



Dining for Women

Program Fact Sheet

Program: **PARWAZ** (a Dari word meaning “to rise” or “to fly”)

Website: <http://www.parwaz.org>

Mission: The Mission of PARWAZ is to empower the women of Afghanistan to rise from poverty by enabling them to build micro businesses, increase their income, reduce their vulnerability, and to become economic agents of change in their families, communities and country.

What They Do: PARWAZ Microfinance Institution was established in 2003 in Afghanistan for Afghan women by Afghan women. PARWAZ is a grass-roots microfinance organization based on the belief that women’s long-term success in society is dependent upon self-reliance and economic empowerment. PARWAZ provides financial services in the form of credit and savings to disadvantaged and poor women to start micro businesses and thus take a step towards empowerment. PARWAZ clients are able to undertake business activities such as agricultural endeavors, home based tailoring services, livestock, carpet weaving, jewelry making and shop keeping.

Definition of Microfinance: *Sometimes called “banking for the poor,” microfinance is an amazingly simple approach that has been proven to empower very poor people around the world to pull themselves out of poverty. Relying on their traditional skills and entrepreneurial instincts, very poor people, mostly women, use small loans (usually less than US\$200), other financial services, and support from local organizations called microfinance institutions (MFIs) to start, establish, sustain, or expand very small, self-supporting businesses. A key to microfinance is the recycling of loan dollars. As each loan is repaid—usually within six months to a year—the money is recycled as another loan, thus multiplying the value of each dollar in defeating global poverty, and changing lives and communities.* Source: Grameen Foundation

History of PARWAZ: PARWAZ is the first woman led microfinance institution for Afghans by Afghans in Kabul, Afghanistan. They were established in the fall of 2002 with the help of Global Exchange, a human rights organization in San Francisco Bay Area, and Women’s World Banking in New York.

In March, 2002, Ms. Katrin Fakiri, Managing Director of PARWAZ and Co-Founder of Society of Afghan Professionals, accompanied members of an advisory committee established to research the possibility of Microfinance in Afghanistan. The group included Nicola Armacost from Women’s World Banking; Rona Popal, president of the Afghan Women’s Association; Kirsten Moller, Global Exchange co-founder; human rights activist Bianca Jagger; and journalist and Global Exchange board member, T.T. Nhu.

PARWAZ was one of the first organizations to provide microfinance in Kabul. The strength of PARWAZ lies in the fact that it is a local NGO for Afghans by Afghans and is managed by experienced Afghan microfinance practitioners, which enables it to understand the cultural values of the people and foresee potential problems and to take preventative measures when designing the methodology and selecting target groups for its program. The methodology of delivery of micro credit is designed with first hand knowledge of Afghan cultural boundaries and nuances combined with microfinance best practices.

Brief description of Afghanistan:



- Annual per capita income is estimated to be \$250
- The **literacy rate** is 28% for the entire country, one of the world's lowest (male 43.2%; **female 12.6%**)
- 50% of Afghans can be classified as poor
- The unemployment rate is figured to be at least 50%
- Geographical size is slightly smaller than Texas
- Natural resources include natural gas, petroleum, coal, copper, chromite, talc, barites, sulfur, lead, zinc, iron ore, salt, precious and semiprecious stones
- Natural hazards include earthquakes, flooding, droughts
- Environmental issues; limited natural fresh water, soil degradation, deforestation, air and water pollution
- Population 32,738,376
- Internet Users: 535,000 (2005 estimate)
- Life expectancy: 44.21 years
- Religions: Sunni Muslim 80%; Shi'a Muslim 19%

Economy: Afghanistan is recovering from decades of conflict. The economy has improved significantly since the fall of the Taliban regime in 2001 largely because of the infusion of international assistance, the recovery of the agricultural sector, and service sector growth. Despite the progress of the past few years, Afghanistan is extremely poor, landlocked, and highly dependent on foreign aid, agriculture, and trade with neighboring countries. Much of the population continues to suffer from shortages of housing, clean water, electricity, medical care, and jobs. Criminality, insecurity, and the Afghan Government's inability to extend rule of law to all parts of the country pose challenges to future economic growth. It will probably take the remainder of the decade and continuing donor aid and attention to significantly raise Afghanistan's living standards from its current level, among the lowest in the world. Other long-term challenges include: poppy cultivation and the growing opium trade, budget sustainability, job creation, corruption, government capacity, and rebuilding war torn infrastructure.

(source: CIA Factbook)

PARWAZ Serves: Currently there are 7.5 million women in Afghanistan between the ages of 15 and 64. Many live in extreme poverty. Yet, they are industrious, self-reliant and often skilled at craft work or in agriculture. With tools and materials purchased with micro-loans they can start their activities anew and provide for their families.

Currently, in order to qualify for a loan, borrowers must be poor and female, single head of household, married or a widow. Widows are given primary consideration. Borrowers must also possess a demonstrable skill and/or verbally provide a viable plan for their businesses and must not already have regular or permanent income. Many of PARWAZ clients do not have the necessary skills to start a micro business and take loans for their sons or husbands small micro retail activity; thus PARWAZ loans empower the entire family, not just the female.

Please follow this link for client illustrations; [case studies](#).

How They Work: Since inception, PARWAZ has met the needs of clients beyond just issuing credit for a micro business. First, the income from the loan allows women to work independently at home while taking care of household chores and children. Second, clients have the freedom of not having to ask relatives for loans and not being indebted to money lenders who charge high amount of interest. Third and perhaps the most important, a client can provide for her children's educational needs—in particular because she can bring an income to the household the children can attend school instead of begging in the streets of the city.

Often in Afghanistan, family and friends are the main source of credit for the majority of business owners, as money lenders who charge extremely high interest rates only lend to their limited groups and there is no effective commercial lending banking system nationwide.

PARWAZ offers the very same financial services and products that a large majority of the Afghan population (it is estimated that 4 million people are in need of credit) is denied by the commercial banks. The services offered by PARWAZ are loans and savings services with an expansion of services in the future.

*Our **DFW** donations will be directed to micro loans to women through the Group Solidarity Loan program. Further program descriptions are found on the PARWAZ website.*

Group Solidarity Loans

PARWAZ mobilizes clients into solidarity groups of 10-12 members each, all living in a neighborhood. Shared poverty, shared oppression and especially, gender issues bring the women together to form a group. The solidarity groups have many more important functions rather than mere savings/loan activity. Among other things, groups serve as a forum for the poor women to: (a) voice their opinions/views, (b) interact with one another, (c) share their experiences, (d) exchange ideas on various issues and (e) initiate collective action on a wide range of social, personal and economic issues. To facilitate the above, and also constantly reinforce the rhetoric and philosophy of the solidarity groups, clients meet on a monthly basis during loan collection. Each solidarity group elects its own leader, who oversees the group on time payments. PARWAZ Loan Officers evaluate the unity and strength of each group before issuing loans to them. Clients start at a loan amount of \$140 and can gradually take up to \$340 with good credit history payable in 8 months.

The role of PARWAZ is essentially both social and financial intermediation: to mobilize poor clients, enable them to organize themselves into solidarity groups and build up the capacity of these groups (and their members) to function independently and effectively at the grass roots level.

PARWAZ has instituted a **mandatory savings program**. Every borrower must save with PARWAZ 50 AFA equivalent to \$1 USD per month. These savings are currently held for borrowers in cash. Clients are free to withdraw their money when they leave the program or in case of an emergency. PARWAZ clients can also just make monthly deposits in their savings account and without taking out a loan for a short period. The benefits of a savings account are many fold. First, the client gets in to the habit of saving. Second, clients are provided a safe place to save their money; and third in the absence of any sort of collateral for PARWAZ, savings serves as collateral for the borrower.

Business activities of loan recipients include:

- *Retail* or commerce activities such as Kiosks, small shops, wholesale selling, vending carts, hawking and similar activities
- *Production* activities such as jewelry making, food processing, metal works, embroidery, baking, carpentry, tailoring, tannery and leather works, carpet weaving, and embroidery
- *Service* such as transportation, catering, hairdressing, tailoring, and education
- *Agricultural* activities such as dairy, poultry, and goats/sheep rearing. Carpet weaving or other production of raw materials

Microfinance Impact and Measuring Success:

- Clients' income increased almost immediately after the loan is issued
- Clients have a higher sense of self-respect because they are learning to stand on their own feet
- The social dynamics of the family and her immediate surroundings change since she has become a breadwinner in the household
- Clients learn about the realities of the current market in Kabul
- One of the most important changes that occur as women engage in certain business activities, is increased mobility. For example, just a couple of years ago it was unheard of and prevented by the families for a woman to take her merchandise to the market herself to be sold. Increasingly in the past years, women clients are now venturing to the market

themselves, negotiating with male storeowners for an appropriate rate for the merchandise, taking orders and delivering the items.

PARWAZ also measures program success through the following indicators:

- Number of loans offered; currently 14,474 clients (all women)
- High portfolio quality
- High on-time repayment rate, currently at 94%.
- Higher incomes and economic security for clients and their families
- Empowerment of women economically and socially

PARWAZ reports meeting and surpassing these indicators. To further substantiate their success, the World Bank recently commissioned a study to measure the impact of microfinance in Afghanistan and PARWAZ was selected as one of the partners in this study.

Financial Profile: 100% of **DFW** donations are directed to the micro loan program. Green Cities Fund, Inc. is the United States fiscal agent for PARWAZ.

DFW Giving History with Program:

- 2007 \$6,750
- 2006 \$1,780

Sources: PARWAZ website, correspondence and documents; <https://www.cia.gov/>, <http://worldbank.org/>, <http://grameenfoundation.org/>;