask 1.6)

1.17 How many people are dependent upon you? (In figures)

1.18 What is your occupation?

1. Handicraft
2. Business / Trade
3. Farming
4. Self-Employed small scale shopkeeper
5. Government Employee
6. Private Sector Employee
7. Unskilled Labor
8. Farm/Rural Manual Labour
9. Skilled Labor (Mason, Cobbler, Carpenter etc)
10. Religious Teacher
11. Other:

1.19 You are attached with this profession on:

1. Permanent basis
2. Seasonal basis

1.20 How did you access the loan?

1. I approached the MFI
2. The organization approached me
3. It was a family decision

1.21 How many times have you taken loan from this organization?

1.22 Are these loans easily accessible to every one?

1. Yes (Ask 1.11)
2. No

1.23 What are the hurdles in getting these loans?

1.24 Who is the loan officer of the organization you have taken loan from?

1. Male
2. Female (Ask 1.14)

1.25 Do you have any problem dealing with male loan officer?

1. Yes
2. No (Ask 1.14)

1.26 What problems do you face dealing with male loan officer?

1. Uncomfortable behavior
2. Cultural issues
3. Religious issues
4. Other.....

1.27 Is the interest rate reasonable on these loans?

- 1. Yes
- 2. No

1.28 Do you plan to continue taking loan from this organization?

- a. Yes (Ask 1.17)
- b. No

1.29 What are the reasons for not taking loan in future?

- a. Need fulfilled
- b. Process is complex and lengthy
- c. Taking these loans are not socially acceptable
- d. Loans are not productive for my business / enterprise
- e. Loans are too expensive
- f. Other.....

1.30 What are your recommendations for improvement in the program of the organization you have taken loan from?

2. ACCESS TO BASIC SERVICES

2.1 Have your household had electricity before taking loan from this organization?

- 1. Yes
- 2. No (Ask 2.3)

2.2 Where was the source of electricity?

- 1. Government Supply
- 2. Personal Generator
- 3. Community Generator
- 4. Wind Energy
- 5. Solar Energy
- 6. Other.....

2.3 Does your household have electricity now?

- 1. Yes
- 2. No (Ask 2.5)

2.4 Where is the source of electricity?

- 1. Government Supply
- 2. Personal Generator
- 3. Community Generator
- 4. Wind Energy
- 5. Solar Energy
- 6. Other.....

2.5 If your house has electricity after taking the loan, does the household only got the electricity after getting the loan or would the electricity connection had been taken anyway?

- 1. The electricity would have came any way to our home
- 2. The electricity only came to our home because of the loan that we got from MFI
- 3. Others (specify)

2.6 What main source of cooking fuel were you using before taking loan?

1. Electricity
2. Gas
3. Kerosene Oil
4. Wood
5. Bushes
6. Animal Dung
7. Other.....

2.7 What main source of cooking fuel are you using now?

1. Electricity
2. Gas
3. Kerosene Oil
4. Wood
5. Bushes
6. Animal Dung
7. Other.....

2.8 What was your source of drinking water before taking loan?

1. Covered Well
2. Open Well
3. Hand Pump
4. River
5. Canal
6. Karez
7. Pond
8. Spring
9. Water Channel
10. Other

2.9 What is your source of drinking water now?

1. Covered Well
2. Open Well
3. Hand Pump
4. River
5. Canal
6. Karez
7. Pond
8. Spring
9. Water Channel
10. Other

2.10 What types of health facilities were you accessing before getting loan?

1. Dispensary
2. Mobile health clinic
3. Basic health unit
4. Government hospital
5. Private clinics
6. Hakeem
7. Quacks
8. Other.....

2.11 What types of health facilities can you access after getting loan?

1. Dispensary
2. Mobile health clinic

3. Basic health unit
4. Government hospital
5. Private clinics
6. Hakeem
7. Quacks
8. Other.....

2.12 Do you have children of school going age?

1. Yes
2. No (Ask 3.1)

2.13 Are they going to school?

1. Yes
2. No (Ask 2.14)

2.14 Would your children be able to go to school without getting this loan?

1. Yes
2. No

2.15 Why are they not going to school?

1. Affordability of education
2. School is not accessible
3. Opportunity cost of going to school
4. Security
5. Other.....

3. ECONOMIC EMPOWERMENT

3.1 Are you the head of the household?

1. Yes
2. No

3.2 Are you utilizing the loan amount for the purpose it was borrowed for?

1. Yes
2. No

3.3 Is there any monitoring from the MFI to ensure proper utilization of loan amount?

1. Yes
2. No

3.4 Who is utilizing the loan amount taken from the MFI?

1. Myself (Ask 3.9)
2. Male head of household

3.5 Did this loan increased your participation in the business decision – making?

1. Yes
2. It remained the same
3. No (Ask 3.7)

3.6 In what kind of decisions do you participate?

1. Selection of business
2. Expansion of business
3. Change of location of business
4. Changing of business
5. Closing of business

- 3.7 Did this loan increase your participation in the household economic decision – making?**
1. Yes
 2. It remained the same
 3. No (Ask 3.9)

- 3.8 In what kinds of decisions do you participate?**
1. Food expenses
 2. Utilities expenses
 3. Health expenses
 4. Education expenses
 5. Clothing
 6. Other.....

- 3.9 Could you make purchases independently of men of your household before getting the loan?**
1. Yes
 2. No

- 3.10 Can you make purchases independently of men of your household after getting loan?**
1. Yes
 2. No

- 3.11 What is the impact of loan on your business / enterprise?**
1. Business expanded
 2. Business remained the same
 3. Business contracted

- 3.12 What were your average monthly expenses on the following items before getting the loan?**

S. No	Item	Amount (Afghanis)
1	Food	
2	Utilities (Electricity, Fuel, Telephone etc)	
3	Rent	
4	Education	
5	Health	
6	Clothing	
7	Social and cultural events	
8	Other...	
9		
10		

- 3.13 What are your average monthly expenses on the following items after getting loan?**

S. No	Item	Amount (Afghanis)
1	Food	
2	Utilities (Electricity, Fuel, Telephone etc)	
3	Rent	
4	Education	
5	Health	
6	Clothing	
7	Social and cultural events	

8	Other...	
9		
10		

3.14 Were you saving money before taking loan?

1. Yes
2. No (Ask 3.17)

3.15 What was your monthly savings (Please mention in Afghani)?

1. Less than 100
2. 101 to 500
3. 501 to 1000
4. 1001 to 3000
5. 3001 to 5000
6. 5001 to 10,000
7. More than 10,000

3.16 Where were you keeping your savings?

1. Bank
2. With the group leader
3. With saraf
4. With head of the household
5. Home
6. Other.....

3.17 Are you saving money after taking loan?

1. Yes
2. No (Skip 3.20)

3.18 What are your monthly savings (Please mention in Afghani) after taking loan?

1. Less than 100
3.18_____
2. 101 to 500
3. 501 to 1000
4. 1001 to 3000
5. 3001 to 5000
6. 5001 to 10,000
7. More than 10,000

3.19 Where do you keep your savings?

1. Bank
2. With the group leader
3. With saraf
4. With head of the household
5. Home
6. Other.....

3.20 Has the economic activities financed by the loan decreased your vulnerability?

1. Yes
2. No

3.21 What is the impact of loan on your assets?

1. Increased
2. Decreased
3. No Change

3.22 Enumerators observations:

1. Condition of house

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

2. Clothing

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

3. Jewelry

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

4. Living conditions

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

3.23 Enumerators comments on the economic condition of the household:

4. SOCIAL EMPOWERMENT

4.1 **Has the loan increased your movement inside and outside your residential area for business purpose?**

- 1. Yes
- 2. No

4.2 **Has the loan increased your self-confidence level in the society?**

- 1. Yes
- 2. No

4.3 **Has the loan increased your self-respect in your society?**

- 1. Yes
- 2. No

4.4 **Has the loan increased your respect in your household?**

- 1. Yes
- 2. No

4.5 **Has the loan increased your respect in your relatives?**

- 1. Yes
- 2. No

4.6 **Has the loan increased your respect in your neighborhood?**

- 1. Yes
- 2. No

4.7 **Do the members of your household respect your opinion in economic and social decisions after getting the loan?**

- 1. Yes
- 2. No

4.8 **Do the members of your household trust you in economic and social decisions after getting the loan?**

- 1. Yes

2. No

4.9 Has the loan changed your role from a traditional housewife to an economically active member of the household?

- 1. Yes
- 2. No

4.9-2 Do you participate in the following social decision-making process of your household?

Decision	Please tick if appropriate
Admission of children to school	
Marriages of children	
Participation in social and cultural events	
Other...	

4.10 In what other ways, do you think, you are empowered in the society by becoming economically active?

B. Questionnaire for dropout clients

1. GENERAL INFORMATION

Date of Interview: ____ / ____ / ____

Name of Respondent: _____ Name of Surveyor: _____

Age of Respondent: _____ (years) Gender (Don't ask): ____ (1 Male 2 Female)

Location (Pre-fill): _____ (1 Kabul 2 Nangarhar 3 Balkh 4 Hierat)

1.1 MFI Name (Pre-fill): _____

- 1. AFS
- 2. ARMP
- 3. BRAC
- 4. FINCA
- 5. MADRAC
- 6. MoFAD
- 7. OXUS
- 8. PARWAZ
- 9. WWI

1.31 What is your marital status?

- 1. Married
- 2. Un-Married
- 3. Widow/Widower
- 4. Divorced

1.32 What is your level of education?

- 1. Illiterate

- 2. Primary
- 3. Middle
- 4. Metric
- 5. Intermediate
- 6. Bachelor
- 7. Below M.A/M.Sc

1.33 Are you the main earner of your household?

- 1. Yes
- 2. No (Ask 1.6)

1.34 How many people are dependent upon you? (In figures)

.....

1.35 What is your occupation?

- 1. Handicraft
- 2. Business / Trade
- 3. Farming
- 4. Self-Employed small scale shopkeeper
- 5. Government Employee
- 6. Private Sector Employee
- 7. Unskilled Labor
- 8. Farm/Rural Manual Labor
- 9. Skilled Labor (Mason, Cobbler, Carpenter etc)
- 10. Religious Teacher
- 11. Other:

1.36 You are attached with this profession on:

- 1. Permanent basis
- 2. Seasonal basis

1.37 How many times had you taken loan from this organization?

1.38 Were these loans easily accessible to every one?

- 1. Yes (Ask 1.11)
- 2. No

1.39 What were the hurdles in getting these loans?

.....

1.40 Who was the loan officer of the organization you had taken loan from?

- 1. Male
- 2. Female (Ask 1.14)

1.41 Did you have any problem dealing with male loan officer?

- 1. Yes
- 2. No (Ask 1.14)

1.42 What problems did you face dealing with male loan officer?

1. Uncomfortable behavior
2. Cultural issues
3. Religious issues
4. Other.....

1.43 Was the interest rate reasonable on these loans?

1. Yes
2. No

1.44 What were the reasons for not continuing taking loan?

- g. Need fulfilled
- h. Process was complex and lengthy
- i. Taking these loans were not socially acceptable
- j. Loans were not productive for my business / enterprise
- k. Loans has too high interest rate
- l. Other.....

1.45 Are you planning to take loan from this organization in future?

1. Yes (Ask 2.1)
2. No

1.46 Are you planning to take loan from any other MFI in future?

1. Yes
2. No

1.47 Under what conditions will you join the credit scheme again?

.....

2. ACCESS TO BASIC SERVICES

2.16 Has your household had electricity before taking loan?

1. Yes
2. No (Ask 2.3)

2.17 What was the source of electricity?

7. Government Supply
8. Personal Generator
9. Community Generator
10. Wind Energy
11. Solar Energy
12. Other.....

2.18 Does your household have electricity now?

1. Yes
2. No (Ask 2.5)

2.19 What is the source of electricity?

1. Government Supply
2. Personal Generator
3. Community Generator
4. Wind Energy
5. Solar Energy
6. Other.....

2.20 What main source of cooking fuel were you using before taking loan?

1. Electricity
2. Gas
3. Kerosene Oil
4. Wood
5. Bushes
6. Animal Dung
7. Other.....

2.21 What main source of cooking fuel are you using now?

1. Electricity
2. Gas
3. Kerosene Oil
4. Wood
5. Bushes
6. Animal Dung
7. Other.....

2.22 What was your source of drinking water before taking loan?

1. Covered Well
2. Open Well
3. Hand Pump
4. River
5. Canal
6. Karez
7. Pond
8. Spring
9. Water Channel
10. Other

2.23 What is your source of drinking water now?

1. Covered Well
2. Open Well
3. Hand Pump
4. River
5. Canal
6. Karez
7. Pond
8. Spring
9. Water Channel
10. Other

2.24 What types of health facilities were you accessing before getting loan?

1. Dispensary
2. Mobile health clinic
3. Basic health unit
4. Government hospital
5. Private clinics
6. Hakeem
7. Quacks
8. Other.....

2.25 What types of health facilities are you accessing now?

1. Dispensary
2. Mobile health clinic
3. Basic health unit
4. Government hospital

- 5. Private clinics
- 6. Hakeem
- 7. Quacks
- 8. Other.....

2.26 Do you have children of school going age?

- 1. Yes
- 2. No (Ask 3.1)

2.27 Are they going to school?

- 1. Yes
- 2. No (Ask 2.14)

2.28 Would your children be able to go to school without getting this loan?

- 1. Yes
- 2. No (Ask 2.14)

2.29 Why are they not going to school?

- 6. Affordability of education
- 7. School is not accessible
- 8. Opportunity cost of going to school
- 9. Security
- 10. Other.....

3. ECONOMIC EMPOWERMENT

3.24 Are you the head of the household?

- 1. Yes
- 2. No

3.25 Was the loan utilized for the purpose it was borrowed?

- 1. Yes
- 2. No (3.4)

3.26 What were the reasons for not utilizing the loan amount for the purpose it was borrowed for?

- 1. Loan amount was not sufficient for that purpose
- 2. There was no loan product for the purpose I needed loan for
- 3. Other.....

3.27 Who was utilizing the loan amount taken from the MFI?

- 1. Myself
- 2. Male head of household

3.28 Was there any monitoring by the MFI for ensuring proper utilizing of loan amount?

- 1. Yes
- 2. No

3.29 Did this loan increase your participation in the business decision – making?

- 1. Yes
- 2. No (Ask 3.8)

3.30 In what kind of decisions do you participate?

- 4. Selection of business

- 5. Expansion of business
- 6. Change of location of business
- 7. Changing of business
- 8. Closing of business

3.31 Did this loan increase your participation in the household economic decision – making?

- 1. Yes
- 2. No (Ask 3.10)

3.32 In what kinds of decisions do you participate?

- 4. Food expenses
- 5. Utilities expenses
- 6. Health expenses
- 7. Education expenses
- 8. Clothing
- 9. Other.....

3.33 Could you make purchases independently of men of your household before getting the loan?

- 1. Yes 2.

No

3.34 Can you make purchases independently of men of your household after getting loan?

- 1. Yes
- 2. No

3.35 What was the impact of loan on your / your business / enterprise?

- 4. Business expanded
- 5. Business remained the same
- 6. Business contracted

3.36 What were your average monthly expenses on the following items before getting the loan?

S. No	Item	Amount (Afghanis)
1	Food	
2	Utilities (Electricity, Fuel, Telephone etc)	
3	Rent	
4	Education	
5	Health	
6	Clothing	
7	Social and cultural events	
8	Other...	

3.37 What are your average monthly expenses on the following items after getting loan?

S. No	Item	Amount (Afghanis)
1	Food	
2	Utilities (Electricity, Fuel, Telephone etc)	
3	Rent	
4	Education	
5	Health	
6	Clothing	
7	Social and cultural events	

8	Other...	
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3.38 Were you saving money before taking loan?

1. Yes
2. No (3.18)

3.39 What was your monthly savings (Please mention in Afghanis)?

1. Less than 100
2. 101 to 500
3. 501 to 1000
4. 1001 to 3000
5. 3001 to 5000
6. 5001 to 10,000
7. More than 10,000

3.40 Where were you keeping your savings?

1. Bank
2. With the group leader
3. With saraf
4. With head of the household
5. Home
6. Other.....

3.41 Are you saving money after taking loan?

1. Yes
2. No (Ask 3.21)

3.42 What are your monthly savings (Please mention in Afghanis) after taking loan?

1. Less than 100
2. 101 to 500
3. 501 to 1000
4. 1001 to 3000
5. 3001 to 5000
6. 5001 to 10,000
7. More than 10,000

3.43 Where do you keep your savings?

1. Bank
2. With the group leader
3. With saraf
4. With head of the household
5. Home
6. Other.....

3.44 Had the economic activities financed by the loan decreased your vulnerability?

1. Yes
2. No

3.45 What was the impact of loan on your assets?

1. Increased
2. Decreased

3. No Change

3.46 What were your assets before taking loan?

1. Sewing machine
2. Generator
3. Mobile Phone
4. Bicycle
5. Motorcycle
6. Refrigerator
7. Car
8. Radio / Cassette Player
9. TV
10. VCR / VCD/ DVD
11. Other.....

3.47 What were your assets after taking and utilizing loan?

1. Sewing machine
2. Generator
3. Mobile Phone
4. Bicycle
5. Motorcycle
6. Refrigerator
7. Car
8. Radio / Cassette Player
9. TV
10. VCR / VCD/ DVD
11. Other.....

3.48 Enumerators observations:

1. Condition of house

Worse	Below average	Average	Above average	Good
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2. Clothing

Worse	Below average	Average	Above average	Good
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3. Jewelry

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

4. Living conditions

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

3.49 Enumerators comments on economic condition of the household:

.....

.....

4. SOCIAL EMPOWERMENT

- 4.1 Had the loan increased your movement inside and outside your residential area for business purpose?
 - 1. Yes
 - 2. No

- 4.2 Had the loan increased your self-confidence level in the society?
 - 1. Yes
 - 2. No

- 4.3 Had the loan increased your self-respect in your society?
 - 1. Yes
 - 2. No

- 4.4 Had the loan increased your respect in your household?
 - 1. Yes
 - 2. No

- 4.5 Had the loan increased your respect in your relatives?
 - 1. Yes
 - 2. No

- 4.6 Had the loan increased your respect in your neighborhood?
 - 1. Yes
 - 2. No

- 4.7 Did the members of your household respect your opinion in economic and social decisions after getting the loan?
 - 1. Yes
 - 2. No

- 4.8 Did the members of your household trust you in economic and social decisions after getting the loan?
 - 1. Yes
 - 2. No

- 4.9 Had the loan changed your role from a traditional housewife to an economically active member of the household?
 - 1. Yes
 - 2. No

- 4.10 Do you participate in the following social decision-making process of your household?

Decision	Please tick if appropriate
Admission of children to school	
Marriages of children	
Participation in social and cultural events	
Other...	

4.10 In what other ways, do you think, you were empowered in the society by becoming Economically active?

.....

C. Questionnaire for non-clients

1. GENERAL INFORMATION

Date of Interview: _____ / _____ / _____

Name of Respondent: _____ Name of Surveyor: _____

Age of Respondent: _____(years) Gender (Don't ask): _____(1 Male 2 Female)

Location (Pre-fill): _____ (1 Kabul 2 Nangarhar 3 Balkh 4 Hierat)

What is your marital status?

- | | |
|------------------|---------------|
| 1. Married | 2. Un-Married |
| 3. Widow/Widower | 4. Divorced |

What is your level of education?

1. Illiterate
2. Primary
3. Middle
4. Metric
5. Intermediate
6. Bachelor
7. Below M.A/M.Sc

Are you the main earner of your household?

1. Yes
2. No (Ask 1.5)

How many people are dependent upon you? (In figures)

What is your occupation?

1. Handicraft
2. Business / Trade
3. Farming
4. Self-Employed small scale shopkeeper
5. Government Employee
6. Private Sector Employee
7. Unskilled Labor
8. Farm/Rural Manual Labour
9. Skilled Labor (Mason, Cobbler, Carpenter etc)
10. Religious Teacher
11. Other:

You are attached with this profession on:

1. Permanent basis
2. Seasonal basis

Do you need financial support for this profession?

1. Yes
2. No (Ask 2.1)

Have you ever tried to take loan from MFIs?

1. Yes
2. No

What is your opinion about loan of microfinance organizations?

1. MFIs are not accessible
2. Loans are expensive
3. The procedure is complicated
4. Procedure is not culturally acceptable
5. Procedure is not religiously acceptable
6. Interest is not culturally acceptable
7. Interest is not religiously acceptable
8. Loan officer is male
9. Other.....

2. ACCESS TO BASIC SERVICES

2.1 Does your household has electricity?

1. Yes
2. No (Ask 2.3)

Where is the source of electricity?

1. Government Supply
2. Personal Generator
3. Community Generator
4. Wind Energy
5. Solar Energy
6. Other.....

What is the main source of cooking fuel at your household?

1. Electricity
2. Gas
3. Kerosene Oil
4. Wood
5. Bushes
6. Animal Dung
7. Other.....

What is your source of drinking water?

1. Covered Well
2. Open Well
3. Hand Pump
4. River
5. Canal
6. Karez
7. Pond
8. Spring
9. Water Channel
10. Other

What types of health facilities have you access to?

1. Dispensary
2. Mobile health clinic
3. Basic health unit
4. Government hospital
5. Private clinics

6. Hakeem
7. Quacks
8. Other.....

Do you have children of school going age?

1. Yes
2. No (Ask 3.1)

Are they going to school?

1. Yes (Ask 3.1)
2. No

Why are they not going to school?

1. Affordability of education
2. School is not accessible
3. Opportunity cost of going to school
4. Security
5. Other.....

3. ECONOMIC EMPOWERMENT

Are you the head of the household?

1. Yes
2. No

Do you take part in the business decision – making?

1. Yes
2. No

In what kind of decisions do you participate?

1. Selection of business
2. Expansion of business
3. Change of location of business
4. Changing of business
5. Closing of business

Do you participate in the household economic decision – making?

1. Yes
2. No

In what kinds of decisions do you participate?

1. Food expenses
2. Utilities expenses
3. Health expenses
4. Education expenses
5. Clothing
6. Other.....

Can you make purchases independently of men of your household?

1. Yes
2. No

What are your average monthly expenses on the following items?

S. No	Item	Amount (Afghanis)
1	Food	
2	Utilities (Electricity, Fuel, Telephone etc)	
3	Rent	
4	Education	
5	Health	
6	Clothing	
7	Social and cultural events	
8	Other...	

Do you save money?

1. Yes
2. No (3.11)

What are your monthly savings (Please mention in Afghanis)?

1. Less than 100
2. 101 to 500
3. 501 to 1000
4. 1001 to 3000
5. 3001 to 5000
6. 5001 to 10,000
7. More than 10,000

Where do you keep your savings?

1. Bank
2. With the group leader
3. With saraf
4. With head of the household
5. Home
6. Other.....

What sources do you have in case of economic shocks and unforeseen events?

Savings

Friends and relatives

Private money lenders

Other.....

What are your assets?

12. Sewing machine
13. Generator
14. Mobile Phone
15. Bicycle
16. Motorcycle
17. Refrigerator
18. Car
19. Radio / Cassette Player
20. TV
21. VCR / VCD/ DVD
22. Other.....

Enumerators observations:

1. Condition of house

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

2. Clothing

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

3. Jewelry

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

4. Living conditions

Worse	Below average	Average	Above average	Good
-------	---------------	---------	---------------	------

Enumerators comments if any:

.....

4. SOCIAL EMPOWERMENT

4.1 Do the members of your household respect your opinion in economic and social decisions?

- 1. Yes
- 2. No

4.2 Do the members of your household trust you in economic and social decisions?

- 1. Yes
- 2. No

4.3 Do you participate in the following social decision-making process of your household?

Decision	Please tick if appropriate
Admission of children to school	
Marriages of children	
Participation in social and cultural events	
Other...	

4.4 Do you think you can be socially empowered if you take part in economic activities?

- a. Yes
- b. No